BELDEN INC.
Form 10-K
February 17, 2017
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-K
(Mark One)
þ Annual report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the fiscal year ended December 31, 2016
or
o Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the transition period from to
Commission File No. 001-12561
BELDEN INC.
(Exact Name of Registrant as Specified in Its Charter)

Delaware	36-3601505
(State or Other Jurisdiction of Incorporation or Organization)	(IRS Employer Identification No.)

1 North Brentwood Boulevard
15th Floor
St. Louis, Missouri 63105
(Address of Principal Executive Offices and Zip Code)
(314) 854-8000
(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, $0.01 par value	The New York Stock Exchange
Preferred Stock Purchase Rights	The New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None
Indicate by check mark if the Registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes þ No o.
Indicate by check mark if the Registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes o No þ.
Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes þ No o.
Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K 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. þ
Indicate by check mark whether the Registrant has submitted electronically and posted on its corporate website, if any, every interactive data file required to be submitted and posted pursuant to Rule 405 of Regulation S-T (section 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes þ No o.
Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting

company" in Rule 12b2 of the Exchange Act. (Check one):
Large accelerated filer þ Accelerated filer o Non-accelerated filer o Smaller reporting company o
Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes o No þ.
At July 3, 2016, the aggregate market value of Common Stock of Belden Inc. held by non-affiliates was $2,211,134,622 based on the closing price ($59.59) of such stock on such date.
There were 42,182,613 shares of registrant's Common Stock outstanding on February 14, 2017.
DOCUMENTS INCORPORATED BY REFERENCE
The registrant intends to file a definitive proxy statement for its annual meeting of stockholders within 120 days of the end of the fiscal year ended December 31, 2016 (the "Proxy Statement"). Portions of such proxy statement are incorporated by reference into Part III.

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PART I

Item 1. Business

General

Belden Inc. (Belden, the Company, us, we, or our) is an innovative signal transmission solutions company built around five global business platforms – Broadcast Solutions, Enterprise Connectivity Solutions, Industrial Connectivity Solutions, Industrial IT Solutions, and Network Security Solutions. Each of the global business platforms represents a reportable segment. Financial information about our segments appears in Note 6 to the Consolidated Financial Statements.

Our comprehensive portfolio of signal transmission solutions provides industry leading secure and reliable transmission of data, sound, and video for mission critical applications. We sell our products to distributors, end-users, installers, and directly to original equipment manufacturers (OEMs). Belden Inc. is a Delaware corporation incorporated in 1988, but the Company's roots date back to its founding by Joseph Belden in 1902.

As used herein, unless an operating segment is identified or the context otherwise requires, "Belden," the "Company", and "we" refer to Belden Inc. and its subsidiaries as a whole.

Strategy and Business Model

Our business model is designed to generate shareholder value:

- Operational Excellence—The core of our business model is operational excellence and the execution of our Belden Business System. The Belden Business System has three areas of focus. First, we demonstrate a commitment to Lean enterprise initiatives, which improve not only the quality and efficiency of the manufacturing environment, but our business processes on a company-wide basis. Second, we utilize our Market Delivery System (MDS), a go-to-market model that provides the foundation for organic growth. We believe that organic growth, resulting from both market growth and share capture, is essential to our success. Finally, our Talent Management System supports the development of our associates at all levels, which preserves the culture necessary to operate our business consistently and sustainably.
- Cash Generation—Our pursuit of operational excellence results in the generation of significant cash flow. We generated cash flows from operating activities of $314.8 million, $241.5 million, and $200.9 million in 2016, 2015, and 2014, respectively.
- Portfolio Improvement—We utilize the cash flow generated by our business to fuel our continued transformation and generate shareholder value. We continuously improve our portfolio to ensure we provide the most complete, end-to-end solutions to our customers. Our portfolio is designed with balance across end markets and geographies to ensure we can meet our goals in most economic environments. We have a disciplined acquisition cultivation, execution, and integration system that allows us to invest in outstanding companies that strengthen our capabilities and enhance our ability to serve our customers.

Segments

We operate our business under the following segments:

	Percentage of Segment Revenues [1]					
	2016		2015		2014	
Broadcast Solutions	32.6	%	31.4	%	32.6	%
Enterprise Connectivity Solutions	25.6	%	25.7	%	27.0	%
Industrial Connectivity Solutions	24.8	%	25.6	%	29.4	%
Industrial IT Solutions	10.0	%	10.3	%	11.0	%
Network Security Solutions	7.0	%	7.0	%	n/a	

(1) See Note 6 to the Consolidated Financial Statements for additional information regarding our segment measures.

Broadcast

The Broadcast Solutions (Broadcast) segment is a leading provider of production, distribution, and connectivity systems for

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television broadcast, cable, satellite, and IPTV industries. We target end-use customers in markets such as outside broadcast, sport venues, broadcast studios, and cable, broadband, satellite, and telecommunications service providers. Our products are used in a variety of applications, including live production signal management, program playout for broadcasters, monitoring for pay-TV operators, and broadband connectivity. Broadcast products and solutions include camera solutions, production switchers, server and storage systems for instant replay applications, interfaces and routers, monitoring systems, in-home network systems, playout systems, outside plant connectivity products, and other cable and connectivity products.

Our hardware and software solutions for the broadcast infrastructure industry span the full breadth of television operations, including creation, playout, and delivery. Many of our broadcast infrastructure solutions are designed for live content creation, which is viewed as a growth opportunity for the segment. For the broadband distribution industry, we manufacture flexible, copper-clad coaxial cable and associated connector products for the high-speed transmission of data, sound, and video (broadband) that are used for the “drop” section of cable television (CATV) systems and satellite direct broadcast systems. Our connectivity solutions include several major product categories: coax connector products that allow for connections from the provider network to the subscribers’ devices; hardline connectors that allow service providers to distribute their services within a city, a town, or a neighborhood; fiber optic micro duct products to support FTTx networks; entry devices that serve to manage and remove network signal noise that could impair performance for the subscriber; and traps and filtering devices that allow service providers to control the signals that are transmitted to the subscriber. Our portfolio of broadband distribution products is well positioned for growth opportunities as broadband consumption continues to increase both in developed and emerging markets.

Broadcast products are sold through a variety of channels, including: broadcast specialty distributors; audio systems installers; directly to the major television networks including ABC, CBS, Fox, and NBC; directly to broadband service providers, including Comcast, DirectTV, and Charter Spectrum directly to specialty system integrators; directly to OEMs; and other distributors.

Enterprise

The Enterprise Connectivity Solutions (Enterprise) segment is a leading provider in network infrastructure solutions, as well as cabling and connectivity solutions for broadcast, commercial audio/video, and security applications. We serve customers in markets such as healthcare, education, financial, government, and corporate enterprises, as well as end-markets, including sport venues, broadcast studios, and academias. Enterprise product lines include copper cable and connectivity solutions, fiber cable and connectivity solutions, and racks and enclosures. Our products are used in applications such as local area networks, data centers, access control, and building automation. Enterprise provides true end-to-end copper and fiber network systems to include cable, assemblies, interconnect panels, and enclosures. Our products are also used in a variety of applications, including live production and performance, video display and digital signage, corporate communications, and life safety. Our high-performance solutions support all networking protocols up to and including 100G+ Ethernet technologies. Enterprise’s innovative products can deliver data in addition to power over Ethernet, which meets the higher performance requirements driven by the increasing number of connections in smart buildings. Enterprise products also include intelligent power, cooling, and airflow management for mission-critical data center operations. The Enterprise product portfolio is designed to support Internet Protocol convergence, the increased use of wireless communications, and cloud-based data centers by our customers. Our systems are installed through a network of highly trained system integrators and are supplied through authorized distributors.

Industrial Connectivity

The Industrial Connectivity Solutions (Industrial Connectivity) segment is a leading provider of high performance networking components and machine connectivity products. Industrial Connectivity products include physical network and fieldbus infrastructure components and on-machine connectivity systems customized to end user and OEM needs. Products are designed to provide reliability and confidence of performance for a wide range of industrial automation applications. Our mix of business by end market includes discrete manufacturing (65% of 2016 revenues);

process, including oil and gas (24%); energy (7%); and transportation (4%). Our products are used in applications such as network and fieldbus infrastructure; sensor and actuator connectivity; power, control, and data transmission; and mobile machines. Industrial Connectivity products include solutions such as industrial and input/output (I/O) connectors, industrial cables, IP and networking cables, I/O modules, distribution boxes, ruggedized controls and sensors, customer specific wiring solutions, and load-moment indicator systems as well as controllers and sensors for the mobile crane market.

Our industrial cable products are used in discrete manufacturing and process operations involving the connection of computers, programmable controllers, robots, operator interfaces, motor drives, sensors, printers, and other devices. Many industrial environments, such as petrochemical and other harsh-environment operations, require cables with exterior armor or jacketing that can endure physical abuse and exposure to chemicals, extreme temperatures, and outside elements. Other applications require conductors, insulating, and jacketing materials that can withstand repeated flexing. In addition to cable product configurations for these applications, we supply heat-shrinkable tubing and wire management products to protect and organize wire and cable

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assemblies. Our industrial connector products are primarily used as sensor and actuator connections in factory automation supporting various fieldbus protocols as well as power connections in building automation. These products are used both as components of manufacturing equipment and in the installation and networking of such equipment. Industrial Connectivity products are sold directly to industrial equipment OEMs and through a network of industrial distributors, value-added resellers, and system integrators.

Industrial IT

The Industrial IT Solutions (Industrial IT) segment provides mission-critical networking systems that provide the end-users with the highest confidence of reliability, availability, and security. Our mix of business by end market includes discrete manufacturing (25% of 2016 revenues); process, including oil and gas (30%); energy (27%); and transportation (18%). Industrial IT products include security devices, Ethernet switches and related equipment, routers and gateways, network management software, and wireless systems. Our Industrial Ethernet switches and related equipment can be both rail-mounted and rack-mounted, and are used for factory automation, power generation and distribution, process automation, and large-scale infrastructure projects such as bridges, wind farms, and airport runways. Rail-mounted switches are designed to withstand harsh conditions including electronic interference and mechanical stresses. The Industrial IT product portfolio supports the continued deployment of Industrial Ethernet technology throughout industrial manufacturing processes.

Industrial IT products are sold directly to end-use customers, directly to OEMs, and through distributors.

Network Security Solutions

The Network Security Solutions (Network Security) segment provides foundational controls for protecting enterprises against cyberattacks, automating IT regulatory compliance and improving operational efficiency. Network Security provides software and services that protect against cyberattacks and data breaches with integrated security controls that discover assets, harden configurations, identify vulnerabilities and detect threats. We target end-use customers in markets such as industrial (including utilities and energy), enterprise (including finance, insurance, technology, communications, retail, and healthcare), and government. The Network Security product portfolio of enterprise-class security solutions includes configuration and policy management, file integrity monitoring, vulnerability management and log intelligence.

Network Security products are sold directly to end-use customers.

See Note 6 to the Consolidated Financial Statements for additional information regarding our segments.

Acquisitions

A key part of our business strategy includes acquiring companies to support our growth and product portfolio. Our acquisition strategy is based upon targeting leading companies that offer innovative products and strong brands. We utilize a disciplined approach to acquisitions based on product and market opportunities. When we identify acquisition candidates, we conduct rigorous financial and cultural analyses to make certain that they meet both our strategic plan targets and our goal for return on invested capital of 13-15%.

We have completed a number of acquisitions in recent years as part of this strategy. Most recently, on January 7, 2016, we acquired M2FX Limited (M2FX), a manufacturer of fiber optic cable and fiber protection solutions for broadband and telecommunications networks. The results of M2FX are included in our Broadcast segment.

In January 2015, we acquired Tripwire, Inc. (Tripwire), a leading global provider of advanced threat, security, and compliance solutions, creating a new platform, Network Security Solutions. Tripwire's solutions enable enterprises, service providers, manufacturers, and government agencies to detect, prevent, and respond to growing security threats. In November 2014, we acquired Coast Wire and Plastic Tech., LLC (Coast), a leading manufacturer of custom wire and cable solutions used in high-end medical device, military and defense, and industrial applications. In June 2014, we acquired ProSoft Technology, Inc. (ProSoft), a leading manufacturer of industrial networking products that translate between disparate automation systems, including the various protocols used by different automation vendors. In March 2014, we acquired Grass Valley USA, LLC and GVBB Holdings S.a.r.l., (collectively, Grass Valley), leading providers of innovative technologies for the broadcast industry, including production switchers, cameras,

servers, and editing solutions.
For more information regarding these transactions, see Note 3 to the Consolidated Financial Statements.

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Customers

We sell to distributors, OEMs, installers, and end-users. Sales to the distributor Anixter International Inc. represented approximately 12% of our consolidated revenues in 2016. No other customer accounted for more than 10% of our revenues in 2016.

We have supply agreements with distributors and OEM customers. In general, our customers are not contractually obligated to buy our products exclusively, in minimum amounts, or for a significant period of time. We believe that our relationships with our customers and distributors are good and that they are loyal to Belden products as a result of our reputation, the breadth of our product portfolio, the quality and performance characteristics of our products, and our customer service and technical support, among other reasons.

International Operations

In addition to manufacturing facilities in the United States (U.S.), we have manufacturing and other operating facilities in Brazil, Canada, China, Japan, Mexico, and St. Kitts, as well as in various countries in Europe. During 2016, approximately 45% of Belden's sales were to customers outside the U.S. Our primary channels to international markets include both distributors and direct sales to end users and OEMs.

Financial information for Belden by country is shown in Note 6 to the Consolidated Financial Statements.

Competition

We face substantial competition in our major markets. The number and size of our competitors vary depending on the product line and segment. Some multinational competitors have greater financial, engineering, manufacturing, and marketing resources than we have. There are also many regional competitors that have more limited product offerings. The markets in which we operate can be generally categorized as highly competitive with many players. In order to maximize our competitive advantages, we manage our product portfolio to capitalize on secular trends and high-growth applications in those markets. Based on available data for our served markets, we estimate that our market share across our segments ranges from approximately 5% – 20%, which we believe is significant. A substantial acquisition in one of our served markets would be necessary to meaningfully change our estimated market share percentage.

The principal competitive factors in all our product markets are technical features, quality, availability, price, customer support, and distribution coverage. The relative importance of each of these factors varies depending on the customer. Some products are manufactured to meet published industry specifications and are less differentiated on the basis of product characteristics. We believe that Belden stands out in many of its markets on the basis of our reputation, the breadth of our product portfolio, the quality and performance characteristics of our products, our customer service, and our technical support.

Research and Development

We conduct research and development on an ongoing basis, including new and existing product development, testing and analysis, and process and equipment development and testing. See the Consolidated Statements of Operations for amounts incurred for research and development. Many of the markets we serve are characterized by advances in information processing and communications capabilities, including advances driven by the expansion of digital technology, which require increased transmission speeds and greater bandwidth. Our markets are also subject to increasing requirements for mobility, information security, and transmission reliability. We believe that our future success will depend in part upon our ability to enhance existing products and to develop and manufacture new products that meet or anticipate such changes in our served markets.

Our most significant investments in research and development occur in our Broadcast, Network Security, and Industrial IT platforms. The research and development investments for these platforms include a focus on the following developments:

- In the broadcast market, the trend towards increasingly complex broadcast production, management, and distribution environments continues to evolve. Our end-use customers need to increase efficiency and enhance workflow through

systems and infrastructure. Our broadcast products allow content producers, broadcasters, and service providers to manage the increasingly complex broadcast signals throughout their operations.

- In order to support the demand for additional bandwidth and to improve service integrity, broadband service providers are investing in their networks to enhance delivery capabilities to customers for the foreseeable future. Additional

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bandwidth requirements as a result of increased traffic expose weak points in the network, which are often connectivity related, causing broadband service operators to improve and upgrade residential networks with higher performing connectivity products.

- For network security products, there is a compelling need among global enterprises, service providers and government agencies to detect, prevent and respond to cyber security threats. This is a long-standing need within corporate networks, but we believe the rapid proliferation of new devices in the "internet of things" will cause this need to broaden and accelerate. Additionally, cyber-attacks are moving beyond traditional targets into critical infrastructure, which will further amplify the importance of our work in network security.
- Part of our research and development is focused on creating scalable, efficient technologies to provide real-time instrumentation and analytics across entire networks. This includes delivering high-fidelity visibility and deep intelligence about networked systems, their vulnerabilities, and providing actionable information about how to effectively secure them. Additionally, we have highly-skilled and active research teams who analyze current and anticipated threats, and provide offerings to the market to enable customers to quickly detect and resolve cybersecurity threats.
- In the industrial networking market, there is a growing trend toward adoption of Industrial Ethernet technology, bringing to the critical infrastructure the advantages of digital communication and the ability to network devices made by different manufacturers and integrate them with enterprise systems. While the adoption of this technology is at a more advanced stage in certain regions of the world, we believe that the trend will globalize. This trend will also lead to a rising need for wireless systems for some applications and for cybersecurity to protect this critical infrastructure.

Our research and development efforts are also focused on fiber optic technology, which presents a potential substitute for certain of the copper-based products that comprise a portion of our revenues. Fiber optic cables have certain advantages over copper-based cables in applications where large amounts of information must travel significant distances and where high levels of information security are required. While the cost to interface electronic and optical light signals and to terminate and connect optical fiber remains comparatively high, we expect that in future years the cost difference versus traditional copper networks will diminish. We sell fiber optic infrastructure, and many customers specify these products in combination with copper-based infrastructure. The final stage of most networks remains almost exclusively copper-based, and we expect that it will continue to be copper for the foreseeable future. However, if a significant decrease in the cost of fiber optic systems relative to the cost of copper-based systems were to occur, such systems could become superior on a price/performance basis to copper-based systems. Part of our research and development efforts focus on expanding our fiber-optic based product portfolio.

Patents and Trademarks

We have a policy of seeking patents when appropriate on inventions concerning new products, product improvements, and advances in equipment and processes as part of our ongoing research, development, and manufacturing activities. We own many patents and registered trademarks worldwide that are used by our operating segments, with pending applications for numerous others. We consider our patents and trademarks to be valuable assets. Our most prominent trademarks are: Belden®, Alpha Wire™, Mohawk®, West Penn Wire™, Hirschmann®, Lumberg Automation™, SignalTight®, GarrettCom®, Poliron™, Tofino®, PPC®, Grass Valley®, ProSoft Technology®, and Tripwire®.

Raw Materials

The principal raw material used in many of our cable products is copper. Other materials we purchase in large quantities include fluorinated ethylene-propylene (FEP), polyvinyl chloride (PVC), polyethylene, aluminum-clad steel and copper-clad steel conductors, aluminum, brass, other metals, optical fiber, printed circuit boards, and electronic components. With respect to all major raw materials used by us, we generally have either alternative sources of supply or access to alternative materials. Supplies of these materials are generally adequate and are expected to remain so for the foreseeable future.

Over the past three years, the prices of metals, particularly copper, have been highly volatile. The chart below illustrates the high and low spot prices per pound of copper over the last three years.

	2016	2015	2014

Copper spot prices per pound			
High	$2.69	$2.95	$3.43
Low	$1.94	$2.02	$2.54

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Prices for materials such as PVC and other plastics derived from petrochemical feedstocks have also fluctuated. Since Belden utilizes the first in, first out (FIFO) inventory costing methodology, the impact of copper and other raw material cost changes on our cost of goods sold is delayed by approximately two months based on our rate of inventory turnover.

While we generally are able to adjust our pricing for fluctuations in commodity prices, we can experience short-term favorable or unfavorable variances. When the cost of raw materials increases, we are generally able to recover these costs through higher pricing of our finished products. The majority of our products are sold through distribution, and we manage the pricing of these products through published price lists, which we update from time to time, with new prices typically taking effect a few weeks after they are announced. Some OEM customer contracts have provisions for passing through raw material cost changes, generally with a lag of a few weeks to three months.

Backlog

Our business is characterized generally by short-term order and shipment schedules. Our backlog consists of product orders for which we have received a customer purchase order or purchase commitment and which have not yet been shipped. Orders are generally subject to cancellation or rescheduling by the customer. As of December 31, 2016, our backlog of orders believed to be firm was $198.6 million. The majority of the backlog at December 31, 2016 is scheduled to be shipped in 2017.

Environmental Matters

We are subject to numerous federal, state, provincial, local, and foreign laws and regulations relating to the storage, handling, emission, and discharge of materials into the environment, including the Comprehensive Environmental Response, Compensation, and Liability Act; the Clean Water Act; the Clean Air Act; the Emergency Planning and Community Right-To-Know Act; the Resource Conservation and Recovery Act; and similar laws in the other countries in which we operate. We believe that our existing environmental control procedures and accrued liabilities are adequate, and we have no current plans for substantial capital expenditures in this area.

Employees

As of December 31, 2016, we had approximately 8,400 employees worldwide. We also utilized approximately 400 workers under contract manufacturing arrangements. Approximately 1,800 employees are covered by collective bargaining agreements at various locations around the world. We believe our relationship with our employees is generally good.

Available Information

We file annual, quarterly, and current reports, proxy statements, and other information with the Securities and Exchange Commission (SEC). These reports, proxy statements, and other information contain additional information about us. You may read and copy these materials at the SEC’s Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for more information about the operation of the Public Reference Room. The SEC also maintains a web site that contains reports, proxy and information statements, and other information about issuers who file electronically with the SEC. The Internet address of the site is www.sec.gov.

Belden maintains an Internet web site at www.belden.com where our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, proxy statements, and all amendments to those reports and statements are available without charge, as soon as reasonably practicable following the time they are filed with or furnished to the SEC.

We will provide upon written request and without charge a printed copy of our Annual Report on Form 10-K. To obtain such a copy, please write to the Corporate Secretary, Belden Inc., 1 North Brentwood Boulevard, 15th Floor, St. Louis, MO 63105.

Executive Officers

The following table sets forth certain information with respect to the persons who were Belden executive officers as of February 17, 2017. All executive officers are elected to terms that expire at the organizational meeting of the Board of Directors following the Annual Meeting of Shareholders.

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Name	Age	Position
John Stroup	50	President, Chief Executive Officer, and Chairman
Brian Anderson	42	Senior Vice President, Legal, General Counsel and Corporate Secretary
Henk Derksen	48	Senior Vice President, Finance, and Chief Financial Officer
Christoph Gusenleitner	52	Executive Vice President, Industrial Connectivity Solutions
Dean McKenna	48	Senior Vice President, Human Resources
Glenn Pennycook	54	Executive Vice President, Enterprise Connectivity Solutions
Ross Rosenberg	47	Senior Vice President, Strategy and Corporate Development
Dhrupad Trivedi	50	Executive Vice President, Industrial IT Solutions and Network Security Solutions
Roel Vestjens	42	Executive Vice President, Broadcast Solutions
Doug Zink	41	Vice President and Chief Accounting Officer

John Stroup has been President, Chief Executive Officer and a member of the Board since October 2005. He was elected as Chairman of the Board on November 30, 2016. From 2000 to the date of his appointment with the Company, he was employed by Danaher Corporation, a manufacturer of professional instrumentation, industrial technologies, and tools and components. At Danaher, he initially served as Vice President, Business Development. He was promoted to President of a division of Danaher's Motion Group and later to Group Executive of the Motion Group. Earlier, he was Vice President of Marketing and General Manager with Scientific Technologies Inc. He has a B.S. in Mechanical Engineering from Northwestern University and an M.B.A. from the University of California at Berkeley Haas School of Business.

Brian Anderson was appointed Senior Vice President, Legal, General Counsel and Corporate Secretary in April 2015. Prior to that, he served as Corporate Attorney for the Company from May 2008 through March 2015. Prior to joining Belden, Mr. Anderson was in private practice at the law firm Lewis Rice. Mr. Anderson has a B.S.B. in Accounting and an M.B.A. from Eastern Illinois University and holds a J.D. from Washington University in St. Louis.

Henk Derksen has been Senior Vice President, Finance, and Chief Financial Officer since January 2012. Prior to that, he served as Vice President, Corporate Finance from July 2011 to December 2011 and Treasurer and Vice President, Financial Planning and Analysis of the Company from January 2010 to July 2011. In August of 2003, he became Vice President, Finance for the Company's EMEA division, after joining the Company at the end of 2000. Prior to joining the Company, he was Vice President and Controller of Plukon Poultry, a food processing company from 1998 to 2000, and has 5 years' experience in public accounting with Price Waterhouse and Baker Tilly. Mr. Derksen has a M.A. in Accounting from the University of Arnhem in the Netherlands and holds a doctoral degree in Business Economics in addition to an Executive Master of Finance & Control from Tias Business School in the Netherlands.

Christoph Gusenleitner has been Executive Vice President, Industrial Connectivity Solutions since April 2013. Prior to that, he served as Executive Vice President, EMEA Operations and Global Connectivity Products since joining Belden in April 2010. Prior to joining the Company, he was a partner at Bain & Company in its industrial goods and services practice in Munich. Prior to that, he was General Manager of KaVo Dental GmbH and Kaltenbach & Voigt GmbH in Biberach, Germany. KaVo is an affiliate of Danaher Corporation. During his four-year tenure at KaVo, Mr. Gusenleitner led the strategic planning process for the global Danaher Dental Equipment platform and led three business units and 18 sales subsidiaries in EMEA. He has a degree in electrical engineering from the University of Technology in Vienna, Austria and a Master of Science in Industrial Automation from Carnegie Mellon University.

Dean McKenna was appointed Senior Vice President, Human Resources in May 2015. Prior to joining Belden, he was Vice President of Human Resources for the international business of SC Johnson. Prior to SC Johnson, he worked in various senior international human resource, organizational development and talent positions at Ingredion, Akzo Nobel and ICI Group PLC. He received his degree in Strategic Human Resource Management at the Nottingham Business School in the United Kingdom.

Glenn Pennycook has been Executive Vice President, Enterprise Connectivity Solutions since May 2013. Prior to that, he was President of the Enterprise Solutions Division, after joining Belden in November 2008. Prior to joining the Company, he spent 5 years with Pregis Corporation as Director of Operations for Protective Packaging Europe, and was promoted to Managing Director for Western Europe in 2005. He has a degree in Chemical Engineering from McMaster University, Hamilton Ontario, Canada.

Ross Rosenberg has been Senior Vice President of Strategy & Corporate Development at the Company in February 2013, and became an executive officer in May 2014. Prior to joining the Company, he led corporate development and global marketing at First Solar, the world’s largest provider of utility-scale solar power plant solutions. Prior to First Solar, Mr. Rosenberg ran a

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division of Danaher, a large diversified industrial technology company. At Danaher, he held several executive management roles, as well as vice president, marketing for a division and group vice president, strategy and business development. Mr. Rosenberg holds a B.S. in Accounting from University of Illinois, an M.B.A. from The Wharton School at the University of Pennsylvania and is a Certified Public Accountant.

Dhrupad Trivedi has been Executive Vice President, Industrial IT Solutions since April 2013, and Executive Vice President, Network Security Solutions since August 2016. Prior to that, he was responsible for the Corporate Development and Strategy function since joining Belden in January 2010. Earlier, he was President, Trapeze Networks. Prior to joining the Company, he was responsible for General Management and Corporate Development roles at JDS Uniphase. He has 18 years of experience in the Networking and Communications industry. Dhrupad has an MBA from Duke University and a Ph.D. in Electrical Engineering from University of Massachusetts, Amherst.

Roel Vestjens has been Executive Vice President, Broadcast Solutions since March 2014. Mr. Vestjens joined Belden in 2006 as Director of Marketing for the EMEA region. In April 2008, Mr. Vestjens was promoted to Director of Sales and Marketing for the Industrial Connectivity Solutions business, and in January 2009, he was appointed General Manager of Belden's Wire and Cable Systems business in EMEA. Mr. Vestjens relocated to Asia in November 2010, and became President of the APAC OEM business, followed by President of all APAC Operations in May 2012. Mr. Vestjens joined Belden from Royal Philips Electronics where he held various European sales and marketing positions. Mr. Vestjens holds a bachelor degree in Electrical Engineering and a Master of Science and Management degree from Nyenrode Business University in the Netherlands.

Doug Zink has been Vice President and Chief Accounting Officer since September 2013. Prior to that, he has served as the Company's Vice President, Internal Audit; Corporate Controller; and Director of Financial Reporting, after joining Belden in May 2007. Prior to joining the Company, he was a Financial Reporting Manager at TLC Vision Corporation, an eye care service company, from 2004 to 2007, and has five years of experience in public accounting with KPMG LLP and Arthur Andersen LLP. He holds Bachelor's and Master's Degrees in Accounting from Texas Christian University and is a Certified Public Accountant.

Cautionary Information Regarding Forward-Looking Statements

We make forward-looking statements in this Annual Report on Form 10-K, in other materials we file with the SEC or otherwise release to the public, and on our website. In addition, our senior management might make forward-looking statements orally to investors, analysts, the media, and others. Statements concerning our future operations, prospects, strategies, financial condition, future economic performance (including growth and earnings) and demand for our products and services, and other statements of our plans, beliefs, or expectations, including the statements contained in Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations," that are not historical facts, are forward-looking statements. In some cases these statements are identifiable through the use of words such as "anticipate," "believe," "estimate," "forecast," "guide," "expect," "intend," "plan," "project," "target," "can," "c "should," "will," "would," and similar expressions. The forward-looking statements we make are not guarantees of future performance and are subject to various assumptions, risks, and other factors that could cause actual results to differ materially from those suggested by these forward-looking statements. These factors include, among others, those set forth in the following section and in the other documents that we file with the SEC.

We expressly disclaim any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

Item 1A. Risk Factors

Following is a discussion of some of the more significant risks that could materially impact our business. There may be additional risks that impact our business that we currently do not recognize as, or that are not currently, material to our business.

We may be unable to achieve our goals related to growth.

In order to meet the goals in our strategic plan, we must grow our business, both organically and through acquisitions. Our goal is to generate total revenue growth of 5-7% per year in constant currency. We may be unable to achieve this desired growth due to a failure to identify growth opportunities, such as trends and technological changes in our end markets. We may ineffectively execute our Market Delivery System, which is designed to identify and capture growth opportunities. The broadcast, enterprise, and industrial end markets we serve may not experience the growth we expect. Further, those markets may be unable to sustain growth on a long-term basis, particularly in emerging markets. If we are unable to achieve our goals related to growth, it could have a material adverse effect on our results of operations, financial position, and cash flows.

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A challenging global economic environment or a downturn in the markets we serve could adversely affect our operating results and stock price in a material manner.

A challenging global economic environment could cause substantial reductions in our revenue and results of operations as a result of weaker demand by the end users of our products and price erosion. Price erosion may occur through competitors becoming more aggressive in pricing practices. A challenging global economy could also make it difficult for our customers, our vendors, and us to accurately forecast and plan future business activities. Our customers could also face issues gaining timely access to sufficient credit, which could have an adverse effect on our results if such events cause reductions in revenues, delays in collection, or write-offs of receivables. Further, the demand for many of our products is economically sensitive and will vary with general economic activity, trends in nonresidential construction, investment in manufacturing facilities and automation, demand for information and broadcast technology equipment, and other economic factors.

Global economic uncertainty could result in a significant decline in the value of foreign currencies relative to the U.S. dollar, which could result in a significant adverse effect on our revenues and results of operations; could make it extremely difficult for our customers and us to accurately forecast and plan future business activities; and could cause our customers to slow or reduce spending on our products and services. Economic uncertainty could also arise from fiscal policy changes in the countries in which we operate.

Changes in foreign currency rates and commodity prices can impact the buying power of our customers. For example, a strengthened U.S. dollar can result in relative price increases for our products for customers outside of the U.S., which can have a negative impact on our revenues and results of operations. Furthermore, customers' ability to invest in capital expenditures, such as our products, can depend upon proceeds from commodities, such as oil and gas markets. A decline in energy prices, therefore, can have a negative impact on our revenues and results of operations.

The global markets in which we operate are highly competitive.

We face competition from other manufacturers for each of our global business platforms and in each of our geographic regions. These companies compete on price, reputation and quality, product technology and characteristics, and terms. Some multinational competitors have greater engineering, financial, manufacturing, and marketing resources than we have. Actions that may be taken by competitors, including pricing, business alliances, new product introductions, market penetration, and other actions, could have a negative effect on our revenues and profitability. Moreover, during economic downturns, some competitors that are highly leveraged both financially and operationally could become more aggressive in their pricing of products.

We must complete further acquisitions in order to achieve our strategic plan.

In order to meet the goals in our strategic plan, we must complete further acquisitions. The extent to which appropriate acquisitions are made will affect our overall growth, operating results, financial condition, and cash flows. Our ability to acquire businesses successfully will decline if we are unable to identify appropriate acquisition targets consistent with our strategic plan, the competition among potential buyers increases, the cost of acquiring suitable businesses becomes too expensive, or we lack sufficient sources of capital. As a result, we may be unable to make acquisitions or be forced to pay more or agree to less advantageous acquisition terms for the companies that we are able to acquire.

Volatility of credit markets could adversely affect our business.

Uncertainty in U.S. and global financial and equity markets could make it more expensive for us to conduct our operations and more difficult for our customers to buy our products. Additionally, market volatility or uncertainty may cause us to be unable to pursue or complete acquisitions. Our ability to implement our business strategy and grow our business, particularly through acquisitions, may depend on our ability to raise capital by selling equity or debt securities or obtaining additional debt financing. Market conditions may prevent us from obtaining financing when we need it or on terms acceptable to us.

Our results of operations are subject to foreign and domestic political, economic, and other uncertainties and are affected by changes in currency exchange rates.

In addition to manufacturing and other operating facilities in the U.S., we have manufacturing and other operating facilities in Brazil, Canada, China, Japan, Mexico, St. Kitts, and several European countries. We rely on suppliers in many countries, including China. Our foreign operations are subject to economic and political risks inherent in maintaining operations abroad such as economic and political destabilization, land use risks, international conflicts, restrictive actions by foreign governments, and adverse foreign tax laws. In addition to economic and political risk, a risk associated with our European manufacturing operations is the higher relative expense and length of time required to adjust manufacturing employment capacity. We also face political risks in the U.S., including tax or regulatory risks or potential adverse impacts from legislative impasses over, or significant

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legislative, regulatory or executive changes in fiscal or monetary policy and other foreign and domestic government policies, including, but not limited to, trade policies and import/export policies.

Approximately 45% of our sales are outside the U.S. Other than the U.S. dollar, the principal currencies to which we are exposed through our manufacturing operations, sales, and related cash holdings are the euro, the Canadian dollar, the Hong Kong dollar, the Chinese yuan, the Japanese yen, the Mexican peso, the Australian dollar, the British pound, and the Brazilian real. Generally, we have revenues and costs in the same currency, thereby reducing our overall currency risk, although any realignment of our manufacturing capacity among our global facilities could alter this balance. When the U.S. dollar strengthens against other currencies, the results of our non-U.S. operations are translated at a lower exchange rate and thus into lower reported revenues and earnings.

We may experience significant variability in our quarterly and annual effective tax rate which would affect our reported net income.

We have a complex tax profile due to the global nature of our operations, which encompass multiple taxing jurisdictions. Variability in the mix and profitability of domestic and international activities, identification and resolution of various tax uncertainties, changes in tax laws and rates, and the extent to which we are able to realize net operating loss and other carryforwards included in deferred tax assets and avoid potential adverse outcomes included in deferred tax liabilities, among other matters, may significantly affect our effective income tax rate in the future.

Changes in U.S. or international tax laws could materially affect our financial position and results of operations. The U.S. is actively considering changes to existing tax laws including lower corporate tax rates and changes to the taxability of imports and exports. In addition, many countries in the European Union, as well as a number of other countries and organizations such as the Organization for Economic Cooperation and Development, are actively considering changes to existing tax laws. If tax laws and related regulations change, our financial results could be materially impacted. Given the unpredictability of these possible changes and their potential interdependency, it is possible such changes could adversely impact our financial results.

Our effective income tax rate is the result of the income tax rates in the various countries in which we do business. Our mix of income and losses in these jurisdictions affects our effective tax rate. For example, relatively more income in higher tax rate jurisdictions would increase our effective tax rate and thus lower our net income. Similarly, if we generate losses in tax jurisdictions for which no benefits are available, our effective income tax rate will increase. Our effective income tax rate may also be impacted by the recognition of discrete income tax items, such as required adjustments to our liabilities for uncertain tax positions or our deferred tax asset valuation allowance. A significant increase in our effective income tax rate could have a material adverse impact on our earnings.

Of our $848.1 million cash and cash equivalents balance as of December 31, 2016, $249.4 million was held outside of the U.S. in our foreign operations. If we were to repatriate the foreign cash to the U.S., we would be required to accrue and pay U.S. taxes in accordance with applicable U.S. tax rules and regulations.

Changes in the price and availability of raw materials we use could be detrimental to our profitability.

Copper is a significant component of the cost of most of our cable products. Over the past few years, the prices of metals, particularly copper, have been highly volatile. Prices of other materials we use, such as polyvinylchloride (PVC) and other plastics derived from petrochemical feedstocks, have also been volatile. Generally, we have recovered much of the higher cost of raw materials through higher pricing of our finished products. The majority of our products are sold through distribution, and we manage the pricing of these products through published price lists which we update from time to time, with new prices typically taking effect a few weeks after they are announced. Some OEM contracts have provisions for passing through raw material cost changes, generally with a lag of a few

weeks to three months. If we are unable to raise prices sufficiently to recover our material costs, our earnings could decline. If we raise our prices but competitors raise their prices less, we may lose sales, and our earnings could decline. If the price of copper were to decline, we may be compelled to reduce prices to remain competitive, which could have a negative effect on revenues. While we generally believe the supply of raw materials (copper, plastics, and other materials) is adequate, we have experienced instances of limited supply of certain raw materials, resulting in extended lead times and higher prices. If a supply interruption or shortage of materials were to occur (including due to labor or political disputes), this could have a negative effect on revenues and earnings.

We rely on several key distributors in marketing our products.

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The majority of our sales are through distributors. These distributors purchase and carry the products of our competitors along with our products. Our largest distributor, Anixter International Inc., accounted for 12% of our revenue in 2016. If we were to lose a key distributor, our revenue and profits would likely be reduced, at least temporarily. Changes in the inventory levels of our products owned and held by our distributors can result in significant variability in our revenues. Further, certain distributors are allowed to return certain inventory in exchange for an order of equal or greater value. We have recorded reserves for the estimated impact of these inventory policies.

Consolidation of our distributors, particularly where the survivor relies more heavily on our competitors, could adversely impact our revenues and earnings. It could also result in consolidation of distributor inventory, which would temporarily depress our revenues. We have also experienced financial failure of distributors from time to time, resulting in our inability to collect accounts receivable in full. A global economic downturn could cause financial difficulties (including bankruptcy) for our distributors and other customers, which would adversely affect our results of operations.

We may be unable to implement our strategic plan successfully.

Our strategic plan is designed to continually enhance shareholder value by improving revenues and profitability, reducing costs, and improving working capital management. To achieve these goals, our strategic priorities are reliant on our Belden Business System, which includes continuing deployment of our MDS so as to capture market share through end-user engagement, channel management, outbound marketing, and careful vertical market selection; improving our recruitment and development of talented associates; developing strong global business platforms; acquiring businesses that fit our strategic plan; and becoming a leading Lean company. Lean refers to a business management system that strives to create value for customers and deliver that value to the right place, at the right time, and in the right quantities while reducing or eliminating waste from all processes. We have a disciplined process for deploying this strategic plan through our associates. There is a risk that we may not be successful in developing or executing these measures to achieve the expected results for a variety of reasons, including market developments, economic conditions, shortcomings in establishing appropriate action plans, or challenges with executing multiple initiatives simultaneously. For example, our MDS initiative may not succeed or we may lose market share due to challenges in choosing the right products to market or the right customers for these products, integrating products of acquired companies into our sales and marketing strategy, or strategically bidding against OEM partners. We may fail to identify growth opportunities. We may not be able to acquire businesses that fit our strategic plan on acceptable business terms, and we may not achieve our other strategic priorities.

Potential problems with our information systems could interfere with our business and operations.

We rely on our information systems and those of third parties for storing proprietary company information about our products and intellectual property, as well as for processing customer orders, manufacturing and shipping products, billing our customers, tracking inventory, supporting accounting functions and financial statement preparation, paying our employees, and otherwise running our business. Any disruption, whether from hackers or other sources, in our information systems or those of the third parties upon whom we rely could have a significant impact on our business. In addition, we may need to enhance our information systems to provide additional capabilities and functionality. The implementation of new information systems and enhancements is frequently disruptive to the underlying business of an enterprise. Any disruptions affecting our ability to accurately report our financial performance on a timely basis could adversely affect our business in a number of respects. If we are unable to successfully implement potential future information systems enhancements, our financial position, results of operations, and cash flows could be negatively impacted.

We, and others on our behalf, store “personally identifiable information” (“PII”) with respect to employees, vendors, customers, and others. While we have implemented safeguards to protect the privacy of this information, it is possible

that hackers or others might obtain this information. If that occurs, in addition to having to take potentially costly remedial action, we also may be subject to fines, penalties, lawsuits, and reputational damage.

Our future success depends in part on our ability to develop and introduce new products.

Our markets are characterized by the introduction of products with increasing technological capabilities. The relative costs and merits of our solutions could change in the future as various competing technologies address the market opportunities. In addition, the products sold by our recently acquired businesses generally have shorter life cycles than our legacy product portfolio. We believe that our future success will depend in part upon our ability to enhance existing products and to develop and manufacture new products that meet or anticipate technological changes, which will require continued investment in engineering, research and development, capital equipment, marketing, customer service, and technical support. We have long been successful in introducing successive generations of more capable products, but if we were to fail to keep pace with technology or with the products of

competitors, we might lose market share and harm our reputation and position as a technology leader in our markets. See the discussion above in Part I, Item 1, under Research and Development.

If we are unable to retain senior management and key employees, our business operations could be adversely affected.

Our success has been largely dependent on the skills, experience, and efforts of our senior management and key employees. The loss of any of our senior management or other key employees, for example sales and product development employees, could have an adverse effect on us. We may not be able to find qualified replacements for these individuals and the integration of potential replacements may be disruptive to our business. More broadly, a key determinant of our success is our ability to attract, develop, and retain talented associates. While this is one of our strategic priorities, we may not be able to succeed in this regard.

We might have difficulty protecting our intellectual property from use by competitors, or competitors might accuse us of violating their intellectual property rights.

Disagreements about patents and other intellectual property rights occur in the markets we serve. Third parties have asserted and may in the future assert claims of infringement of intellectual property rights against us or against our customers or channel partners for which we may be liable. Furthermore, a successful claimant could secure a judgment that requires us to pay substantial damages or prevents us from distributing certain products or performing certain services. We may encounter difficulty enforcing our own intellectual property rights against third parties, which could result in price erosion or loss of market share.

Our use of open source software could negatively impact our ability to sell our products and may subject us to unanticipated obligations.

The products, services, or technologies we acquire, license, provide, or develop may incorporate or use open source software. We monitor and restrict our use of open source software in an effort to avoid unintended consequences, such as reciprocal license grants, patent retaliation clauses, and the requirement to license our products at no cost. Nevertheless, we may be subject to unanticipated obligations regarding our products which incorporate or use open source software.

We are subject to laws and regulations worldwide, changes to which could increase our costs and individually or in the aggregate adversely affect our business.

We are subject to laws and regulations affecting its domestic and international operations in a number of areas. These U.S. and foreign laws and regulations affect our activities including, but not limited to, in areas of labor, advertising, real estate, billing, e-commerce, promotions, quality of services, property ownership and infringement, tax, import and export requirements, anti-corruption, foreign exchange controls and cash repatriation restrictions, data privacy requirements, anti-competition, environmental, health and safety.

Compliance with these laws, regulations and similar requirements may be onerous and expensive, and they may be inconsistent from jurisdiction to jurisdiction, further increasing the cost of compliance and doing business. Any such costs, which may rise in the future as a result of changes in these laws and regulations or in their interpretation, could individually or in the aggregate make our products and services less attractive to our customers, delay the introduction of new products in one or more regions, or cause us to change or limit our business practices. We have implemented policies and procedures designed to ensure compliance with applicable laws and regulations, but there can be no assurance that our employees, contractors, or agents will not violate such laws and regulations or our policies and procedures.

We may have difficulty integrating the operations of acquired businesses, which could negatively affect our results of operations and profitability.

We may have difficulty integrating acquired businesses and future acquisitions might not meet our performance expectations. Some of the integration challenges we might face include differences in corporate culture and management styles, additional or conflicting governmental regulations, preparation of the acquired operations for compliance with the Sarbanes-Oxley Act of 2002, financial reporting that is not in compliance with U.S. generally accepted accounting principles, disparate company policies and practices, customer relationship issues, and retention of key personnel. In addition, management may be required to devote a considerable amount of time to the integration process, which could decrease the amount of time we have to manage the other businesses. We may not be able to integrate operations successfully or cost-effectively, which could have a negative impact on our results of operations or our profitability. The process of integrating operations could also cause some interruption of, or the loss of momentum in, the activities of acquired businesses.

Perceived failure of our signal transmission solutions to provide expected results may result in negative publicity and harm

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our business and operating results.

Our customers use our signal transmission solutions in a wide variety of IT systems and application environments in order to help reduce security vulnerabilities and demonstrate compliance. Despite our efforts to make clear in our marketing materials and customer agreements the capabilities and limitations of these products, some customers may incorrectly view the deployment of such products in their IT infrastructure as a guarantee that there will be no security breach or policy non-compliance event. As a result, the occurrence of a high profile security breach, or a failure by one of our customers to pass a regulatory compliance IT audit, could result in public and customer perception that our solutions are not effective and harm our business and operating results, even if the occurrence is unrelated to the use of such products or if the failure is the result of actions or inactions on the part of the customer.

We may be unable to achieve our strategic priorities in emerging markets.

Emerging markets are a significant focus of our strategic plan. The developing nature of these markets presents a number of risks. We may be unable to attract, develop, and retain appropriate talent to manage our businesses in emerging markets. Deterioration of social, political, labor, or economic conditions in a specific country or region may adversely affect our operations or financial results. Emerging markets may not meet our growth expectations, and we may be unable to maintain such growth or to balance such growth with financial goals and compliance requirements. Among the risks in emerging market countries are bureaucratic intrusions and delays, contract compliance failures, engrained business partners that do not comply with local or U.S. law, such as the Foreign Corrupt Practices Act, fluctuating currencies and interest rates, limitations on the amount and nature of investments, restrictions on permissible forms and structures of investment, unreliable legal and financial infrastructure, regime disruption and political unrest, uncontrolled inflation and commodity prices, fierce local competition by companies with better political connections, and corruption. In addition, the costs of compliance with local laws and regulations in emerging markets may negatively impact our competitive position as compared to locally owned manufacturers.

If our goodwill or other intangible assets become impaired, we would be required to recognize charges that would reduce our income.

Under accounting principles generally accepted in the U.S., goodwill and certain other intangible assets are not amortized but must be reviewed for possible impairment annually or more often in certain circumstances if events indicate that the asset values may not be recoverable. We have incurred significant charges for the impairment of goodwill and other intangible assets in the past, and we may be required to do so again in future periods if the underlying value of our business declines. Such a charge would reduce our income without any change to our underlying cash flows.

Some of our employees are members of collective bargaining groups, and we might be subject to labor actions that would interrupt our business.

Some of our employees, primarily outside the U.S., are members of collective bargaining groups. We believe that our relations with employees are generally good. However, if there were a dispute with one of these bargaining groups, the affected operations could be interrupted, resulting in lost revenues, lost profit contribution, and customer dissatisfaction.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

Belden owns and leases manufacturing, warehousing, sales, and administrative space in locations around the world. We also have a corporate office that we lease in St. Louis, Missouri. The leases are of varying terms, expiring from 2017 through 2026.

The table below summarizes the geographic locations of our manufacturing and other operating facilities utilized by our segments as of December 31, 2016.

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	Broadcast Solutions	Enterprise Connectivity Solutions	Industrial Connectivity Solutions	Industrial IT Solutions	Network Security Solutions	Utilized by Multiple Segments	Total
Brazil	—	—	1	—	—	—	1
Canada	1	—	1	—	—	—	2
China	1	—	—	—	—	1	2
Czech Republic	—	—	1	—	—	—	1
Denmark	1	1	—	—	—	—	2
Germany	—	—	2	2	—	—	4
Hungary	—	—	—	—	—	1	1
Italy	—	—	—	—	—	1	1
Japan	1	—	—	—	—	—	1
Mexico	1	—	—	—	—	2	3
Netherlands	1	—	1	—	—	—	2
St. Kitts	1	—	—	—	—	—	1
United Kingdom	2	—	—	—	—	—	2
United States	2	1	3	1	2	5	14
Total	11	2	9	3	2	10	37

In addition to the manufacturing and other operating facilities summarized above, our segments also utilize approximately 33 warehouses worldwide. As of December 31, 2016, we owned or leased a total of approximately 7 million square feet of facility space worldwide. We believe that our production facilities are suitable for their present and intended purposes and adequate for our current level of operations.

Item 3. Legal Proceedings

PPC Broadband, Inc. v. Corning Optical Communications RF, LLC - On July 5, 2011, the Company's wholly-owned subsidiary, PPC Broadband, Inc. ("PPC"), filed an action for patent infringement in the U.S. District Court for the Northern District of New York against Corning Optical Communications RF LLC ("Corning"). The Complaint alleged that Corning infringed two of PPC's patents - U.S. Patent Nos. 6,558,194 and 6,848,940 - each entitled "Connector and Method of Operation." In July 2015, a jury found that Corning willfully infringed both patents. In November 2016, following a series of post-trial motions, the trial judge issued rulings for a total judgment in our favor of approximately $61.3 million. On December 2, 2016, Corning appealed the case to the U.S. Court of Appeals for the Federal Circuit, and that appeal remains pending. We have not recorded any amounts in our consolidated financial statements related to this matter due to the pendency of the appeal.

We are also a party to various legal proceedings and administrative actions that are incidental to our operations. In our opinion, the proceedings and actions in which we are involved should not, individually or in the aggregate, have a material adverse effect on our financial condition, operating results, or cash flows. However, since the trends and outcome of this litigation are inherently uncertain, we cannot give absolute assurance regarding the future resolution of such litigation, or that such litigation may not become material in the future.

Item 4. Mine Safety Disclosures

Not applicable.

PART II

Item 5. Market for Registrant's Common Equity, Related Shareholder Matters and Issuer Purchases of Equity Securities

Our common stock is traded on the New York Stock Exchange under the symbol "BDC."

As of February 14, 2017, there were 289 record holders of common stock of Belden Inc.

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We declared a dividend of $0.05 per share of common stock in each quarter of 2016 and 2015. We anticipate that comparable cash dividends will continue to be paid quarterly in the foreseeable future.

Common Stock Prices and Dividends

	2016 (By Quarter)			
	1	2	3	4
Dividends per common share	$0.05	$0.05	$0.05	$0.05
Common stock prices:				
High	$62.78	$67.19	$75.91	$81.33
Low	$36.51	$54.97	$56.95	$60.06
	2015 (By Quarter)			
	1	2	3	4
Dividends per common share	$0.05	$0.05	$0.05	$0.05
Common stock prices:				
High	$92.81	$95.56	$84.00	$65.00
Low	$77.67	$83.00	$46.83	$44.37

In July 2011, our Board of Directors authorized a share repurchase program, which allowed us to purchase up to $150.0 million of our common stock through open market repurchases, negotiated transactions, or other means, in accordance with applicable securities laws and other restrictions. In November 2012, our Board of Directors authorized an extension of the share repurchase program, which allowed us to purchase up to an additional $200.0 million of our common stock. This program was funded by cash on hand and cash flows from operating activities. The program did not have an expiration date and could have been suspended at any time at the discretion of the Company. From inception of the program, we repurchased 7.4 million shares of our common stock under the program for an aggregate cost of $350.0 million and an average price of $47.43. We did not repurchase any common stock during 2016. In 2015, we repurchased 0.7 million shares of our common stock under the share repurchase program for an aggregate cost of $39.1 million and an average price per share of $55.95. The repurchase activities in 2015 utilized all remaining authorized amounts under the share repurchase program. In 2014, we repurchased 1.3 million shares of our common stock under the program for an aggregate cost of $92.2 million and an average price of $73.06 per share. In 2013, we repurchased 1.7 million shares of our common stock under the program for an aggregate cost of $93.8 million and an average price of $54.76 per share.

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Stock Performance Graph

The following graph compares the cumulative total shareholder return on Belden's common stock over the five-year period ended December 31, 2016, with the cumulative total return during such period of the Standard and Poor's 500 Stock Index and the Standard and Poor's 1500 Industrials Index. The comparison assumes $100 was invested on December 31, 2011, in Belden's common stock and in each of the foregoing indices and assumes reinvestment of dividends. The stock performance shown on the graph below represents historical stock performance and is not necessarily indicative of future stock price performance.

(1) The chart above and the accompanying data are "furnished," not "filed," with the SEC.

Total Return To Shareholders
(Includes reinvestment of dividends)

	ANNUAL RETURN PERCENTAGE Years Ending December 31,				
Company Name / Index	2012	2013	2014	2015	2016
Belden Inc.	35.9 %	57.1 %	12.2 %	(39.3)%	57.3 %
S&P 500 Index	16.0 %	32.4 %	13.7 %	1.4 %	12.0 %
S&P 1500 Industrials Index	16.5 %	41.2 %	8.5 %	(2.7)%	20.4 %

		INDEXED RETURNS Years Ending December 31,				
Company Name / Index	Base Period 2011	2012	2013	2014	2015	2016
Belden Inc.	$ 100.00	$135.90	$213.55	$239.55	$145.40	$228.71
S&P 500 Index	100.00	116.00	153.57	174.60	177.01	198.18
S&P 1500 Industrials Index	100.00	116.46	164.43	178.37	173.53	208.94

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Item 6. Selected Financial Data

	Years Ended December 31,				
	2016	2015	2014	2013	2012
	(In thousands, except per share amounts and percentages)				
Balance sheet data:					
Total assets	$3,806,803	$3,290,602	$3,232,202	$2,728,687	$2,569,823
Long-term debt	1,620,161	1,725,282	1,736,954	1,341,470	1,120,767
Long-term debt, including current maturities	1,620,161	1,727,782	1,739,454	1,343,970	1,136,445
Total stockholders' equity	1,461,317	825,523	807,186	836,541	811,860
Statement of operations data:					
Revenues	2,356,672	2,309,222	2,308,265	2,069,193	1,840,739
Operating income	223,853	140,553	163,119	201,262	108,497
Operating income margin	9.5 %	6.1 %	7.1 %	9.7 %	5.9 %
Income from continuing operations	127,646	66,508	74,432	104,734	43,236
Basic income per share from continuing operations attributable to Belden common stockholders	2.67	1.57	1.72	2.39	0.96
Diluted income per share from continuing operations attributable to Belden common stockholders	2.65	1.55	1.69	2.34	0.94
Other data:					
Basic weighted average common shares outstanding	42,093	42,390	43,273	43,871	45,097
Diluted weighted average common shares outstanding	42,557	42,953	43,997	44,737	45,942
Dividends per common share	$0.20	$0.20	$0.20	$0.20	$0.20
Statement of cash flow data:					
Net cash provided by operating activities	314,794	241,460	200,887	175,335	143,507
Adjusted results:					
Adjusted revenues	2,357,805	2,360,583	2,320,219	2,084,490	1,847,011
Adjusted EBITDA	431,201	400,688	359,425	327,210	239,671
Adjusted EBITDA margin	18.3 %	17.0 %	15.5 %	15.7 %	13.0 %
Free cash flow	261,212	187,024	195,032	210,103	149,333

Consolidated Results

Since 2012, we have grown our revenues by 28.0%, from $1.8 billion in 2012 to $2.4 billion in 2016, representing a 5.1% compounded annual growth rate for that period. The majority of our revenue growth has been the result of our inorganic initiatives, described below, as we have been operating in a period of modest end market growth rates. The trends in our operating income and income from continuing operations from 2012-2016 have been impacted by a number of acquisitions, dispositions, productivity improvement programs, and other matters, as follows:

- During 2016, we recognized severance, restructuring, and acquisition integration costs of $38.8 million related to a number of productivity improvement programs. In addition, we acquired M2FX Limited in our fiscal first quarter.
- During 2015, we recognized severance, restructuring, and acquisition integration costs of $47.2 million related to a number of productivity improvement programs. In addition, we acquired Tripwire in our fiscal first quarter. We also recognized $9.2 million of compensation expense related to the accelerated vesting of acquiree stock based compensation awards related to our acquisition of Tripwire.

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- During 2014, we recognized severance, restructuring, and acquisition integration costs of $70.8 million related to the integration of acquired businesses and a productivity improvement program. In 2014, we acquired Grass Valley, ProSoft, and Coast. We recognized purchase accounting effects related to acquisitions, including the adjustment of acquired inventory to fair value, of $8.4 million.
- During 2013, we recognized severance and other restructuring costs, including accelerated depreciation expense, of $19.8 million, primarily related to plant consolidation activities in our Broadcast segment, and purchase accounting effects related to acquisitions, including the adjustment of acquired inventory to fair value, of $6.6 million. In 2013, we acquired Softel in our fiscal first quarter.
- In 2012, we acquired Miranda Technologies Inc. in our fiscal third quarter and PPC Broadband, Inc. in our fiscal fourth quarter. We sold certain assets of our Chinese cable operations that conducted business primarily in the consumer electronics end market at the end of our fiscal fourth quarter. We sold our Thermax and Raydex cable business in 2012, which has been treated as a discontinued operation. During 2012, we also recognized a loss on debt extinguishment of $52.5 million, asset impairment and loss on sale of assets of $33.7 million, purchase accounting effects related to acquisitions, including the adjustment of acquired inventory to fair value, of $18.8 million, and severance and other restructuring costs of $17.9 million.

See further discussion of our acquisitions and productivity improvement programs in Notes 3 and 13 to the Consolidated Financial Statements.

Since 2012, we have grown our operating cash flow by 119.4%, from $143.5 million in 2012 to $314.8 million in 2016, representing a 17.0% compounded annual growth rate for that period. Our strong operating cash flow is driven by our earnings growth, coupled with our efficient use of working capital.

Adjusted Results

Since 2012, we have grown our Adjusted Revenues by 27.7%, from $1.8 billion in 2012 to $2.4 billion in 2016, representing a 5.0% compounded annual growth rate for that period. The majority of our Adjusted Revenue growth has been the result of our inorganic initiatives, described above, as we have been operating in a period of modest end market growth rates.

We have grown our Adjusted EBITDA by 79.9%, from $239.7 million in 2012 to $431.2 million in 2016, representing a 12.5% compounded annual growth rate for that period. Adjusted EBITDA has grown due to the results of our inorganic initiatives, described above, which have transformed our product portfolio. Importantly, however, our Adjusted EBITDA has also grown due to the impact of productivity improvement programs, as we are committed to continuously improving our cost structure in a low organic growth environment. Furthermore, our Adjusted EBITDA has improved as Lean enterprise techniques have been applied at our acquired companies. These factors have all led to the improvement in Adjusted EBITDA margins from 13.0% in 2012 to 18.3% in 2016.

Since 2012, we have grown our free cash flow by 75.0%, from $149.3 million in 2012 to $261.2 million in 2016, representing an 11.8% compounded annual growth rate for that period. Our strong free cash flow is driven by our earnings growth, coupled with our efficient use of working capital and fixed assets.

Use of Non-GAAP Financial Information

Adjusted Revenues, Adjusted EBITDA, Adjusted EBITDA margin, and free cash flow are non-GAAP financial measures. In addition to reporting financial results in accordance with accounting principles generally accepted in the United States, we provide non-GAAP operating results adjusted for certain items, including: asset impairments; accelerated depreciation expense due to plant consolidation activities; purchase accounting effects related to acquisitions, such as the adjustment of acquired inventory and deferred revenue to fair value, and transaction costs; severance, restructuring, and acquisition integration costs; gains (losses) recognized on the disposal of businesses and tangible assets; amortization of intangible assets; gains (losses) on debt extinguishment; certain revenues and gains (losses) from patent settlements; discontinued operations; and other costs. We adjust for the items listed above in all periods presented, unless the impact is clearly immaterial to our financial statements. When we calculate the tax effect of the adjustments, we include all current and deferred income tax expense commensurate with the adjusted measure of pre-tax profitability.

We utilize the adjusted results to review our ongoing operations without the effect of these adjustments and for comparison to budgeted operating results. We believe the adjusted results are useful to investors because they help them compare our results to previous periods and provide important insights into underlying trends in the business and how management oversees our business operations on a day-to-day basis. As an example, we adjust for the purchase accounting effect of recording deferred revenue at

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fair value in order to reflect the revenues that would have otherwise been recorded by acquired businesses had they remained as independent entities. We believe this presentation is useful in evaluating the underlying performance of acquired companies. Similarly, we adjust for other acquisition-related expenses, such as amortization of intangibles and other impacts of fair value adjustments because they generally are not related to the acquired businesses' core business performance. As an additional example, we exclude the costs of restructuring programs, which can occur from time to time for our current businesses and/or recently acquired businesses. We exclude the costs in calculating adjusted results to allow us and investors to evaluate the performance of the business based upon its expected ongoing operating structure. We believe the adjusted measures, accompanied by the disclosure of the costs of these programs, provides valuable insight.

We define free cash flow, which is a non-GAAP financial measure, as net cash from operating activities adjusted for capital expenditures net of the proceeds from the disposal of tangible assets, cash payments for severance and other costs for the integration of our 2014 acquisition of Grass Valley, non-recurring tax payments related to divestitures and the settlement of a tax sharing agreement, certain acquisition and divestiture transaction costs, and non-recurring payments related to divestitures. We believe free cash flow provides useful information to investors regarding our ability to generate cash from business operations that is available for acquisitions and other investments, service of debt principal, dividends and share repurchases. We use free cash flow, as defined, as one financial measure to monitor and evaluate performance and liquidity. Non-GAAP financial measures should be considered only in conjunction with financial measures reported according to accounting principles generally accepted in the United States. Our definition of free cash flow may differ from definitions used by other companies.

Adjusted results should be considered only in conjunction with results reported according to accounting principles generally accepted in the United States. The following tables reconcile our GAAP results to our non-GAAP financial measures:

	Years Ended				
	December 31, 2016	December 31, 2015	December 31, 2014	December 31, 2013	December 31, 2012
	(In thousands, except percentages)				
GAAP revenues	$ 2,356,672	$2,309,222	$ 2,308,265	$ 2,069,193	$ 1,840,739
Deferred revenue adjustments (1)	6,687	51,361	11,954	15,297	6,272
Patent settlement (2)	(5,554)	—	—	—	—
Adjusted revenues	$ 2,357,805	$2,360,583	$ 2,320,219	$ 2,084,490	$ 1,847,011
GAAP net income attributable to Belden	128,003	$66,204	$ 74,449	$ 103,313	$ 194,490
Interest expense, net	95,050	100,613	81,573	72,601	51,005
Loss on debt extinguishment	2,342	—	—	1,612	52,450
Income tax expense (benefit)	(1,185)	(26,568)	7,114	22,315	(38,194)
Loss (Income) from discontinued operations	—	242	(579)	1,421	(16,774)
Loss (Gain) from disposal of discontinued operations	—	86	562	—	(134,480)
Noncontrolling interest	(357)	(24)	—	—	—
Amortization of intangible assets	98,385	103,791	58,426	50,803	22,792
Depreciation expense	47,208	46,551	43,736	43,648	35,095
Severance, restructuring, and acquisition integration costs (3)	38,770	47,170	70,827	14,888	17,927
	23,931	—	—	—	33,676

Impairment of assets held for sale (4)										
Deferred gross profit adjustments (1)	6,687		52,876		10,777		11,337		2,902	
Purchase accounting effects related to acquisitions (5)	(2,079	)	9,747		12,540		6,550		18,782	
Patent settlement (2)	(5,554	)	—		—		—		—	
Gain on sale of assets	—		—		—		(1,278	)	—	
Adjusted EBITDA	$ 431,201		$400,688		$ 359,425		$ 327,210		$ 239,671	
GAAP net income margin	5.4	%	2.9	%	3.2	%	5.0	%	10.6	%
Adjusted EBITDA margin	18.3	%	17.0	%	15.5	%	15.7	%	13.0	%

(1) Both our consolidated revenues and gross profit were negatively impacted by the reduction of the acquired deferred revenue balance to fair value associated with our acquisition of Tripwire on January 2, 2015, Grass Valley on March 31, 2014, and Miranda Technologies on July 27, 2012. See Note 3 to the Consolidated Financial Statements, Acquisitions.

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(2) Both our consolidated revenues and gross profit were positively impacted by royalty revenues received during 2016 that related to years prior to 2016 as a result of a patent settlement.

(3) See Note 13 to the Consolidated Financial Statements, Severance, Restructuring, and Acquisition Integration Activities, for details.

(4) In 2016, we recognized a $23.9 million impairment of assets held for sale. See Note 4, Assets Held for Sale, for details. In 2012, we recognized a $33.7 million asset impairment and loss on sale of assets for certain assets of our Chinese cable operations that we sold during 2012.

(5) In 2016, we made a $3.2 million adjustment to reduce the earn-out liability associated with the M2FX acquisition. This adjustment was partially offset by $0.8 million and $0.2 million of cost of sales related to the adjustment of acquired inventory to fair value related our Enterprise segment and M2FX acquisition, respectively. In 2015, we recognized $9.2 million of compensation expense related to the accelerated vesting of acquiree stock based compensation awards associated with our acquisition of Tripwire. In addition, we recognized $0.3 million of cost of sales related to the adjustment of acquired inventory to fair value related to our acquisition of Coast and $0.3 million of acquisition related transaction costs. In 2014, we recognized $8.4 million of cost of sales related to the adjustment of acquired inventory to fair value for our acquisitions of Grass Valley, ProSoft, and Coast, as well as $4.1 million of acquisition related transaction costs. In 2013, we recognized $6.6 million of cost of sales related to the adjustment of acquired inventory to fair value for our acquisition of PPC Broadband. See Note 3 to the Consolidated Financial Statements, Acquisitions. In 2012, we recognized $18.8 million of costs related to the adjustment of acquired inventory to fair value and transaction costs for our acquisitions of PPC Broadband and Miranda Technologies.

The following table reconciles our GAAP results to our non-GAAP financial measures:

	Years ended December 31,				
	2016	2015	2014	2013	2012
		(In thousands)			
Net cash provided by operating activities	$314,794	$241,460	$200,887	$175,335	$143,507
Capital expenditures, net of proceeds from the disposal of tangible assets	(53,582)	(54,436)	(43,575)	(37,040)	(31,435)
Working capital settlement in connection with the sale of consumer electronics assets	—	—	—	—	32,333
Acquisition and divestiture transaction costs	—	—	—	—	4,928
Non-recurring tax payments made for gain on 2012 sale of Thermax and Raydex cable business	—	—	—	41,808	—
Non-recurring tax payments made in settlement of tax sharing agreement with Cooper Industries	—	—	—	30,000	—
Cash paid for severance and other costs for the integration of our acquisition of Grass Valley	—	—	37,720	—	—
Free cash flow	$261,212	$187,024	$195,032	$210,103	$149,333

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Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

Overview

We are an innovative signal transmission solutions company built around five global business platforms – Broadcast Solutions, Enterprise Connectivity Solutions, Industrial Connectivity Solutions, Industrial IT Solutions, and Network Security Solutions. Our comprehensive portfolio of signal transmission solutions provides industry leading secure and reliable transmission of data, sound, and video for mission critical applications.

We strive to create shareholder value by:

- Delivering highly engineered signal transmission solutions for mission-critical applications in a diverse set of global markets;
- Maintaining a balanced product portfolio across end markets, applications, and geographies that allows for a disciplined approach to growth;
- Capturing additional market share by using our Market Delivery System to improve channel and end-user relationships and to concentrate sales efforts on customers in higher growth geographies and vertical end-markets;
- Managing our product portfolio to provide innovative and complete end-to-end solutions for our customers in applications for which we have operational expertise and can drive customer loyalty;
- Acquiring leading companies with innovative product portfolios and opportunities for synergies which fit within our strategic framework;
- Continuously improving our people, processes, and systems through scalable, flexible, and sustainable business systems for talent management, Lean enterprise, and acquisition cultivation and integration; and
- Protecting and enhancing the value of the Belden brands.

We believe our business system, balance across markets and geographies, systematic go-to-market approach, extensive portfolio of innovative solutions, commitment to Lean principles, and improving margin profile present a unique value proposition that increases shareholder value.

We consider Adjusted revenue growth on a constant currency basis, Adjusted EBITDA margin, free cash flows, and return on invested capital to be our key operating performance indicators. Our business goals are to:

- Grow Adjusted Revenues on a constant currency basis by 5-7% per year, from a combination of end market growth, market share capture, and contributions from acquisitions;
- Achieve Adjusted EBITDA margins in the range of 18-20%;
- Generate free cash flow in excess of Adjusted Net Income; and
- Realize return on invested capital of 13-15%.

Significant Trends and Events in 2016

The following trends and events during 2016 had varying effects on our financial condition, results of operations, and cash flows.

Foreign currency

Our exposure to currency rate fluctuations primarily relates to exchange rate movements between the U.S. dollar and the euro, Canadian dollar, Hong Kong dollar, Chinese yuan, Japanese yen, Mexican peso, Australian dollar, British pound, and Brazilian real. Generally, as the U.S. dollar strengthens against these foreign currencies, our revenues and earnings are negatively impacted as our foreign denominated revenues and earnings are translated into U.S. dollars at a lower rate. Conversely, as the U.S. dollar weakens against foreign currencies, our revenues and earnings are positively impacted.

In addition to the translation impact described above, currency rate fluctuations have an economic impact on our financial results. As the U.S. dollar strengthens or weakens against foreign currencies, it results in a relative price increase or decrease for certain of our products that are priced in U.S. dollars in a foreign location.

Commodity Prices

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

Channel Inventory

Our operating results also can be affected by the levels of Belden products purchased and held as inventory by our channel partners and customers. Our channel partners and customers purchase and hold our products in their inventory in order to meet the service and on-time delivery requirements of their customers. Generally, as our channel partners and customers change the level of Belden products owned and held in their inventory, it impacts our revenues. Comparisons of our results between periods can be impacted by changes in the levels of channel inventory. We are dependent upon our channel partners to provide us with information regarding the amount of our products that they own and hold in their inventory. As such, all references to the effect of channel inventory changes are estimates.

Market Growth and Market Share

The markets in which we operate can generally be characterized as highly competitive and highly fragmented, with many players. Based on available data for our served markets, we estimate that our market shares range from approximately 5% - 20%. A substantial acquisition in one of our served markets would be necessary to meaningfully change our estimated market share percentage. We monitor available data regarding market growth, including independent market research reports, publicly available indices, and the financial results of our direct and indirect peer companies, in order to estimate the extent to which our served markets grew or contracted during a particular period. We expect that our unit sales volume will increase or decrease consistently with the market growth rate. Our strategic goal is to utilize our Market Delivery System to target faster growing geographies, applications, and trends within our end markets, in order to achieve growth that is higher than the general market growth rate. To the extent that we exceed the market growth rates, we consider it to be the result of capturing market share.

Acquisitions

We completed the acquisitions of M2FX Limited (M2FX) on January 7, 2016; Tripwire Inc. (Tripwire) on January 2, 2015; Coast Wire & Plastic Tech., LLC (Coast) on November 20, 2014; ProSoft Technology, Inc. (ProSoft) on June 11, 2014; and Grass Valley USA, LLC and GVBB Holdings S.a.r.l. (collectively, Grass Valley), on March 31, 2014. The results of M2FX, Tripwire, Coast, ProSoft, and Grass Valley have been included in our Consolidated Financial Statements from their respective acquisition dates and are reported in the Broadcast, Network Security, Industrial Connectivity, Industrial IT, and Broadcast segments, respectively.

Assets Held for Sale

During the fourth quarter of 2016, we committed to a plan to sell our MCS business and Hirschmann JV and determined that we met all of the criteria to classify the assets and liabilities of these businesses as held for sale. We have reached an agreement in principle to sell this disposal group for a total sales price of $39 million. The carrying value of disposal group exceeded the fair value less costs to sell, which we determined based on the expected sales price, by $23.9 million. Therefore, we recognized an impairment charge equal to this amount in the fourth quarter of 2016. See Notes 4 and 28.

Long-Term Debt

In 2016, we repaid $50.0 million of the Revolver borrowings. As of December 31, 2016, we had no borrowings outstanding on the Revolver, and our available borrowing capacity was $276.4 million. In October 2016, we completed an offering for €200.0 million ($222.2 million at issuance) aggregate principal amount of 4.125% senior subordinated notes due 2026 (the 2026 Notes). We used the net proceeds from the transaction to pay off the variable rate Term Loan due 2020, for which we recognized a $2.3 million loss on debt extinguishment. See Note 14.

Preferred Stock Issuance

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On July 26, 2016, we issued 5.2 million depositary shares, each of which represents 1/100th interest in a share of 6.75% Series B Mandatory Convertible Preferred Stock (the Preferred Stock), for an offering price of $100 per depositary share. Unless earlier converted, each share of Preferred Stock will automatically convert into common stock on or around July 15, 2019 into between 120.46 and 132.50 shares of Belden common stock, subject to customary anti-dilution adjustments. This represents a range of 6.2 million to 6.9 million shares of Belden common stock to be issued upon conversion. The net proceeds from this offering were approximately $501 million. We intend to use the proceeds for general corporate purposes. See Note 20.

Productivity Improvement Programs

Industrial Restructuring Program: 2015-2016

Both our Industrial Connectivity and Industrial IT segments have been negatively impacted by a decline in sales volume. Global demand for industrial products has been negatively impacted by the strengthened U.S. dollar and lower energy prices. Our customers have reduced capital spending in response to these conditions, and we expect these conditions to continue to impact our industrial segments. In response to these industrial market conditions, we began to execute a restructuring program in the fourth fiscal quarter of 2015 to further reduce our cost structure. We recognized approximately $9.7 million and $3.3 million of severance and other restructuring costs for this program during 2016 and 2015, respectively. We do not expect to incur any additional severance and other restructuring costs for this program. We expect the restructuring program to generate approximately $18 million of savings on an annualized basis, which we began to realize in the first fiscal quarter of 2016.

Industrial Manufacturing Footprint Program: 2016

In further response to the industrial market conditions described above, in the first quarter of 2016 we began a program to further consolidate our manufacturing footprint. The manufacturing consolidation is expected to be completed by the end of 2017. We recognized $17.8 million of severance and other restructuring costs for this program during 2016. The costs were incurred by the Enterprise and Industrial Connectivity segments, as the manufacturing locations involved in the program serve both platforms. We expect to incur approximately $15 million of additional severance and other restructuring costs for this program in 2017. We expect the program to generate approximately $10 million of savings on an annualized basis, beginning in the second half of 2017.

Grass Valley Restructuring Program: 2015-2016

Our Broadcast segment's Grass Valley brand was negatively impacted by a decline in global demand of broadcast technology infrastructure products beginning in 2015. Outside of the U.S., demand for these products was impacted by the relative price increase of products due to the strengthened U.S. dollar as well as the impact of weaker economic conditions which resulted in lower capital spending. Within the U.S., demand for these products was impacted by deferred capital spending. We believe broadcast customers have deferred their capital spending as they navigate through a number of important industry transitions and a changing media landscape. In response to these broadcast market conditions, we began to execute a restructuring program beginning in the third fiscal quarter of 2015 to further reduce our cost structure. We recognized approximately $8.7 million and $25.4 million of severance and other restructuring costs for this program during 2016 and 2015, respectively. We do not expect to incur any additional severance and other restructuring costs for this program. We expect the restructuring program to generate approximately $30 million of savings on an annualized basis, which we began to realize in the fourth fiscal quarter of 2015.

Productivity Improvement Program and Acquisition Integration: 2014-2016

In 2014, we began a productivity improvement program and the integration of our acquisition of Grass Valley. The productivity improvement program focused on improving the productivity of our sales, marketing, finance, and human resources functions relative to our peers. The majority of the costs for the productivity improvement program related to the Industrial Connectivity, Enterprise, and Industrial IT segments. We expected the productivity improvement program to reduce our operating expenses by approximately $18 million on an annualized basis, and we are substantially realizing such benefits. The restructuring and integration activities related to our acquisition of Grass Valley focused on achieving desired cost savings by consolidating existing and acquired operating facilities and other support functions. The Grass Valley costs related to our Broadcast segment. In 2014, we recorded $70.8 million of such costs. In 2015, we recorded severance, restructuring, and integration costs of $18.5 million related to these two significant programs, as well as other cost reduction actions and the integration of our acquisitions of ProSoft, Coast, and Tripwire. In 2016, we recognized $2.6 million of costs, primarily related to our 2016 acquisition of M2FX. We do not expect to incur any significant additional costs for this program.

Results of Operations

Consolidated Income from Continuing Operations before Taxes

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	2016	2015	2014	Percentage Change 2016 vs. 2015	2015 vs. 2014
	(In thousands, except percentages)				
Revenues	$2,356,672	$2,309,222	$2,308,265	2.1 %	— %
Gross profit	980,994	918,173	819,449	6.8 %	12.0 %
Selling, general and administrative expenses	494,224	525,518	483,990	(6.0)%	8.6 %
Research and development	140,601	148,311	113,914	(5.2)%	30.2 %
Amortization of intangibles	98,385	103,791	58,426	(5.2)%	77.6 %
Impairment of assets held for sale	23,931	—	—	100.0 %	n/a
Operating income	223,853	140,553	163,119	59.3 %	(13.8)%
Interest expense, net	95,050	100,613	81,573	(5.5)%	23.3 %
Loss on debt extinguishment	2,342	—	—	100.0 %	n/a
Income from continuing operations before taxes	126,461	39,940	81,546	216.6 %	(51.0)%

2016 Compared to 2015

Revenues increased in 2016 from 2015 due to the following factors:

- Increases in sales volume resulted in an increase in revenues of $26.2 million. An increase in volume within our broadcast and enterprise markets was partially offset by soft demand for our industrial products. From a geographic perspective, volume growth was most notable in Asia and Europe.
- Purchase accounting effects of recording deferred revenue at fair value primarily for our Tripwire acquisition resulted in a revenue increase of $44.7 million in 2016 as compared to 2015.
- Royalty revenues from a patent settlement in 2016 resulted in a revenue increase of $10.3 million.
- Acquisitions resulted in a revenue increase of $6.6 million.
- Lower copper costs resulted in a revenue decrease of $22.7 million.
- Unfavorable currency translation, primarily due to the strengthening U.S. dollar compared to the euro and the Canadian dollar, resulted in a revenue decrease of $17.6 million.

Gross profit increased $62.8 million in 2016 from 2015, and gross profit margin increased 180 basis points from 39.8% in 2015 to 41.6% in 2016. The increases in gross profit margins is primarily attributable to the increases in revenues discussed above and improved productivity as a result of our restructuring actions. Gross profit for 2016 included $12.3 million of severance, restructuring, and acquisition integration costs; $1.0 million of cost of sales arising from the adjustment of inventory to fair value related to acquisitions; and $0.9 million of accelerated depreciation in our Enterprise segment. Gross profit for 2015 included $9.4 million of severance, restructuring, and acquisition integration costs and $0.3 million of cost of sales arising from the adjustment of inventory to fair value related to our acquisition of Coast.
Selling, general and administrative expenses decreased by $31.3 million from 2015 to 2016 primarily due to $9.2 million of compensation expense that we recognized in the prior year as a result of accelerating the vesting of certain acquiree equity awards at the closing of the Tripwire acquisition; a $3.2 million benefit in 2016 as a result of reducing the M2FX earn-out liability to zero; realized benefits from our productivity improvement initiatives; and a reduction in severance, restructuring, and integration costs from the prior year. In 2016 and 2015, selling, general and administrative expenses included $25.7 million and $31.7 million, respectively, of severance, restructuring, and integration costs, representing a $6.1 million decline over the prior year. Favorable currency translation contributed approximately $6.0 million to the decline in selling, general and administrative expenses in 2016.
Research and development decreased by $7.7 million in 2016 from 2015 primarily due to a decline of $5.3 million of severance, restructuring, and integration costs. Favorable currency translation and productivity improvement initiatives also contributed $1.8 million and $1.3 million to the decrease in research and development in 2016, respectively.

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Amortization of intangibles decreased $5.4 million in 2016 from 2015 primarily due to favorable currency translation and intangible assets becoming fully amortized during 2016. These decreases were partially offset by approximately $1.0 million from the acquisition of M2FX.
In 2016, we recognized a $23.9 million impairment of assets held for sale related to our MCS business and Hirschmann JV. The amount of the impairment of assets held for sale represents the excess carrying value over the fair value of the assets. See Note 4, Assets Held for Sale.
Operating income increased by $83.3 million from 2015 to 2016 primarily due to the increases in gross profit and decreases in selling, general and administrative expenses discussed above.
Interest expense decreased $5.6 million in 2016 from 2015 due to our recent financing activities. During Q4 2015 and Q1 2016, we repaid $150.0 million and $50.0 million, respectively, outstanding under our Revolver, and in Q4 2016, we issued €200.0 million ($222.2 million at issuance) 4.125% Senior Subordinated notes due 2026 and paid off our $250.0 million Term Loan. The net impact of these financing activities led to the decrease in interest expense for the year. We recognized a $2.3 million loss on debt extinguishment for the unamortized debt issuance costs associated with the Term Loan.
Income from continuing operations before taxes increased by $86.5 million from 2015 to 2016 primarily due to the increases in operating income discussed above.

2015 Compared to 2014

Revenues were approximately flat in 2015 compared to 2014 due to the following factors:

- Acquisitions contributed $203.8 million of revenues.
- Unfavorable currency translation, primarily due to the strengthened U.S. dollar compared to the euro and the Canadian dollar, resulted in a revenue decrease of $132.1 million.
- Lower copper costs resulted in a revenue decrease of $40.6 million.
- Decreases in unit sales volume resulted in a decrease in revenues of $30.1 million. Soft demand for our broadcast infrastructure and industrial products was partially offset by strong demand for our enterprise and broadband connectivity products. From a geographic perspective, weakness in China, Europe, and Latin America was partially offset by strength in the U.S. and Canada.

Gross profit for 2015 included $9.4 million of severance, restructuring, and acquisition integration costs and $0.3 million of cost of sales arising from the adjustment of inventory to fair value related to our acquisition of Coast. Gross profit for 2014 included $20.7 million of severance, restructuring, and integration costs, and $8.4 million of cost of sales arising from the adjustment of inventory to fair value related to our acquisitions of Grass Valley, ProSoft, and Coast.
Excluding these costs, gross profit for 2015 increased by $79.3 million from 2014, primarily due to acquisitions. Acquisitions contributed $136.3 million of gross profit in 2015. The gross profit from acquisitions was partially offset by the impact of the decline in sales volume and unfavorable product mix, particularly in the Broadcast segment. Additionally, unfavorable currency translation reduced gross profit by $47.3 million.

Selling, general and administrative expenses increased by $39.3 million in 2015 from 2014 primarily due to our acquisitions. Acquisitions contributed $90.2 million of selling, general and administrative expenses in 2015. We also recognized $9.2 million of compensation expense as a result of accelerating the vesting of certain acquiree equity awards at the closing of the Tripwire acquisition in 2015. These increases were partially offset by a decrease in severance, restructuring, and acquisition integration costs of $14.8 million. In addition, selling, general and administrative expenses decreased due to favorable currency translation of $25.7 million and improved productivity of $15.0 million.
Research and development expenses increased by $34.4 million in 2015 from 2014 primarily due to our acquisitions. Acquisitions contributed $42.7 million of research and development expenses in 2015. This increase was partially offset by favorable currency translation of $8.3 million. Research and development expenses also decreased due to

improved productivity as a result of completed restructuring actions.

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Amortization of intangibles increased in 2015 from 2014 primarily due to the definite-lived intangible assets recorded from our 2015 acquisition of Tripwire. The impact of acquisitions contributed $49.8 million of amortization of intangibles in 2015. The increase was partially offset by favorable currency translation.
Operating income decreased in 2015 from 2014 due to the increases in selling, general and administrative expenses, research and development expenses, and amortization of intangibles discussed above, partially offset by the increase in gross profit.
Interest expense increased in 2015 from 2014 due to our recent financing activities. We borrowed $200.0 million under our Revolver in January 2015, we issued €200.0 million 5.5% senior subordinated notes in November 2014, and we issued $200.0 million 5.25% senior subordinated notes in June 2014. While we repaid $150.0 million under our Revolver prior to December 31, 2015, the net impact of these financing activities led to the increase in interest expense for the year.
Income from continuing operations before taxes decreased in 2015 from 2014 due to the decrease in operating income and increase in interest expense discussed above.
Income Taxes

	2016	2015	2014	Percentage Change 2016 vs. 2015	2015 vs. 2014
	(In thousands, except percentages)				
Income from continuing operations before taxes	$126,461	$39,940	$81,546	216.6 %	-51.0 %
Income tax expense (benefit)	(1,185)	(26,568)	7,114	-95.5 %	-473.5 %
Effective tax rate	-0.9 %	-66.5 %	8.7 %		

2016 Compared to 2015
We recognized an income tax benefit of $1.2 million in 2016, representing an effective tax rate of (0.9%) . The effective tax rate was impacted by the following significant factors:

- We recognized a net tax benefit of $13.3 million related to a foreign tax credit planning initiative that enabled us to recognize tax credits from a foreign jurisdiction.
- We also recognized a net tax benefit of $9.2 million as a result of reducing deferred tax valuation allowances related to net operating loss carryforwards in foreign jurisdictions.
- We also recognized a $7.0 million tax benefit in 2016 for the reduction of deferred tax liabilities related to a previously completed acquisition. We secured a Private Letter Ruling from the Internal Revenue Service that effectively increased the tax basis in the acquired assets to the full fair value. Accordingly, a book-tax difference was eliminated, and we reversed deferred tax liabilities previously recorded, resulting in the tax benefit.
- We also recognized a $4.7 million tax benefit in 2016 as the result of securing a significant tax deduction for a foreign currency loss by implementing several transactions related to our international tax structure.

The tax benefits described above for 2016 were partially offset by $3.0 million of tax expense to record a liability for uncertain tax positions in one of our foreign jurisdictions.

Our income tax expense was also impacted by foreign tax rate differences. The statutory tax rates associated with our foreign earnings generally are lower than the statutory U.S. tax rate of 35%. This had the greatest impact on our income from continuing operations before taxes that is generated in Germany, Canada, and the Netherlands, which have statutory tax rates of approximately 28%, 26%, and 25%, respectively. Foreign tax rate differences reduced our income tax expense by approximately $17.7 million and $3.4 million in 2016 and 2015, respectively.
Our income tax expense and effective tax rate in future periods may be impacted by many factors, including our geographic mix of income and changes in tax laws.
As of December 31, 2016, we maintained a valuation allowance on our deferred tax assets of $104.8 million. Of this amount, approximately $91.6 million relates to net operating loss deferred tax assets for certain of our Grass Valley entities. Certain Grass Valley entities have a history of significant tax losses in their various jurisdictions. We do not

currently have sufficient history of taxable income in the relevant jurisdictions to support the realizability of the net operating losses.

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The remaining $13.2 million of valuation allowance primarily relates to deferred tax assets for certain U.S. state net operating losses and tax credits. While we have positive evidence in the form of projected sources of income, we determined that these assets were not realizable as of December 31, 2016 due to a history of net operating losses and tax credits expiring without being utilized in certain states and because the current forecast of income is not sufficient to utilize all of these state net operating losses and tax credits prior to expiration.

2015 Compared to 2014

We recognized an income tax benefit of $26.6 million in 2015, representing an effective tax rate for 2015 of (66.5%). Our full year effective tax rate on full year pre-tax income is a negative rate (an income tax benefit) as a result of implemented tax planning strategies, described below.

In 2015, the most significant difference between the U.S. federal statutory tax rate and our effective tax rate was the impact of domestic permanent differences and tax credits. We recognized a total income tax benefit from domestic permanent differences and tax credits of $23.0 million in 2015. Approximately $18.0 million of that benefit stems from being able to recognize a significant balance of foreign tax credits related to one of our foreign jurisdictions as a result of implementing a tax planning strategy, net of the U.S. income tax consequences. We were also able to recognize other foreign tax credits and research and development tax credits in 2015, which represented the remaining $5.0 million of tax benefit from domestic permanent differences and tax credits.

An additional significant factor impacting the income tax benefit for 2015 was the reduction of a deferred tax valuation allowance related to certain net operating loss carryforwards in one of our foreign jurisdictions. Based on implemented tax planning strategies, the net operating loss carryforwards have become fully realizable, and we realized a net tax benefit of $11.4 million related to changes in the valuation allowance.

Our income tax benefit was also impacted by foreign tax rate differences. The statutory tax rates associated with our foreign earnings generally are lower than the statutory U.S. tax rate of 35%. This had the greatest impact on our income from continuing operations before taxes that is generated in Germany, Canada, and the Netherlands, which have statutory tax rates of approximately 28%, 26%, and 25%, respectively. Foreign tax rate differences reduced our income tax expense relative to the statutory U.S. tax rate by approximately $3.4 million and $14.4 million in 2015 and 2014, respectively.

As of December 31, 2015, we maintained a valuation allowance on our deferred tax assets of $117.1 million. Of this amount, approximately $104.7 million relates to net operating loss deferred tax assets for certain of our Grass Valley entities. Certain Grass Valley entities have a history of significant tax losses in their various jurisdictions. While our restructuring activities have begun to improve the taxable income generated by the Grass Valley entities, we do not currently have sufficient history of taxable income in the relevant jurisdictions to support the realizability of the net operating losses.

The remaining $12.4 million of valuation allowance primarily relates to deferred tax assets for certain U.S. state net operating losses and tax credits. While we have positive evidence in the form of projected sources of income, we determined that these assets were not realizable as of December 31, 2015 due to a history of net operating losses and tax credits expiring without being utilized in certain states and because the current forecast of income is not sufficient to utilize all of these state net operating losses and tax credits prior to expiration.

Consolidated Adjusted Revenues and Adjusted EBITDA

	2016	2015	2014	Percentage Change 2016 vs. 2015	2015 vs. 2014
	(In thousands, except percentages)				
Adjusted Revenues	$2,357,805	$2,360,583	$2,320,219	-0.1 %	1.7 %
Adjusted EBITDA	431,201	400,688	359,425	7.6 %	11.5 %
as a percent of adjusted revenues	18.3 %	17.0 %	15.5 %		

2016 Compared to 2015

Adjusted Revenues decreased in 2016 from 2015 due to the following factors:

- Lower copper costs resulted in a revenue decrease of $22.7 million.

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- Unfavorable currency translation, primarily due to the strengthening U.S. dollar compared to the euro and the Canadian dollar, resulted in a revenue decrease of $17.6 million.
- Increases in unit sales volume resulted in an increase in revenues of $26.2 million. An increase in volume within our broadcast and enterprise markets was partially offset by soft demand for our industrial products. From a geographic perspective, volume growth was most notable in Asia and Europe.
- Acquisitions resulted in a revenue increase of $6.6 million.
- Royalty revenues from a patent settlement resulted in a revenue increase of $4.7 million.

Adjusted EBITDA increased $30.5 million in 2016 from 2015 primarily due to productivity initiatives, which contributed $28.3 million of Adjusted EBITDA. In addition, Adjusted EBITDA increased due to favorable currency translation and acquisitions, with an impact of $5.6 million and $1.0 million, respectively. These factors were partially offset by unfavorable product mix.

2015 Compared to 2014

Adjusted Revenues increased in 2015 from 2014 due to the following factors:

- Acquisitions contributed $256.6 million of revenues.
- Unfavorable currency translation, primarily due to the strengthening U.S. dollar compared to the euro and the Canadian dollar, resulted in a revenue decrease of $132.1 million.
- Decreases in unit sales volume resulted in a decrease in revenues of $43.5 million. Soft demand for our broadcast infrastructure and industrial products was partially offset by strong demand for our enterprise and broadband connectivity products. From a geographic perspective, weakness in China, Europe, and Latin America was partially offset by strength in the U.S. and Canada.
- Lower copper costs resulted in a revenue decrease of $40.6 million.

Adjusted EBITDA increased in 2015 from 2014 primarily due to acquisitions, which contributed $64.0 million of Adjusted EBITDA. In addition, Adjusted EBITDA increased due to improved productivity as a result of our recently completed restructuring activities. These factors were partially offset by the impact of the declines in unit sales volume discussed above, as well as unfavorable product mix. Further, unfavorable currency translation resulted in a decrease in Adjusted EBITDA of $16.1 million.

Use of Non-GAAP Financial Information

Adjusted Revenues, Adjusted EBITDA, Adjusted EBITDA margin, and free cash flow are non-GAAP financial measures. In addition to reporting financial results in accordance with accounting principles generally accepted in the United States, we provide non-GAAP operating results adjusted for certain items, including: asset impairments; accelerated depreciation expense due to plant consolidation activities; purchase accounting effects related to acquisitions, such as the adjustment of acquired inventory and deferred revenue to fair value, and transaction costs; severance, restructuring, and acquisition integration costs; gains (losses) recognized on the disposal of businesses and tangible assets; amortization of intangible assets; gains (losses) on debt extinguishment; certain revenues and gains (losses) from patent settlements; discontinued operations; and other costs. We adjust for the items listed above in all periods presented, unless the impact is clearly immaterial to our financial statements. When we calculate the tax effect of the adjustments, we include all current and deferred income tax expense commensurate with the adjusted measure of pre-tax profitability.

We utilize the adjusted results to review our ongoing operations without the effect of these adjustments and for comparison to budgeted operating results. We believe the adjusted results are useful to investors because they help them compare our results to previous periods and provide important insights into underlying trends in the business and how management oversees our business operations on a day-to-day basis. As an example, we adjust for the purchase accounting effect of recording deferred revenue at fair value in order to reflect the revenues that would have otherwise been recorded by acquired businesses had they remained as independent entities. We believe this presentation is useful in evaluating the underlying performance of acquired companies. Similarly, we adjust for other acquisition-related expenses, such as amortization of intangibles and other impacts of fair value adjustments because they generally are

not related to the acquired business' core business performance. As an additional example, we exclude the costs of restructuring programs, which can occur from time to time for our current businesses and/or recently acquired businesses. We exclude the costs in calculating adjusted results to allow us and investors to evaluate the performance of the business based upon its expected ongoing operating structure. We believe the adjusted measures, accompanied by the disclosure of the costs of these programs, provides valuable insight.

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Adjusted results should be considered only in conjunction with results reported according to accounting principles generally accepted in the United States. See Item 6, Selected Financial Data, for the tables that reconcile our GAAP results to our non-GAAP financial measures.

Segment Results of Operations

For additional information regarding our segment measures, see Note 6 to the Consolidated Financial Statements.

Broadcast Solutions

	2016	2015	2014	Percentage Change 2016 vs. 2015	Percentage Change 2015 vs. 2014
	(In thousands, except percentages)				
Segment Revenues	$769,753	$739,970	$757,767	4.0 %	-2.3 %
Segment EBITDA	137,870	113,638	116,966	21.3 %	-2.8 %
as a percent of segment revenues	17.9 %	15.4 %	15.4 %		

2016 Compared to 2015

Broadcast revenues increased by $29.8 million from 2015 to 2016. Increases in volume resulted in a $25.6 million increase in revenues. The increase in volume stems in part from the market's reaction for the segment's new and innovative IP solutions. Sales of our broadcast infrastructure products also benefited from a more stable U.S. dollar. The increase in volume was most notable outside of the United States. Broadcast revenues also included royalty revenues related to 2016 of $4.7 million as a result of a patent settlement in 2016. This segment will continue to earn royalty revenues in 2017 and beyond. The acquisition of M2FX also contributed $6.6 million to the increase in revenues. These factors were partially offset by unfavorable currency translation of $7.1 million.

Broadcast EBITDA increased $24.2 million from 2015 to 2016 primarily due to leverage on the increases in revenues discussed above, as well as improved productivity as a result of our restructuring actions and acquisition integration activities. Accordingly, Broadcast EBITDA margins expanded 250 basis points from 15.4% in 2015 to 17.9% in 2016.

2015 Compared to 2014

Broadcast revenues decreased by $17.8 million from 2014 to 2015. Unfavorable currency translation and decreases in unit sales volume resulted in decreases in revenues of $27.0 million and $44.1 million, respectively. The decrease in volume occurred outside of the U.S., primarily due to the relative price increase of our products from the strengthened U.S. dollar as well as the impact of weaker economic conditions, which have resulted in lower capital spending. The volume decrease outside of the U.S. primarily related to our broadcast technology infrastructure products. Sales volume increases within the U.S. partially offset the decline in sales volume outside of the U.S. Within the U.S., strong demand for our broadband connectivity products was partially offset by a decline in volume for our broadcast technology infrastructure products. Volume for broadcast technology infrastructure products was negatively impacted by deferred capital spending. We believe broadcast customers have deferred their capital spending as they navigate through a number of important industry transitions and a changing media landscape. These decreases in revenues were partially offset by $53.3 million of incremental revenues in 2015 from the acquisition of Grass Valley.

Broadcast EBITDA decreased in 2015 from 2014 primarily due to the decline in revenues discussed above, as well as unfavorable product mix. These factors were partially offset by improved productivity as a result of our recently completed restructuring and acquisition integration activities, primarily related to Grass Valley.

Enterprise Connectivity Solutions

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	2016	2015	2014	Percentage Change 2016 vs. 2015	2015 vs. 2014
	(In thousands, except percentages)				
Segment Revenues	$603,188	$605,910	$626,614	-0.4 %	-3.3 %
Segment EBITDA	101,298	100,214	89,352	1.1 %	12.2 %
as a percent of segment revenues	16.8 %	16.5 %	14.3 %		

2016 Compared to 2015

The decrease in Enterprise Connectivity revenues in 2016 from 2015 was primarily due to $9.9 million and $5.1 million impacts from lower copper costs and unfavorable currency translation, respectively. These decreases were partially offset by sales volume increases of $12.3 million. Sales volume growth was broad-based globally, and most notable in Canada.

Enterprise Connectivity EBITDA increased in 2016 from 2015 due to the leverage on higher sales volume discussed above, partially offset by unfavorable currency translation. Accordingly, EBITDA margins improved to 16.8% in 2016 from 16.5% in 2015.

2015 Compared to 2014

The decrease in Enterprise Connectivity revenues in 2015 from 2014 was primarily due to unfavorable currency translation of $32.6 million and lower copper costs of $19.4 million. Increases in unit sales volume resulted in an increase in revenues of $31.3 million. The increase in unit sales volume was most notable in the U.S., where sales volume benefited from improved non-residential construction spending.

Enterprise Connectivity EBITDA increased in 2015 from 2014 due to the increases in units sales volume discussed above, improved product mix as a result of increased focus on the sale of end-to-end solutions, and improved productivity. Accordingly, EBITDA margins improved from 14.3% in 2014 to 16.5% in 2015.

Industrial Connectivity Solutions

	2016	2015	2014	Percentage Change 2016 vs. 2015	2015 vs. 2014
	(In thousands, except percentages)				
Segment Revenues	$585,476	$603,350	$682,374	-3.0 %	-11.6 %
Segment EBITDA	101,248	99,941	106,097	1.3 %	-5.8 %
as a percent of segment revenues	17.3 %	16.6 %	15.5 %		

2016 Compared to 2015

The decrease in Industrial Connectivity revenues in 2016 from 2015 was primarily due to lower copper costs, unfavorable currency translation, and volume decreases of $12.6 million, $4.9 million, and $0.4 million, respectively. The sales volume declines stemmed from the impact of lower energy prices, which resulted in lower capital spending for industrial projects. Sales volume was most notably down in North America and Latin America, with some offsets in Europe with discrete manufacturers.

Industrial Connectivity EBITDA increased in 2016 as compared to 2015 primarily due to productivity improvements resulting from our restructuring actions. Accordingly, EBITDA margins improved from 16.6% in 2015 to 17.3% in 2016.

2015 Compared to 2014

The decrease in Industrial Connectivity revenues in 2015 from 2014 was primarily due to unfavorable currency translation of $43.6 million and lower copper costs of $21.3 million. Decreases in unit sales volume resulted in a

revenue decrease of $27.8 million. Sales volume declines resulted primarily from the impact of lower energy prices, which result in lower capital spending for industrial projects, and the unfavorable impact of a strengthened U.S. dollar. The acquisition of Coast in November 2014 contributed $13.7 million in incremental revenues for 2015.
Industrial Connectivity EBITDA decreased in 2015 from 2014 by $6.2 million. EBITDA was negatively impacted by unfavorable currency translation of $4.8 million. The decreases in revenues discussed above also contributed to the decreases in EBITDA. The

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decreases in EBITDA were partially offset by the acquisition of Coast, which contributed EBITDA of $5.3 million, favorable product mix, and improved productivity due to our recently completed restructuring activities. Despite the decrease in revenues, EBITDA margins expanded from 15.5% in 2014 to 16.6% in 2015 due to improved product mix and lower input costs.

Industrial IT Solutions

	2016	2015	2014	Percentage Change 2016 vs. 2015	Percentage Change 2015 vs. 2014
	(In thousands, except percentages)				
Segment Revenues	$235,441	$244,303	$253,464	-3.6 %	-3.6 %
Segment EBITDA	45,067	43,253	47,927	4.2 %	-9.8 %
as a percent of segment revenues	19.1 %	17.7 %	18.9 %		

2016 Compared to 2015

Industrial IT revenues decreased in 2016 from 2015, primarily due to a decrease in unit sales volume of $7.9 million. The decline in sales volume was driven by weakness in global oil and gas markets. Unfavorable currency translation resulted in a decrease in revenues of $1.0 million. Despite the decrease in revenues for the year, Industrial IT EBITDA increased by $1.8 million as compared to 2015, due to improved productivity as a result of restructuring actions, as well as favorable product mix. Accordingly, Industrial IT EBITDA margins expanded 140 basis points from 17.7% in 2015 to 19.1% in 2016.

2015 Compared to 2014

Industrial IT revenues decreased in 2015 from 2014, primarily due to unfavorable currency translation of $28.9 million. In addition, decreases in unit sales volume resulted in a decrease in revenues of $2.9 million. Sales volume decreases in 2015 were most notable within the United States and Canada. The acquisition of ProSoft in June 2014 contributed $22.6 million in incremental revenues for 2015.

Industrial IT EBITDA decreased in 2015 from 2014 by $4.7 million. EBITDA was negatively impacted by unfavorable currency translation of $11.8 million. This decrease was partially offset by the acquisition of ProSoft, which contributed $4.8 million of EBITDA in 2015, and improved productivity as a result of our recently completed restructuring activities.

Network Security Solutions

	2016	2015	2014	Percentage Change 2016 vs. 2015	Percentage Change 2015 vs. 2014
	(In thousands, except percentages)				
Segment Revenues	$163,947	$167,050	$ —	-1.9 %	n/a
Segment EBITDA	47,706	44,620	—	6.9 %	n/a
as a percent of segment revenues	29.1 %	26.7 %	n/a		

2016 Compared to 2015

Network Security revenues decreased in 2016 from 2015, primarily due to a decline in sales volume of $3.6 million. This decrease was partially offset by $0.4 million of favorable currency translation. Sales volume was negatively impacted by commercial staffing shortages.

Network Security EBITDA increased $3.1 million in 2016 as compared to 2015, primarily due to improved productivity and favorable product mix. EBITDA margins expanded to 29.1% in 2016, up 240 basis points from 2015.

Discontinued Operations

In 2012, we sold our Thermax and Raydex cable business for $265.6 million in cash and recognized a pre-tax gain of $211.6 million ($124.7 million net of tax). At the time the transaction closed, we received $265.6 million in cash, subject to a working

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capital adjustment. In 2014, we recognized a $0.9 million ($0.6 million net of tax) loss from disposal of discontinued operations related to this business as a result of settling the working capital adjustment and other matters.
In 2010, we completed the sale of Trapeze Networks, Inc. (Trapeze) for $152.1 million and recognized a pre-tax gain of $88.3 million ($44.8 million after-tax). At the time the transaction closed, a portion of the sale price was placed in escrow as partial security for our indemnity obligations under the sale agreement. During 2015, we agreed to a final settlement with the buyer of Trapeze regarding the escrow, and collected $3.5 million of the escrow receivable and recognized a $0.2 million ($0.1 million net of tax) loss from disposal of discontinued operations. Additionally, we recognized a $0.2 million net loss from discontinued operations for income tax expense related to this disposed business in 2015. In 2014, we recognized $0.6 million of income from discontinued operations due to the reversal of an uncertain tax position liability related to this disposed business.

Liquidity and Capital Resources

Significant factors affecting our cash liquidity include (1) cash provided by operating activities, (2) disposals of businesses and tangible assets, (3) cash used for acquisitions, restructuring actions, capital expenditures, share repurchases, dividends, and senior subordinated note repurchases, (4) our available credit facilities and other borrowing arrangements, and (5) cash proceeds from equity offerings. We expect our operating activities to generate cash in 2017 and believe our sources of liquidity are sufficient to fund current working capital requirements, capital expenditures, contributions to our retirement plans, share repurchases, senior subordinated note repurchases, quarterly dividend payments, and our short-term operating strategies. However, we may require external financing were we to complete a significant acquisition. Our ability to continue to fund our future needs from business operations could be affected by many factors, including, but not limited to: economic conditions worldwide, customer demand, competitive market forces, customer acceptance of our product mix, and commodities pricing.
The following table is derived from our Consolidated Cash Flow Statements:

	Years Ended December 31, 2016	2015
	(In thousands)	
Net cash provided by (used for):		
Operating activities	$ 314,794	$ 241,460
Investing activities	(73,257)	(746,254)
Financing activities	401,704	(11,069)
Effects of currency exchange rate changes on cash and cash equivalents	(11,876)	(8,548)
Increase (decrease) in cash and cash equivalents	631,365	(524,411)
Cash and cash equivalents, beginning of year	216,751	741,162
Cash and cash equivalents, end of year	$ 848,116	$ 216,751

Net cash provided by operating activities totaled $314.8 million for 2016 compared to $241.5 million for 2015. The most significant factor impacting the increase in cash provided by operating activities was the increase in net income, which increased from $66.2 million in 2015 to $127.6 million in 2016. Furthermore, when adjusting for the

impairment of assets held for sale, the source of cash from operating activities in 2016 increased by $23.9 million. These increases were partially offset by the change in operating assets and liabilities year over year. In 2016, changes in operating assets and liabilities were a source of cash of $27.1 million, compared to $52.9 million in 2015. The fluctuation stemmed primarily from an improvement in accrued liabilities in 2015 as a result of the increase in deferred revenue for our acquired Network Security segment.

Net cash used for investing activities totaled $73.3 million for 2016 compared to $746.3 million for 2015. Investing activities for 2016 included capital expenditures of $54.0 million and payments for acquisitions, net of cash acquired, of $18.8 million. Investing activities for 2015 included payments for acquisitions, net of cash acquired, of $695.3 million and capital expenditures of $55.0 million.

Net cash flows from financing activities was a $401.7 million source of cash for 2016, compared to an $11.1 million use of cash for 2015. Financing activities for 2016 included net proceeds from the issuance of preferred stock of $501.5 million, borrowings of $222.1 million to pay off the term loan, repayments of borrowings of $294.4 million, cash dividends payments of $16.1 million, net payments related to share-based compensation activities of $7.5 million, and debt issuance cost payments of $3.9 million. Financing activities for 2015 included borrowings of $200.0 million to partially fund the acquisition of Tripwire, repayments of

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borrowings of $152.5 million, payments under our share repurchase program of $39.1 million, cash dividend payments of $8.4 million, and net payments related to share-based compensation activities of $11.7 million.
Our cash and cash equivalents balance was $848.1 million as of December 31, 2016. Of this amount, $249.4 million was held outside of the U.S. in our foreign operations. Substantially all of the foreign cash and cash equivalents are readily convertible into U.S. dollars or other foreign currencies. Our strategic plan does not require the repatriation of foreign cash in order to fund our operations in the U.S., and it is our current intention to permanently reinvest the foreign cash and cash equivalents outside of the U.S. If we were to repatriate the foreign cash to the U.S., we may be required to accrue and pay U.S. taxes in accordance with applicable U.S. tax rules and regulations as a result of the repatriation.
Our outstanding debt obligations as of December 31, 2016 consisted of $1.6 billion of senior subordinated notes. Additional discussion regarding our various borrowing arrangements is included in Note 13 to the Consolidated Financial Statements.

Contractual obligations outstanding at December 31, 2016, have the following scheduled maturities:

	Total	Less than 1 Year	1-3 Years	4-5 Years	More than 5 Years
	(In thousands)				
Long-term debt payment obligations [1][2]	$1,620,161	$—	$5,221	$—	$1,614,940
Interest payments on long-term debt obligations	621,272	89,104	178,207	177,241	176,720
Operating lease obligations [3]	112,528	26,439	35,897	21,393	28,799
Purchase obligations [4]	11,473	11,308	165	—	—
Other commitments [5]	10,474	2,908	5,993	1,573	—
Pension and other postemployment obligations	60,635	6,130	12,747	11,941	29,817
Total	$2,436,543	$135,889	$238,230	$212,148	$1,850,276

(1) As described in Note 14 to the Consolidated Financial Statements.
(2) Amounts do not include accrued and unpaid interest. Accrued and unpaid interest related to long-term debt obligations is reflected on a separate line in the table.
(3) As described in Note 23 to the Consolidated Financial Statements.
(4) Includes agreements to purchase goods or services that are enforceable and legally binding on us and that specify all significant terms, including fixed or minimum quantities to be purchased; fixed, minimum, or variable price provisions; and the approximate timing of the transaction.
(5) Does not include accounts payable reflected in the financial statements. Includes obligations for uncertain tax positions (see Note 16 to the Consolidated Financial Statements).

Our commercial commitments expire or mature as follows:

	Total	Less than 1 Year	1-3 Years	3-5 Years	More than 5 Years
	(In thousands)				
Standby financial letters of credit	$7,785	$6,598	$1,187	$ —	$ —
Bank guarantees	1,674	1,674	—	—	—
Surety bonds	2,436	2,436	—	—	—
Total	$11,895	$10,708	$1,187	$ —	$ —

Standby financial letters of credit, bank guarantees, and surety bonds are generally issued to secure obligations we have for a variety of commercial reasons such as workers compensation self-insurance programs in several states and the importation and exportation of product. We expect to replace most of these when they expire or mature.

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Off-Balance Sheet Arrangements

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

Current-Year Adoption of Recent Accounting Pronouncements

Discussion regarding our adoption of accounting pronouncements is included in Note 2 to the Consolidated Financial Statements.

Critical Accounting Estimates

Our consolidated financial statements are prepared in conformity with accounting principles generally accepted in the U.S. (GAAP). In connection with the preparation of our financial statements, we are required to make assumptions and estimates about future events, and apply judgments that affect the reported amounts of assets, liabilities, revenues, expenses, and the related disclosures. We base our assumptions, estimates, and judgments on historical experience, current trends, and other factors that management believes to be relevant at the time our consolidated financial statements are prepared. On a regular basis, we review the accounting policies, assumptions, estimates, and judgments to ensure that our financial statements are presented fairly and in accordance with GAAP. However, because future events and their effects cannot be determined with certainty, actual results could differ from our assumptions and estimates, and such differences could be material.

Our significant accounting policies are discussed in Note 2 of our Consolidated Financial Statements. We believe that the following accounting estimates are the most critical to aid in fully understanding and evaluating our reported financial results, and they require our most difficult, subjective, or complex judgments, resulting from the need to make estimates about the effect of matters that are inherently uncertain.

Revenue Recognition

We recognize revenue when all of the following circumstances are satisfied: (1) persuasive evidence of an arrangement exists, (2) price is fixed or determinable, (3) collectability is reasonably assured, and (4) delivery has occurred. Delivery occurs in the period in which the customer takes title and assumes the risks and rewards of ownership of the products specified in the customer’s purchase order or sales agreement.

At the time of sale, we establish an estimated reserve for trade, promotion, and other special price reductions such as contract pricing, discounts to meet competitor pricing, and on-time payment discounts. We also reserve for, among other things, correction of billing errors, incorrect shipments, and settlement of customer disputes. Customers are allowed to return inventory if and when certain conditions regarding the functionality of the inventory and our approval of the return are met. Certain distribution customers are allowed to return inventory at original cost, in an amount not to exceed three percent of the prior year’s purchases, in exchange for an order of equal or greater value. Until we can process these reductions, corrections, and returns (together, the Changes) through individual customer records, we estimate the amount of outstanding Changes and recognize them by reducing revenues and accounts receivable. We determine our estimate based on our historical Changes as a percentage of revenues and the average time period between the original sale and the issuance of the Changes. We also adjust inventory and cost of sales for the estimated level of returns.

We base these estimates on historical and anticipated sales demand, trends in product pricing, and historical and anticipated Changes patterns. We make revisions to these estimates in the period in which the facts that give rise to each revision become known. Future market conditions and product transitions might require us to take actions to further reduce prices and increase customer return authorizations. We do not believe there is a reasonable likelihood that there will be a material change in the future estimates or assumptions we use to measure the Changes. However, if actual results are not consistent with our estimates or assumptions, we may be exposed to losses or gains that could be material. A 10% change in our sales reserve for such Changes as of December 31, 2016 would have affected net income by less than $1 million in 2016.

At times, we enter into arrangements that involve the delivery of multiple elements. For these arrangements, when the elements can be separated, the revenue is allocated to each deliverable based on that element’s relative selling price and recognized based on the period of delivery for each element. Generally, we determine relative selling price using vendor-specific objective evidence (VSOE).

We have certain products subject to the accounting guidance on software revenue recognition. For such products, software license revenue is recognized when persuasive evidence of an arrangement exists, delivery of the product has occurred, the fee is fixed or determinable, collection is probable and VSOE of the fair value of undelivered elements exists. As substantially all of the

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software licenses are sold in multiple-element arrangements that include either support and maintenance or both support and maintenance and professional services, we use the residual method to determine the amount of software license revenue to be recognized. Under the residual method, consideration is allocated to undelivered elements based upon VSOE of the fair value of those elements, with the residual of the arrangement fee allocated to and recognized as software license revenue. We have established VSOE of the fair value of support and maintenance, subscription-based software licenses, and professional services. Software license revenue is generally recognized upon delivery of the software if all revenue recognition criteria are met.

Revenue allocated to support services under our support and maintenance contracts is typically paid in advance and recognized ratably over the term of the service. Revenue allocated to subscription-based software and remote ongoing operational services is also paid in advance and recognized ratably over the term of the service. Revenue allocated to professional services, including remote implementation services, is recognized as the services are performed.

Income Taxes

We recognize deferred tax assets resulting from tax credit carryforwards, net operating loss carryforwards, and deductible temporary differences between taxable income on our income tax returns and income before taxes under GAAP. Deferred tax assets generally represent future tax benefits to be received when these carryforwards can be applied against future taxable income or when expenses previously reported in our Consolidated Financial Statements become deductible for income tax purposes. A deferred tax asset valuation allowance is required when some portion or all of the deferred tax assets may not be realized. We are required to estimate taxable income in future years or develop tax strategies that would enable tax asset realization in each taxing jurisdiction and use judgment to determine whether to record a deferred tax asset valuation allowance for part or all of a deferred tax asset.

We consider the weight of all available evidence, both positive and negative, in assessing the realizability of the deferred tax assets associated with net operating losses. We consider the reversals of existing taxable temporary differences as well as projections of future taxable income. We consider the future reversals of existing taxable temporary differences to the extent they were of the same character as the temporary differences giving rise to the deferred tax assets. We also consider whether the future reversals of existing taxable temporary differences will occur in the same period and jurisdiction as the temporary differences giving rise to the deferred tax assets. The assumptions utilized to estimate our future taxable income are consistent with those assumptions utilized for purposes of testing goodwill for impairment, as well as with our budgeting and strategic planning processes.

We have significant tax credit carryforwards in the U.S. on which we have not recorded a valuation allowance. The utilization of these credits is dependent upon the recognition of both U.S. taxable income as well as income characterized as foreign source under the U.S. tax laws. We expect to generate enough taxable income in the future to utilize these tax credits. Furthermore, in 2017 we expect to continue implementation of tax planning strategies that will help generate additional foreign source income in the carryforward period. In addition, we have significant research and development related tax credit carryforwards in Canada on which we have not recorded a valuation allowance. The utilization of these credits is dependent upon the recognition of Canadian taxable income, and we expect to generate enough taxable income in the future to utilize these tax credits.

Significant judgment is required in evaluating our uncertain tax positions. We establish accruals for uncertain tax positions when we believe that the full amount of the associated tax benefit may not be realized. In the future, if we prevail in matters for which accruals have been established previously or pay amounts in excess of reserves, there could be a material effect on our income tax provisions in the period in which such determination is made. In addition, our foreign subsidiaries' undistributed income is considered to be indefinitely reinvested and, accordingly, we do not record a provision for U.S. federal and state income taxes on this foreign income. If this income was not considered to be indefinitely reinvested, it would be subject to U.S. federal and state income taxes and could materially affect our income tax provision.

Goodwill and Indefinite-Lived Intangible Assets

We test our goodwill and other indefinite-lived intangible assets not subject to amortization for impairment on an annual basis during the fourth quarter or when indicators of impairment exist. We base our estimates on assumptions we believe to be reasonable, but which are not predictable with precision and therefore are inherently uncertain. Actual future results could differ from these estimates.

We test goodwill annually for impairment at the reporting unit level. A reporting unit is an operating segment, or a business unit one level below an operating segment if discrete financial information for that business is prepared and regularly reviewed by segment management. However, components within an operating segment are aggregated as a single reporting unit if they have similar economic characteristics. We determined that each of our reportable segments (Broadcast, Enterprise, Industrial Connectivity, Industrial IT, and Network Security) represents an operating segment. Within those operating segments, we have identified reporting units based on whether there is discrete financial information prepared that is regularly reviewed by segment

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management. As a result of this evaluation, we have identified two reporting units within Broadcast, two reporting units within Enterprise, four reporting units within Industrial Connectivity, three reporting units within Industrial IT, and one reporting unit within Network Security for purposes of goodwill impairment testing.

The accounting guidance related to goodwill impairment testing allows for the performance of an optional qualitative assessment of whether it is more likely than not that the fair value of a reporting unit is less than its carrying value. Such an evaluation is made based on the weight of all available evidence and the significance of all identified events and circumstances that may influence the fair value of a reporting unit. If it is more likely than not that the fair value is less than the carrying value, then a quantitative assessment is required for the reporting unit, as described in the paragraph below. In 2016, we performed a qualitative assessment for seven of our reporting units, which collectively represented approximately $811 million of our consolidated goodwill balance. For those reporting units for which we performed a qualitative assessment, we determined that it was more likely than not that the fair value was greater than the carrying value, and therefore, we did not perform the calculation of fair value for these reporting units as described in the paragraph below.

When we evaluate goodwill for impairment using a quantitative assessment, we compare the fair value of each reporting unit to its carrying value. We determine the fair value using an income approach. Under the income approach, we calculate the fair value of a reporting unit based on the present value of estimated future cash flows using growth rates and discount rates that are consistent with current market conditions in our industry. If the fair value of the reporting unit exceeds the carrying value of the net assets including goodwill assigned to that unit, goodwill is not impaired. If the carrying value of the reporting unit’s net assets including goodwill exceeds the fair value of the reporting unit, then we determine the implied fair value of the reporting unit’s goodwill. If the carrying value of a reporting unit’s goodwill exceeds its implied fair value, then an impairment of goodwill has occurred and we recognize an impairment loss for the difference between the carrying amount and the implied fair value of goodwill as a component of operating income. In addition to the income approach, we calculate the fair value of our reporting units under a market approach. The market approach measures the fair value of a reporting unit through analysis of financial multiples of comparable businesses. Consideration is given to the financial conditions and operating performance of the reporting unit being valued relative to those publicly-traded companies operating in the same or similar lines of business.

We determined that none of our goodwill was impaired during 2016. The fair values of our five reporting units tested under a quantitative approach were substantially in excess of the carrying values as of our most recent impairment testing date. The assumptions used to estimate fair values were based on the past performance of the reporting unit as well as the projections incorporated in our strategic plan. Significant assumptions included sales growth, profitability, and related cash flows, along with cash flows associated with taxes and capital spending. The discount rate used to estimate fair value was risk adjusted in consideration of the economic conditions in effect at the time of the impairment test. We also considered assumptions that market participants may use. In our quantitative assessments, the discount rates ranged from 9.4% to 11.0% and the long-term growth rate was 3% for all five reporting units. By their nature, these assumptions involve risks and uncertainties, with the primary factor that could have an adverse effect being our assumptions relating to growing revenues consistent with our strategic plan.

We test our indefinite-lived intangible assets, which consist primarily of trademarks, for impairment on an annual basis during the fourth quarter. The accounting guidance related to impairment testing for such intangible assets allows for the performance of an optional qualitative assessment, similar to that described above for goodwill. We did not perform any qualitative assessments as part of our indefinite-lived intangible asset impairment testing for 2016. Rather, we performed a quantitative assessment for each of our trademarks in 2016. Under the quantitative assessments, we determined the fair value of each trademark using a relief from royalty methodology and compared the fair value to the carrying value. We determined that none of our trademarks were impaired during 2016. Significant assumptions to determine fair value included sales growth, royalty rates, and discount rates.

We do not believe there is a reasonable likelihood that there will be a material change in the future estimates or assumptions we used to test for impairment losses on goodwill and other intangible assets. However, if actual results are significantly different from our estimates or assumptions, we may have to recognize an impairment charge that could be material.

Definite-lived Intangible Assets
The carrying value of our definite-lived intangible assets as of December 31, 2016 was $436.4 million. Customer relationships and developed technology are the most significant definite-lived intangible assets recorded, with carrying values of $231.2 million and $181.7 million, respectively, and weighted average amortization periods of 18.9 years and 5.3 years, respectively, as of December 31, 2016. We also have recorded definite-lived intangible assets for certain trademarks, certain in-service research and development projects, and backlog. The assignment of useful lives and the determination of the method of amortization for our definite-lived intangible assets require significant judgments and the use of estimates.

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We record amortization of the definite-lived intangible assets over their estimated useful lives. If an intangible asset has a finite useful life, but the precise length of that life is not known, the asset is amortized over the best estimate of its useful life. We estimate the useful life based on all relevant information available to us regarding the assets, including information utilized to determine the value of the definite-lived intangible asset. For example, for our customer relationships, we consider historical and projected sales data and related customer attrition rates in order to estimate a useful life. For our developed technology, we give consideration to the product life cycle in order to estimate a useful life.

We determine the amortization method for our definite-lived intangible assets based on the pattern in which the economic benefits of the intangible asset are consumed. In the event we cannot reliably determine that pattern, we utilize a straight-line amortization method. In order to determine the amortization method, we evaluate all relevant information available to us regarding the assets, including information utilized to determine the value of the definite-lived intangible asset. For example, for customer relationships, we consider historical and projected sales data, customer attrition rates, and our historical experience with key customers of past acquisitions to determine if a pattern of consumption can be derived. If the data examined does not provide a reliably determinable pattern of consumption, then we utilize a straight-line amortization method.

The determinations of useful lives and amortization methods require a significant use of judgment by management. We believe the useful lives assigned and the amortization methods applied are reasonable based on the data available to us. For our existing and prior definite-lived intangible assets, we have not experienced significant differences between our estimates and actual results. We do not believe there is a reasonable likelihood that there will be a material change in the future of the estimates or assumptions we used to develop the useful lives and amortization methods. However, if actual results are significantly different from our estimates or assumptions, we may have to recognize an impairment charge, shorten the useful life assigned to one or more of our definite-lived intangible assets, or change the amortization method assigned to one or more of our definite-lived intangible assets, which could have a material impact on our results. This could occur, for example, if we were to experience significant customer losses or attrition in excess of our estimates or if our product lives were significantly shortened due to technological developments or obsolescence.

As a sensitivity measure, the effect of a 10% change in the estimated useful life of our definite-lived intangible assets for customer relationships and developed technology would have resulted in a change in 2016 amortization expense of approximately $2.0 million and $9.3 million, respectively.

In addition, the testing of definite-lived assets for impairment also requires significant use of judgment and assumptions, particularly as it relates to the identification of asset groups and the determination of fair market value. We test our definite-lived intangible assets for impairment when indicators of impairment exist. For purposes of impairment testing of long-lived assets, we have identified asset groups at the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets and liabilities. Generally, our asset groups are based on an individual plant or operating facility level. In some circumstances, however, a combination of plants or operating facilities may be considered the asset group due to interdependence of operational activities and cash flows.

Pension and Other Postretirement Benefits

Our pension and other postretirement benefit costs and obligations are dependent on the various actuarial assumptions used in calculating such amounts. These assumptions relate to discount rates, salary growth, long-term return on plan assets, health care cost trend rates, mortality tables, and other factors. We base the discount rate assumptions on current investment yields on high-quality corporate long-term bonds. The salary growth assumptions reflect our long-term actual experience and future or near-term outlook. Long-term return on plan assets is determined based on historical portfolio results and management’s expectation of the future economic environment. Our health care cost trend assumptions are developed based on historical cost data, the near-term outlook, and an assessment of likely long-term trends. Our key assumptions are described in further detail in Note 17 to the Consolidated Financial Statements. Actual results that differ from our assumptions are accumulated and, if in excess of the lesser of 10% of the projected benefit obligation or the fair market value of plan assets, amortized over the estimated future working life of the plan participants.

As a sensitivity measure, the effect of a 50 basis point decline in the assumed discount rate would have resulted in an increase in 2016 net periodic benefit cost and projected benefit obligations as of December 31, 2016 of approximately $0.4 million and $17.7 million, respectively. A 50 basis point decline in the expected return on plan assets would have resulted in an increase in 2016 net periodic benefit cost of approximately $1.0 million.
Conversely, the effect of a 50 basis point rise in the assumed discount rate would have resulted in a decrease in 2016 net periodic benefit cost and projected benefit obligations as of December 31, 2016 of approximately $1.0 million and $15.9 million, respectively.

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A 50 basis point rise in the expected return on plan assets would have resulted in a decrease in 2016 net periodic benefit cost of approximately $1.1 million.

Business Combination Accounting

We allocate the purchase price of an acquired business to its identifiable assets and liabilities based on estimated fair values. The excess of the purchase price over the amount allocated to the assets and liabilities, if any, is recorded to goodwill. We use all available information to estimate fair values. We typically engage third party valuation specialists to assist in the fair value determination of inventories, tangible long-lived assets, and intangible assets other than goodwill. The carrying values of acquired receivables and accounts payable have historically approximated their fair values as of the business combination date. As necessary, we may engage third party specialists to assist in the estimation of fair value for certain liabilities. We adjust the preliminary purchase price allocation, as necessary, typically up to one year after the acquisition closing date as we obtain more information regarding asset valuations and liabilities assumed.

Our purchase price allocation methodology contains uncertainties because it requires management to make assumptions and to apply judgment to estimate the fair value of acquired assets and liabilities. Management estimates the fair value of assets and liabilities based upon quoted market prices, the carrying value of the acquired assets and widely accepted valuation techniques, including discounted cash flows and market multiple analyses. Unanticipated events or circumstances may occur which could affect the accuracy of our fair value estimates, including assumptions regarding industry economic factors and business strategies.

If actual results are materially different than the assumptions we used to determine fair value of the assets and liabilities acquired through a business combination, it is possible that adjustments to the carrying values of such assets and liabilities will have an impact on our net earnings.

See Note 3 to the Consolidated Financial Statements for the acquisition-related information associated with significant acquisitions completed in the last three fiscal years.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

Market risks relating to our operations result primarily from currency exchange rates, certain commodity prices, interest rates, and credit extended to customers. Each of these risks is discussed below.

Currency Exchange Rate Risk

We are exposed to foreign currency risks that arise from normal business operations. These risks include the translation of local currency balances of foreign subsidiaries and transactions denominated in currencies other than a location's functional currency.

Our investments in certain foreign subsidiaries are recorded in currencies other than the U.S. dollar. As these foreign currency denominated investments are translated at the end of each period during consolidation using period-end exchange rates, fluctuations of exchange rates between the foreign currency and the U.S. dollar increase or decrease the value of those investments. These fluctuations and the results of operations for foreign subsidiaries, where the functional currency is not the U.S. dollar, are translated into U.S. dollars using the average exchange rates during the year, while the assets and liabilities are translated using period end exchange rates. The assets and liabilities-related translation adjustments are recorded as a separate component of accumulated other comprehensive income (loss) in our Consolidated Balance Sheets. We generally view our investments in international subsidiaries with functional currencies other than the U.S. dollar as long-term. As a result, we do not generally use derivatives to manage these net investments. However, we designated euro debt issued in 2016 by Belden Inc., a USD functional currency ledger, as a net investment hedge of certain international subsidiaries. See Note 15 for further discussion.

Transactions denominated in currencies other than a location's functional currency may produce receivables or payables that are fixed in terms of the amount of foreign currency that will be received or paid. A change in exchange rates between the functional currency and the currency in which a transaction is denominated increases or decreases the expected amount of functional currency cash flows upon settlement of the transaction. That increase or decrease in expected functional currency cash flows is a foreign exchange transaction gain or loss that is included in our operating income in the Consolidated Statements of Operations. In 2016, we recorded approximately $1.4 million of net foreign

currency transaction gains.

Generally, the currency in which we sell our products is the same as the currency in which we incur the costs to manufacture our products, resulting in a natural hedge. Our currency exchange rate management strategy primarily involves the use of natural techniques, where possible, such as the offsetting or netting of like-currency cash flows. However, we re-evaluate our strategy as

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the foreign currency environment changes, and it is possible that we could utilize derivative financial instruments to manage this risk in the future. We did not have any foreign currency derivatives outstanding as of December 31, 2016. Our exposure to currency rate fluctuations primarily relates to exchange rate movements between the U.S. dollar and the euro, Canadian dollar, Hong Kong dollar, Chinese yuan, Japanese yen, Mexican peso, Australian dollar, British pound, and Brazilian real.

Commodity Price Risk

Certain raw materials used by us are subject to price volatility caused by supply conditions, political and economic variables, and other unpredictable factors. The primary purpose of our commodity price management activities is to manage the volatility associated with purchases of commodities in the normal course of business. We do not speculate on commodity prices.

We are exposed to price risk related to our purchase of copper used in our products, although we are generally able to raise selling prices to customers to cover the increase in copper costs. Our copper price management strategy involves the use of natural techniques, where possible, such as purchasing copper for future delivery at fixed prices. We do not generally use commodity price derivatives and did not have any outstanding at December 31, 2016 or 2015.

The following table presents unconditional commodity purchase obligations outstanding as of December 31, 2016. The unconditional purchase obligations will settle during 2017 and early 2018.

	Purchase Amount	Fair Value
	(In thousands, except average price)	
Unconditional copper purchase obligations:		
Commitment volume in pounds	1,601	
Weighted average price per pound	$ 2.44	
Commitment amounts	$ 3,906	$ 3,970
Unconditional aluminum purchase obligations:		
Commitment volume in pounds	500	
Weighted average price per pound	$ 0.88	
Commitment amounts	$ 439	$ 428
Total unconditional purchase obligations	$ 4,345	$ 4,398

We are also exposed to price risk related to our purchase of selected commodities derived from petrochemical feedstocks used in our products. We generally purchase these commodities based upon market prices established with the vendors as part of the purchase process. Pricing of these commodities is volatile as they tend to fluctuate with the price of oil. Historically, we have not used commodity financial instruments to hedge prices for commodities derived from petrochemical feedstocks.

Interest Rate Risk

We have occasionally managed our debt portfolio by using interest rate derivative instruments, such as swap agreements, to achieve an overall desired position of fixed and floating rates. We were not a party to any interest rate derivative instruments as of or for the years ended December 31, 2016 or 2015.

The following table provides information about our financial instruments that are sensitive to changes in interest rates. The table presents principal amounts by expected maturity dates and fair values as of December 31, 2016.

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	Principal Amount by Expected Maturity			Fair Value
	2017	Thereafter	Total	
	(In thousands, except interest rates)			
Fixed-rate senior subordinated notes due 2022	$—	$700,000	$700,000	$721,000
Average interest rate		5.50 %		
Fixed-rate senior subordinated notes due 2023	$—	$529,146	$529,146	$556,843
Average interest rate		5.50 %		
Fixed-rate senior subordinated notes due 2026	$—	$209,081	$209,081	$209,143
Average interest rate		4.125 %		
Fixed-rate senior subordinated notes due 2024	$—	$200,000	$200,000	$201,000
Average interest rate		5.25 %		
Fixed-rate senior subordinated notes due 2019	$—	$5,221	$5,221	$5,221
Average interest rate		9.25 %		
Total			$1,643,448	$1,693,207

Concentrations of Credit Risk

Financial instruments that potentially subject us to significant concentrations of credit risk consist of cash and cash equivalents and accounts receivable. We are exposed to credit losses in the event of nonperformance by counterparties to these financial instruments. We place cash and cash equivalents with various high-quality financial institutions throughout the world, and exposure is limited at any one financial institution. Although we do not obtain collateral or other security to support these financial instruments, we evaluate the credit standing of the counterparty financial institutions. As of December 31, 2016, we had $26.5 million in accounts receivable outstanding from Anixter International Inc. This represented approximately 7% of our total accounts receivable outstanding at December 31, 2016. Anixter generally pays all outstanding receivables within thirty to sixty days of invoice receipt.

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Item 8. Financial Statements and Supplementary Data

Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders
Belden Inc.

We have audited the accompanying consolidated balance sheets of Belden Inc. (the Company) as of December 31, 2016 and 2015, and the related consolidated statements of operations, comprehensive income, stockholders' equity, and cash flows for each of the three years in the period ended December 31, 2016. Our audits also included the financial statement schedule listed in the Index at Item 15(a). These financial statements and schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). 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 provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Belden Inc. at December 31, 2016 and 2015, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 2016, in conformity with U.S. generally accepted accounting principles. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Belden Inc.'s internal control over financial reporting as of December 31, 2016, based on criteria established in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework), and our report dated February 17, 2017, expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP
St. Louis, Missouri
February 17, 2017

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Belden Inc.
Consolidated Balance Sheets

	December 31, 2016	2015
	(In thousands, except par value)	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 848,116	$ 216,751
Receivables, net	388,059	387,386
Inventories, net	190,408	195,942
Other current assets	29,176	37,079
Assets held for sale	23,193	—
Total current assets	1,478,952	837,158
Property, plant and equipment, less accumulated depreciation	309,291	310,629
Goodwill	1,385,995	1,385,115
Intangible assets, less accumulated amortization	560,082	655,871
Deferred income taxes	33,706	34,295
Other long-lived assets	38,777	67,534
	$ 3,806,803	$ 3,290,602
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 258,203	$ 223,514
Accrued liabilities	310,340	323,249
Current maturities of long-term debt	—	2,500
Liabilities held for sale	1,736	—
Total current liabilities	570,279	549,263
Long-term debt	1,620,161	1,725,282
Postretirement benefits	104,050	105,230
Deferred income taxes	14,276	46,034
Other long-term liabilities	36,720	39,270
Stockholders' equity:		
Preferred stock, par value $0.01 per share— 2,000 shares authorized; 52 shares outstanding	1	—
Common stock, par value $0.01 per share— 200,000 shares authorized; 50,335 shares issued; 42,180 and 41,981 shares outstanding at 2016 and 2015, respectively	503	503
Additional paid-in capital	1,116,090	605,660
Retained earnings	783,812	679,716
Accumulated other comprehensive loss	(39,067)	(58,987)
Treasury stock, at cost— 8,155 and 8,354 shares at 2016 and 2015, respectively	(401,026)	(402,793)
Total Belden stockholders' equity	1,460,313	824,099
Noncontrolling interest	1,004	1,424
Total stockholders' equity	1,461,317	825,523
	$ 3,806,803	$ 3,290,602

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

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Belden Inc.
Consolidated Statements of Operations

	Years Ended December 31,		
	2016	2015	2014
	(In thousands, except per share amounts)		
Revenues	$2,356,672	$2,309,222	$2,308,265
Cost of sales	(1,375,678)	(1,391,049)	(1,488,816)
Gross profit	980,994	918,173	819,449
Selling, general and administrative expenses	(494,224)	(525,518)	(483,990)
Research and development	(140,601)	(148,311)	(113,914)
Amortization of intangibles	(98,385)	(103,791)	(58,426)
Impairment of assets held for sale	(23,931)	—	—
Operating income	223,853	140,553	163,119
Interest expense, net	(95,050)	(100,613)	(81,573)
Loss on debt extinguishment	(2,342)	—	—
Income from continuing operations before taxes	126,461	39,940	81,546
Income tax benefit (expense)	1,185	26,568	(7,114)
Income from continuing operations	127,646	66,508	74,432
Income (loss) from discontinued operations, net of tax	—	(242)	579
Loss from disposal of discontinued operations, net of tax	—	(86)	(562)
Net income	127,646	66,180	74,449
Less: Net loss attributable to noncontrolling interest	(357)	(24)	—
Net income attributable to Belden	128,003	66,204	74,449
Less: Preferred stock dividends	15,428	—	—
Net income attributable to Belden common stockholders	$112,575	$66,204	$74,449
Weighted average number of common shares and equivalents:			
Basic	42,093	42,390	43,273
Diluted	42,557	42,953	43,997
Basic income (loss) per share attributable to Belden common stockholders:			
Continuing operations	$2.67	$1.57	$1.72
Discontinued operations	—	(0.01)	0.01
Disposal of discontinued operations	—	—	(0.01)
Net income	$2.67	$1.56	$1.72
Diluted income (loss) per share attributable to Belden common stockholders:			
Continuing operations	$2.65	$1.55	$1.69
Discontinued operations	—	(0.01)	0.01
Disposal of discontinued operations	—	—	(0.01)
Net income	$2.65	$1.54	$1.69

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

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Belden Inc.
Consolidated Statements of Comprehensive Income

	Years Ended December 31,		
	2016	2015	2014
	(In thousands)		
Net income	$127,646	$66,180	$74,449
Foreign currency translation, net of tax of $1.2 million, $1.3 million, and $1.8 million, respectively	18,687	(20,842)	(10,387)
Adjustments to pension and postretirement liability, net of tax of $1.9 million, $3.1 million, and $3.6 million, respectively	1,170	7,864	(6,463)
Other comprehensive income (loss), net of tax	19,857	(12,978)	(16,850)
Comprehensive income	147,503	53,202	57,599
Less: Comprehensive loss attributable to noncontrolling interest	(420)	(46)	—
Comprehensive income attributable to Belden	$147,923	$53,248	$57,599

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

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Belden Inc.
Consolidated Cash Flow Statements

	Years Ended December 31,		
	2016	2015	2014
	(In thousands)		
Cash flows from operating activities:			
Net income	$127,646	$66,180	$74,449
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	145,593	150,342	102,162
Impairment of assets held for sale	23,931	—	—
Share-based compensation	18,178	17,745	18,858
Loss on debt extinguishment	2,342	—	—
Deferred income tax benefit	(30,034)	(45,674)	(17,796)
Changes in operating assets and liabilities, net of the effects of currency exchange rate changes and acquired businesses:			
Receivables	(10,115)	6,066	(15,810)
Inventories	2,677	19,204	(2,260)
Accounts payable	39,298	(38,907)	28,120
Accrued liabilities	(13,181)	59,214	(5,598)
Accrued taxes	11,722	11,981	9,058
Other assets	760	(4,840)	6,268
Other liabilities	(4,023)	149	3,436
Net cash provided by operating activities	314,794	241,460	200,887
Cash flows from investing activities:			
Capital expenditures	(53,974)	(54,969)	(45,459)
Cash used to acquire businesses, net of cash acquired	(18,848)	(695,345)	(347,817)
Other	(827)	—	—
Proceeds from (payments for) disposal of business	—	3,527	(956)
Proceeds from disposal of tangible assets	392	533	1,884
Net cash used for investing activities	(73,257)	(746,254)	(392,348)
Cash flows from financing activities:			
Proceeds from the issuance of preferred stock, net	501,498	—	—
Borrowings under credit arrangements	222,050	200,000	456,163
Contribution from noncontrolling interest	—	1,470	—
Payments under borrowing arrangements	(294,375)	(152,500)	(2,500)
Cash dividends paid	(16,079)	(8,395)	(8,699)
Withholding tax payments for share based payment awards, net of proceeds from the exercise of stock options	(7,480)	(11,693)	(11,708)
Debt issuance costs paid	(3,910)	(898)	(10,700)
Payments under share repurchase program	—	(39,053)	(92,197)
Net cash provided by (used for) financing activities	401,704	(11,069)	330,359
Effect of foreign currency exchange rate changes on cash and cash equivalents	(11,876)	(8,548)	(11,040)
Increase (decrease) in cash and cash equivalents	631,365	(524,411)	127,858
Cash and cash equivalents, beginning of period	216,751	741,162	613,304
Cash and cash equivalents, end of period	$848,116	$216,751	$741,162

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

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Belden Inc.
Consolidated Stockholders' Equity Statements

	Belden Inc. Stockholders										
	Mandatory Convertible Preferred Stock		Common Stock		Additional Paid-In Capital	Retained Earnings	Treasury Stock		Accumulated Other Comprehensive Income (Loss)	Non-controlling Interest	Total
	Shares	Amount	Shares	Amount			Shares	Amount			
	(In thousands)										
Balance at December 31, 2013	—	$ —	50,335	$ 503	$ 585,753	$ 556,214	(6,880)	$ (276,748)	$ (29,181)	$ —	$ 836,541
Net income	—	—	—	—	—	74,449	—	—	—	—	74,449
Foreign currency translation, net of $1.8 million tax	—	—	—	—	—	—	—	—	(10,387)	—	(10,387)
Adjustments to pension and postretirement liability, net of $3.6 million tax	—	—	—	—	—	—	—	—	(6,463)	—	(6,463)
Other comprehensive loss, net of tax											(16,850)
Exercise of stock options, net of tax withholding forfeitures	—	—	—	—	(12,123)	—	194	2,395	—	—	(9,728)
Conversion of restricted stock units into common stock, net of tax withholding forfeitures	—	—	—	—	(3,958)	—	77	1,979	—	—	(1,979)
Share repurchase program	—	—	—	—	—	—	(1,262)	(92,197)	—	—	(92,197)
Share-based compensation related items	—	—	—	—	25,717	—	—	—	—	—	25,717
Common stock dividends ($0.20 per share)	—	—	—	—	—	(8,767)	—	—	—	—	(8,767)
Balance at December 31, 2014	—	$ —	50,335	$ 503	$ 595,389	$ 621,896	(7,871)				