

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

FORM 10-Q

(Mark One)

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

For the quarterly period ended September 30, 2016
OR

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

For the transition period from to .
Commission file number: 1-12983

GENERAL CABLE CORPORATION

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

06-1398235
(I.R.S. Employer
Identification No.)

4 Tesseneer Drive
Highland Heights, KY
(Address of principal executive offices)

41076-9753
(Zip Code)

Registrant's telephone number, including area code: (859) 572-8000

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

(Check one):

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date:

<u>Class</u>	<u>Outstanding at October 28, 2016</u>
Common Stock, \$0.01 par value	49,296,741

GENERAL CABLE CORPORATION AND SUBSIDIARIES
INDEX TO QUARTERLY REPORT
ON FORM 10-Q

	<u>PAGE</u>
PART I	
Financial Information	
Item 1. Condensed Consolidated Financial Statements (Unaudited)	
Statements of Operations and Comprehensive Income (Loss)	3
Balance Sheets	4
Statements of Cash Flows	5
Statements of Changes in Total Equity	6
Notes to Condensed Consolidated Financial Statements	7
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations	42
Item 3. Quantitative and Qualitative Disclosures about Market Risk	59
Item 4. Controls and Procedures	59
PART II	
Other Information	
Item 1. Legal Proceedings	59
Item 1A. Risk Factors	59
Item 2. Unregistered Sales of Equity Securities and Use of Proceeds	60
Item 6. Exhibits	60
Signatures	61
Exhibit Index	62

PART I. FINANCIAL INFORMATION

ITEM 1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

GENERAL CABLE CORPORATION AND SUBSIDIARIES
Condensed Consolidated Statements of Operations and Comprehensive Income (Loss)
(in millions, except per share data) (unaudited)

	Three Fiscal Months Ended		Nine Fiscal Months Ended	
	September 30, 2016	October 2, 2015	September 30, 2016	October 2, 2015
Net sales	\$ 924.5	\$ 1,096.4	\$ 2,948.4	\$ 3,561.6
Cost of sales	821.6	981.1	2,615.4	3,194.1
Gross profit	102.9	115.3	333.0	367.5
Selling, general and administrative expenses	86.1	90.5	238.0	311.0
Goodwill impairment charges	7.4	—	9.0	3.2
Intangible asset impairment charges	4.7	—	7.5	1.7
Operating income (loss)	4.7	24.8	78.5	51.6
Other income (expense)	(2.1)	(28.9)	4.7	(61.9)
Interest income (expense):				
Interest expense	(22.5)	(23.2)	(67.2)	(74.2)
Interest income	0.2	0.7	1.2	2.2
	(22.3)	(22.5)	(66.0)	(72.0)
Income (loss) before income taxes	(19.7)	(26.6)	17.2	(82.3)
Income tax (provision) benefit	5.7	(5.3)	(7.7)	0.9
Equity in net earnings of affiliated companies	0.3	0.1	0.7	0.3
Net income (loss) including noncontrolling interest	(13.7)	(31.8)	10.2	(81.1)
Less: net income (loss) attributable to noncontrolling interest	0.6	(2.8)	(0.6)	(7.1)
Net income (loss) attributable to Company common shareholders	\$ (14.3)	\$ (29.0)	\$ 10.8	\$ (74.0)
<u>Earnings (loss) per share - Net income (loss) attributable to Company common shareholders per common share</u>				
Earnings (loss) per common share-basic	\$ (0.29)	\$ (0.59)	\$ 0.22	\$ (1.51)
Earnings (loss) per common share-assuming dilution	\$ (0.29)	\$ (0.59)	\$ 0.21	\$ (1.51)
Dividends per common share	\$ 0.18	\$ 0.18	\$ 0.54	\$ 0.54
Comprehensive income (loss):				
Net income (loss)	\$ (13.7)	\$ (31.8)	\$ 10.2	\$ (81.1)
Currency translation gain (loss)	13.4	(19.4)	44.6	(77.6)
Defined benefit plan adjustments, net of tax of \$0.9 million and \$2.7 million in the three and nine months ended September 30, 2016 and \$1.0 million and \$3.5 million in the three and nine months ended October 2, 2015	1.3	1.8	3.9	6.6
Comprehensive income (loss), net of tax	1.0	(49.4)	58.7	(152.1)
Comprehensive income (loss) attributable to noncontrolling interest, net of tax	1.2	(6.3)	(0.1)	(15.0)
Comprehensive income (loss) attributable to Company common shareholders, net of tax	\$ (0.2)	\$ (43.1)	\$ 58.8	\$ (137.1)

See accompanying Notes to Condensed Consolidated Financial Statements.

GENERAL CABLE CORPORATION AND SUBSIDIARIES
Condensed Consolidated Balance Sheets
(in millions, except share data)
(unaudited)

	September 30, 2016	December 31, 2015
Assets		
Current assets:		
Cash and cash equivalents	\$ 120.2	\$ 112.4
Receivables, net of allowances of \$21.9 million at September 30, 2016 and \$23.0 million at December 31, 2015	727.4	715.4
Inventories	779.6	846.4
Prepaid expenses and other	72.2	66.2
Total current assets	1,699.4	1,740.4
Property, plant and equipment, net	544.1	563.2
Deferred income taxes	28.1	30.9
Goodwill	12.2	22.2
Intangible assets, net	28.9	36.6
Unconsolidated affiliated companies	9.1	8.4
Other non-current assets	47.8	52.9
Total assets	\$ 2,369.6	\$ 2,454.6
Liabilities and Total Equity		
Current liabilities:		
Accounts payable	\$ 417.4	\$ 428.7
Accrued liabilities	342.4	352.5
Current portion of long-term debt	96.1	168.1
Total current liabilities	855.9	949.3
Long-term debt	896.9	911.6
Deferred income taxes	139.3	145.5
Other liabilities	182.3	187.1
Total liabilities	2,074.4	2,193.5
Commitments and contingencies (see Note 18)		
Redeemable noncontrolling interest	18.2	18.2
Total equity:		
Common stock, \$0.01 par value, issued and outstanding shares:		
September 30, 2016 – 49,296,728 (net of 9,513,238 treasury shares)		
December 31, 2015 – 48,908,227 (net of 9,901,739 treasury shares)	0.6	0.6
Additional paid-in capital	714.1	720.5
Treasury stock	(171.6)	(180.1)
Retained earnings	11.3	27.2
Accumulated other comprehensive income (loss)	(292.2)	(340.2)
Total Company shareholders' equity	262.2	228.0
Noncontrolling interest	14.8	14.9
Total equity	277.0	242.9
Total liabilities, redeemable noncontrolling interest and equity	\$ 2,369.6	\$ 2,454.6

See accompanying Notes to Condensed Consolidated Financial Statements.

GENERAL CABLE CORPORATION AND SUBSIDIARIES
Condensed Consolidated Statements of Cash Flows (in millions) (unaudited)

	Nine Fiscal Months Ended	
	September 30, 2016	October 2, 2015
Cash flows of operating activities:		
Net income (loss) including noncontrolling interest	\$ 10.2	\$ (81.1)
Adjustments to reconcile net income (loss) to net cash flows of operating activities:		
Depreciation and amortization	66.3	74.8
Foreign currency exchange (gain) loss	(0.9)	63.9
Deferred income taxes	(5.4)	(13.9)
Venezuela deconsolidation charge	—	12.0
Non-cash asset impairment charges	39.3	30.7
Non-cash interest charges	2.8	2.7
(Gain) loss on disposal of subsidiaries	(53.9)	(5.7)
(Gain) loss on disposal of property	1.7	0.9
Changes in operating assets and liabilities, net of effect of acquisitions and divestitures:		
(Increase) decrease in receivables	(29.1)	20.7
(Increase) decrease in inventories	58.5	3.4
(Increase) decrease in other assets	0.4	16.2
Increase (decrease) in accounts payable	(2.7)	51.0
Increase (decrease) in accrued and other liabilities	(21.3)	(50.5)
Net cash flows of operating activities	<u>65.9</u>	<u>125.1</u>
Cash flows of investing activities:		
Capital expenditures	(53.5)	(48.1)
Proceeds from properties sold	1.1	1.7
Reduction of cash due to Venezuela deconsolidation	—	(8.2)
Disposal of subsidiaries, net of cash disposed of	80.0	78.4
Other	0.2	0.2
Net cash flows of investing activities	<u>27.8</u>	<u>24.0</u>
Cash flows of financing activities:		
Dividends paid to shareholders	(26.7)	(26.5)
Proceeds from debt	1,155.5	2,454.7
Repayments of debt	(1,223.9)	(2,629.3)
Proceeds from sale leaseback transaction	6.2	—
Dividends paid to noncontrolling interest	(0.1)	(2.5)
Proceeds from exercise of stock options	—	0.2
Net cash flows of financing activities	<u>(89.0)</u>	<u>(203.4)</u>
Effect of exchange rate changes on cash and cash equivalents	3.1	(41.8)
Increase (decrease) in cash and cash equivalents	7.8	(96.1)
Cash and cash equivalents – beginning of period	112.4	205.8
Cash and cash equivalents – end of period	<u>\$ 120.2</u>	<u>\$ 109.7</u>
Supplemental Information		
Cash paid during the period for:		
Income tax payments, net of refunds	<u>\$ 12.7</u>	<u>\$ 10.9</u>
Interest paid	<u>\$ 65.9</u>	<u>\$ 70.6</u>
Non-cash investing and financing activities:		
Capital expenditures included in accounts payable	<u>\$ 18.8</u>	<u>\$ 8.6</u>

See accompanying Notes to Condensed Consolidated Financial Statements.

GENERAL CABLE CORPORATION AND SUBSIDIARIES
Condensed Consolidated Statements of Changes in Total Equity
(in millions) (unaudited)

	General Cable Total Equity						
	Total Equity	Common Stock	Additional Paid in Capital	Treasury Stock	Retained Earnings	Accumulated Other Comprehensive Income/(Loss)	Noncontrolling Interest
Balance, December 31, 2015	\$ 242.9	\$ 0.6	\$ 720.5	\$ (180.1)	\$ 27.2	\$ (340.2)	\$ 14.9
Comprehensive income (loss)	58.7				10.8	48.0	(0.1)
Common stock dividend	(26.7)				(26.7)		
Excess tax benefit (deficiency) from stock based compensation	(3.3)		(3.3)				
Stock options and RSU expense	6.8		6.8				
Other – issuance pursuant to restricted stock, stock options and other	(1.4)		(9.9)	8.5			
Balance, September 30, 2016	<u>\$ 277.0</u>	<u>\$ 0.6</u>	<u>\$ 714.1</u>	<u>\$ (171.6)</u>	<u>\$ 11.3</u>	<u>\$ (292.2)</u>	<u>\$ 14.8</u>

	General Cable Total Equity						
	Total Equity	Common Stock	Additional Paid in Capital	Treasury Stock	Retained Earnings	Accumulated Other Comprehensive Income/(Loss)	Noncontrolling Interest
Balance, December 31, 2014	\$ 513.2	\$ 0.6	\$ 714.8	\$ (184.3)	\$ 184.4	\$ (263.4)	\$ 61.1
Comprehensive income (loss)	(152.1)				(74.0)	(63.1)	(15.0)
Common stock dividend	(26.5)				(26.5)		
Dividends paid to noncontrolling interest	(2.5)						(2.5)
Sale of noncontrolling interests	(21.5)						(21.5)
Other – issuance pursuant to restricted stock, stock options and other	5.4		1.7	3.7			
Balance, October 2, 2015	<u>\$ 316.0</u>	<u>\$ 0.6</u>	<u>\$ 716.5</u>	<u>\$ (180.6)</u>	<u>\$ 83.9</u>	<u>\$ (326.5)</u>	<u>\$ 22.1</u>

See accompanying Notes to Condensed Consolidated Financial Statements.

GENERAL CABLE CORPORATION AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements (unaudited)

1. Basis of Presentation and Principles of Consolidation

The accompanying unaudited Condensed Consolidated Financial Statements of General Cable Corporation and Subsidiaries ("General Cable" or the "Company") have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Results of operations for the nine fiscal months ended September 30, 2016 are not necessarily indicative of results that may be expected for the full year. The December 31, 2015 Condensed Consolidated Balance Sheet amounts are derived from the audited financial statements. These financial statements should be read in conjunction with the audited financial statements and notes thereto in General Cable's 2015 Annual Report on Form 10-K filed with the Securities and Exchange Commission on February 29, 2016.

The results of the Asia Pacific businesses ("Asia Pacific") are presented in continuing operations for all periods disclosed in this report. Previously, the results of these businesses were presented as discontinued operations; however, in the third quarter of 2016 management determined that the held for sale criteria is no longer met for its China, New Zealand and Australia businesses primarily driven by management's belief that the probability of a sale within one year is uncertain. The Company's Asia Pacific businesses that have been sold to date, in the aggregate, are not considered a strategic shift; therefore, the Company no longer presents the Asia Pacific operations as discontinued operations in its financial statements for all periods presented.

The Company's first three fiscal quarters consist of 13-week periods ending on the Friday nearest to the end of the calendar months of March, June and September. The Company's fourth fiscal quarter consists of the first day following the third quarter through December 31.

The Condensed Consolidated Financial Statements include the accounts of wholly-owned subsidiaries and majority-owned controlled subsidiaries. The Company records its investment in each unconsolidated affiliated Company (generally 20-50 percent ownership in which it has the ability to exercise significant influence) at its respective equity in net assets. Other investments (generally less than 20 percent ownership) are recorded at cost. All intercompany transactions and balances among the consolidated companies have been eliminated.

Prior to October 2, 2015, the Company included the results of the Venezuelan operations in the Condensed Consolidated Financial Statements using the consolidation method of accounting. The Company's Venezuelan earnings and cash flows were reflected in the historical Condensed Consolidated Financial Statements using a combination of official exchange rates, including the SICAD 1, SICAD 2 and SIMADI rates. Evolving conditions in Venezuela, prior to the Company's sale of the business, including currency exchange regulations which reduced access to dollars through currency exchange markets and local market dynamics, resulted in an other-than-temporary lack of exchangeability between the Venezuelan bolivar and U.S. dollar, and restricted the Company's Venezuelan operations' ability to pay dividends and satisfy certain other obligations denominated in U.S. dollars. Additionally, the existence of other governmental limitations restricted the Company's ability to control its Venezuelan operations. For accounting purposes, this lack of exchangeability and governmental restrictions on operations resulted in a lack of control. Therefore, in accordance with ASC 810, the Company deconsolidated its Venezuelan subsidiary as of October 2, 2015 and began accounting for the investment in the Venezuelan subsidiary using the cost method of accounting. Since October 2, 2015, and through the date of the sale, the Company's financial results did not include the operating results of its Venezuelan subsidiary and the carrying value of the cost method investment was zero.

On July 6, 2016, the Company completed the sale of its Venezuelan subsidiary, see Note 3 - Divestitures.

2. Accounting Standards

The Company's significant accounting policies are described in Note 2 to the audited annual consolidated financial statements in the 2015 Annual Report on Form 10-K. In the nine months ended September 30, 2016, the Company did not change any of its existing accounting policies that are expected to have a significant effect on the condensed consolidated financial statements.

The following accounting pronouncements were adopted and became effective with respect to the Company in 2016:

In April 2015, the FASB issued ASU 2015-03, "Interest - Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs." The update requires debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of the related debt liability instead of being presented as an asset. Debt disclosures include the face amount of the debt liability and the effective interest rate. In August 2015, the FASB also issued ASU 2015-15, "Presentation and Subsequent Measurement of Debt Issuance Costs Associated with Line-of-Credit Arrangements", which clarified the presentation and subsequent measurement of debt issuance costs associated with lines of credit. These costs may be presented as an asset and amortized ratably over the term of the line of credit arrangement, regardless of whether there are outstanding borrowings on the arrangement. The update requires retrospective application and represents a change in accounting principle. Debt issuance costs of \$1.5 million, previously recorded to Prepaid expenses and other, and \$10.6 million, previously recorded to Other non-current assets, are now presented as a direct deduction from the carrying amount of Long-term debt on the Company's Condensed Consolidated Balance Sheets as of December 31, 2015.

In June 2014, the FASB issued ASU 2014-12, "Compensation - Stock Compensation (Topic 718): Accounting for Share-Based Payments When the Terms of an Award Provide That a Performance Target Could be Achieved after the Requisite Service Period." This standard provides more explicit guidance for treating share-based payment awards that require a specific performance target that affects vesting and that could be achieved after the requisite service period as a performance condition. The adoption of this standard did not have a material effect on the Company's Condensed Consolidated Financial Statements.

The following accounting pronouncements will become effective in future periods with respect to the Company:

In August 2016, the FASB issued ASU 2016-15, "Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments." The update eliminates the current diversity in practice in how certain cash receipts and cash payments are presented and classified in the statement of cash flows by providing guidance on eight specific cash flow classification issues. This update is effective for annual and interim reporting periods beginning after December 15, 2017 and should be applied using a retrospective transition method to each period presented. Early adoption is permitted in any interim or annual period for financial statements that have not been previously issued. ASU 2016-15 is not expected to have a material impact on the Company's Condensed Consolidated Financial Statements.

In March 2016, the FASB issued ASU 2016-09, "Compensation - Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting." The update is intended to simplify several areas of accounting for share-based compensation arrangements such as accounting for income taxes, forfeitures and statutory tax withholding requirements and the classification of related amounts on the statement of cash flows. This update is effective for annual and interim reporting periods beginning after December 15, 2016. Early adoption is permitted in any interim or annual period for financial statements that have not been previously issued. ASU 2016-09 is not expected to have a material impact on the Company's Condensed Consolidated Financial Statements.

In February 2016, the FASB issued ASU 2016-02, "Leases (Topic 842)." The standard requires lessees to recognize the assets and liabilities that arise from leases on the balance sheet. A lessee should recognize in the balance sheet a liability to make lease payments (the lease liability) and a right-of-use asset representing its right to use the underlying asset for the lease term. The new guidance is effective for annual and interim reporting periods beginning after December 15, 2018. The amendments should be applied at the beginning of the earliest period presented using a modified retrospective approach with earlier application permitted as of the beginning of an interim or annual reporting period. The Company is in the process of evaluating the impact of the new guidance on its Condensed Consolidated Financial Statements.

In July 2015, the FASB issued ASU 2015-11, "Inventory (Topic 330): Simplifying the Measurement of Inventory." This update provides guidance on simplifying the measurement of inventory. The current standard is to measure inventory at lower of cost or market; where market could be replacement cost, net realizable value, or net realizable value less an approximately normal profit margin. ASU 2015-11 updates this guidance to measure inventory at the lower of cost and net realizable value; where net realizable value is the estimated selling price in the ordinary course of business, less reasonably predictable cost of completion, disposal, and transportation. This update is effective for annual reporting periods beginning after December 15, 2016. The amendments should be applied prospectively with earlier application permitted as of the beginning of an interim or annual reporting period. ASU 2015-11 is not expected to have a material impact on the Company's Condensed Consolidated Financial Statements.

In May 2014, the FASB issued ASU 2014-09, "Revenue from Contracts with Customers (Topic 606)." This ASU outlines a single, comprehensive model for accounting for revenue from contracts with customers which requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The standard permits the

[Table of Contents](#)

use of either the retrospective or modified retrospective (cumulative effect) transition method. The Company has not selected a transition method and is evaluating the impact that the standard will have on its Condensed Consolidated Financial Statements and related disclosures. In August 2015, the FASB issued ASU 2015-14, "Revenue from Contracts with Customers (Topic 606)", which defers the effective date of ASU 2014-09 to annual and interim reporting periods beginning after December 15, 2017 with early application permitted for annual and interim reporting periods beginning after December 15, 2016. The Company will adopt this standard on January 1, 2018.

3. Divestitures

October 2014 Divestiture Plan

In October 2014, the Company announced the intent to divest all of the Company's operations in Asia Pacific and Africa. The Company expects to incur approximately \$14 million in pre-tax charges consisting primarily of legal and transaction fees for the dispositions. Charges incurred in the nine months ended September 30, 2016 were \$1.6 million. Charges incurred in the three and nine months ended October 2, 2015 were \$1.3 million and \$2.7 million, respectively.

Asia Pacific

As part of the October 2014 announcement, the Company completed the following as of September 30, 2016:

- In the first quarter of 2016, the Company completed the sale of General Cable Energy India Private Ltd. ("India") for gross proceeds of \$10.8 million. The pre-tax gain recognized in the nine months ended September 30, 2016 from the disposition of India was \$1.6 million. Based on the estimated expected sales price of the India operations, the Company recorded an impairment loss in cost of sales of \$13.6 million in the three and nine months ended October 2, 2015.
- In the third quarter of 2015, the Company completed the sale of Phelps Dodge International Thailand ("Thailand") for cash consideration of approximately \$88 million. The pre-tax gain recognized in the three and nine months ended October 2, 2015 from the disposition of Thailand was \$16.1 million. The pre-tax loss of Thailand for the three and nine months ended October 2, 2015 was \$0.8 million and \$7.6 million, respectively. The pre-tax loss attributable to the Company for the three and nine months ended October 2, 2015 was \$0.6 million and \$5.7 million, respectively.
- In the first quarter of 2015, the Company completed the sale of its 51% interest in Dominion Wire and Cables ("Fiji") and its 20% interest in Keystone Electric Wire and Cable ("Keystone"), the Company's equity investment in China, for cash consideration of \$9.3 million and \$11.0 million, respectively. In the nine months ended October 2, 2015, the pre-tax loss on the sale from the disposition of Fiji recognized was \$2.6 million and the pre-tax gain from the disposition of Keystone recognized was \$3.6 million.
- In the fourth quarter of 2014, the Company completed the sale of its interest in Phelps Dodge International Philippines, Inc. ("PDP") and Phelps Dodge Philippines Energy Products Corporation ("PDEP") for cash consideration of \$67.1 million.

The results of the Asia Pacific operations were previously presented as discontinued operations; however, in the third quarter of 2016, management determined that the sale of these businesses within one year was uncertain, and therefore determined that the held for sale criteria was no longer met for the businesses in China, New Zealand and Australia (the "remaining Asia Pacific Operations"). As a result and because the businesses that have been sold to date including the Philippines, Thailand, India, Fiji and Keystone, in the aggregate, are not considered a strategic shift; the Asia Pacific operations will no longer be presented as discontinued operations in the financial statements for all periods presented. The Company's results from the Asia Pacific operations are presented in continuing operations for all periods disclosed in this report.

The Company reclassified the remaining Asia Pacific operations' assets and liabilities previously presented as held for sale to held and used on its Condensed Consolidated Balance Sheets as of December 31, 2015. The remaining Asia Pacific operations are measured at the carrying amount before the assets were classified as held for sale, adjusted for depreciation and amortization expense that would have been recognized had the assets been continuously classified as held for use. The adjustment in the three months ended September 30, 2016 is not material.

As of December 31, 2015, the Company's India assets met the held for sale criteria. The assets were measured at the lower of their carrying amount or fair value less cost to sell and depreciation ceased. Based on the estimated expected sales price of the India operations and in accordance with ASC 360 "Property, Plant and Equipment", the Company recorded an impairment loss in cost of sales of \$13.6 million in the three and nine months ended October 2, 2015. At December 31, 2015, the assets and liabilities of India are not material.

Africa

The Company's Africa businesses, and disposals of related operations to date, are not considered a strategic shift that has or will have a major effect on the Company's operations and financial results. The Company has completed the following as of September 30, 2016:

- In the third quarter of 2016, the Company completed the sale of Metal Fabricators of Zambia PLC ("Zambia") for cash consideration of \$9.8 million. In the second quarter of 2016, the Company recognized an estimated pre-tax loss of \$13.3 million, and in the third quarter of 2016, after the completion of the sale, the Company recorded an additional loss of \$1.1 million due to working capital adjustments. The total loss recognized in the nine months ended September 30, 2016 was \$14.4 million and is included in the Selling, general and administrative ("SG&A") expenses caption in the Condensed Consolidated Statements of Operations and Comprehensive Income (Loss) in the Africa/Asia Pacific segment. The disposal loss was calculated using the Company's cumulative translation adjustment as part of the carrying amount of the investment.
- In the second quarter of 2016, the Company completed the sale of General Cable S.A.E. ("Egypt") for gross proceeds of \$5.8 million. The pre-tax loss recognized in the nine months ended September 30, 2016 from the disposition of Egypt was \$8.4 million and is included in the SG&A expenses caption in the Condensed Consolidated Statements of Operations and Comprehensive Income (Loss) in the Europe segment (based on the legal entity hierarchy).

As of September 30, 2016, the Company determined that the remaining Africa businesses did not meet the held for sale criteria set forth in ASC 360, primarily driven by management's belief that the probability of a sale within one year is uncertain. The disposal of the Company's Africa businesses is also not considered a strategic shift that has or will have a major effect on the Company's operations and financial results; therefore, the results are presented as continued operations.

Venezuela Divestiture

In the third quarter of 2016, the Company completed the sale of its Venezuelan subsidiary for cash consideration of approximately \$6 million. The pre-tax gain recognized in the three and nine months ended September 30, 2016 was \$5.9 million, and is included in the SG&A expenses caption in the Condensed Consolidated Statements of Operations and Comprehensive Income (Loss) in the Europe segment (based on the legal structure).

4. Restructuring

November 2015 restructuring program

In the fourth quarter of 2015, the Company committed to a new strategic roadmap targeting growth and improvement in market positions, improvement to its overall cost position, growth through innovation, enhancement of organizational capabilities, alignment of its organization structure and cultivation of a high-performance culture. This effort has been launched in a phased approach and is expected to continue over the next several years.

The Company expects to incur approximately \$60 million in before-tax restructuring charges; \$46 million in the North America segment ("North America"), \$11 million in the Europe segment ("Europe") and \$3 million in the Latin America segment ("Latin America"). For the three and nine months ended September 30, 2016, the Company incurred charges of \$23.4 million and \$39.8 million, respectively. For the three and nine months ended September 30, 2016, costs incurred were \$23.0 million and \$35.3 million in North America, \$0.1 million and \$3.7 million in Europe and \$0.3 million and \$0.8 million in Latin America, respectively. For the three and nine months ended September 30, 2016, \$2.4 million and \$8.7 million of these charges were recorded in the Cost of sales caption and \$21.0 million and \$31.1 million were recorded in the SG&A expenses caption in the Condensed Consolidated Statements of Operations and Comprehensive Income (Loss), respectively. As of September 30, 2016, aggregate costs incurred were \$35.4 million in North America, \$10.4 million in Europe and \$2.6 million in Latin America.

As part of the strategic roadmap, in the second quarter of 2016, the Company completed the disposal of its North American Automotive Ignition Wire business for total consideration of \$70.7 million. The pre-tax gain recognized in the nine months ended September 30, 2016 was \$53.2 million. The gain is recognized in the SG&A expenses caption in the Condensed Consolidated Statements of Operations and Comprehensive Income (Loss). This disposal did not represent a strategic shift that has or will have a major effect on the Company's operations and financial results; therefore, the results are presented as continued operations.

Changes in the restructuring reserve and activity for the nine months ended September 30, 2016 are below (in millions):

	Employee Separation Costs	Asset-Related Costs	Other Costs	Total
Total expected restructuring charges	\$ 8.0	\$ 17.0	\$ 35.0	\$ 60.0
Balance, December 31, 2015	\$ 1.3	\$ —	\$ 3.2	\$ 4.5
Net provisions	5.7	14.3	19.8	39.8
Net benefits charged against the assets	—	(14.3)	(0.3)	(14.6)
Payments	(2.9)	—	(18.8)	(21.7)
Foreign currency translation	—	—	0.1	0.1
Balance, September 30, 2016	\$ 4.1	\$ —	\$ 4.0	\$ 8.1
Total aggregate costs to date	\$ 7.9	\$ 16.2	\$ 24.3	\$ 48.4

Employee Separation Costs

The Company recorded employee separation costs of \$3.3 million and \$5.7 million for the three and nine months ended September 30, 2016, respectively. The employee separation charges were \$3.1 million and \$4.1 million in North America, \$0.1 million and \$1.5 million in Europe and \$0.1 million in Latin America for the three and nine months ended September 30, 2016, respectively.

Employee separation costs include severance and retention bonuses. As of September 30, 2016, employee separation costs included severance charges for approximately 310 employees; approximately 220 of these employees were classified as manufacturing employees and approximately 90 of these employees were classified as non-manufacturing employees. The charges relate to involuntary separations based on current salary levels and past service periods and are either considered one-time employee termination benefits in accordance with ASC 420 - Exit or Disposal Cost Obligations ("ASC 420") or charges for contractual termination benefits under ASC 712 - Compensation - Nonretirement Postemployment Benefits ("ASC 712").

Asset-Related Costs

The Company recorded asset-related costs of \$12.9 million and \$14.3 million for the three and nine months ended September 30, 2016, respectively. The asset-related charges were \$12.9 million and \$13.9 million in North America for the three and nine months ended September 30, 2016, respectively, and \$0.4 million in Latin America for the nine months ended September 30, 2016.

Asset-related costs consist of asset write-downs and accelerated depreciation. Asset write-downs relate to the establishment of a new fair value basis for assets to be classified as held-for-sale or to be disposed of, as well as asset impairment charges for asset

[Table of Contents](#)

groups to be held-and-used in locations which are being restructured and it has been determined the undiscounted cash flows expected to result from the use and eventual disposition of the assets are less than their carrying value.

The Company notes the plan to abandon a long-lived asset before the end of its previously estimated useful life is a change in accounting estimate per ASC 250 - Accounting Changes and Error Corrections. The annual depreciation impact from the asset write-downs and changes in estimated useful lives is not material.

In 2016, as part of the new strategic plan, the Company's management evaluated alternatives for its automotive business which included the sale of its automotive ignition wire business in the second quarter as noted above. In the third quarter of 2016, the Company continued to pursue alternatives for the remaining automotive business. As a result of this change in strategy, the Company performed an impairment test in the third quarter of 2016. Using a market approach, the Company recorded a goodwill impairment charge of \$7.4 million and an impairment charge on the amortized intangible assets of \$4.7 million. These costs are included as asset-related costs. As of September 30, 2016, the remaining goodwill and intangible assets related to the acquisition of the automotive business is zero.

Other Costs

The Company recorded other restructuring-type charges of \$7.2 million and \$19.8 million for the three and nine months ended September 30, 2016, respectively. The other restructuring-type charges were \$7.0 million and \$17.3 million in North America for the three and nine months ended September 30, 2016, respectively, \$2.2 million in Europe for the nine months ended September 30, 2016 and \$0.2 million and \$0.3 million in Latin America for the three and nine months ended September 30, 2016, respectively.

Other restructuring-type charges are incurred as a direct result of the restructuring program. Such charges primarily include working capital write-downs not associated with normal operations, project management, termination of contracts and other immaterial costs.

July 2014 restructuring program

In July 2014, the Company announced a comprehensive restructuring program. As of September 30, 2016, this program is substantially complete and future estimated costs are expected to be immaterial. The restructuring program was focused on the closure of certain underperforming assets as well as the consolidation and realignment of other facilities. The Company also implemented initiatives to reduce SG&A expenses globally.

As part of the restructuring program, in the second quarter of 2015, the Company completed the disposal of a subsidiary in Spain for cash consideration of \$1.8 million. The pre-tax loss on the sale from the disposition in the second quarter of 2015 was \$11.6 million. This sale did not represent a strategic shift that had or will have a major effect on the Company's operations and financial results; therefore, the results are not presented as discontinued operations. This loss is included as asset-related restructuring costs in the Europe segment in the nine months ended October 2, 2015 and is recognized in the SG&A expenses caption in the Condensed Consolidated Statements of Operations and Comprehensive Income (Loss).

For the three and nine months ended September 30, 2016, the Company incurred charges of \$0.8 million and \$10.6 million, respectively. For the three and nine months ended October 2, 2015, the Company incurred charges of \$3.6 million and \$38.3 million, respectively. For the three and nine months ended September 30, 2016, costs incurred were \$0.1 million and \$6.2 million in North America, \$0.2 million and \$2.0 million in Europe and \$0.5 million and \$2.4 million in Latin America, respectively. For the three and nine months ended October 2, 2015, costs incurred were \$2.3 million and \$9.9 million in North America, respectively, \$21.5 million in Europe for the nine months ended October 2, 2015, \$0.9 million and \$6.9 million in Latin America for the three and nine months ended October 2, 2015, respectively, and \$0.4 million in Africa/Asia Pacific for the three months ended October 2, 2015.

For the three and nine months ended September 30, 2016, \$0.5 million and \$7.5 million of these charges were recorded in the Cost of sales caption and \$0.3 million and \$3.1 million were recorded in the SG&A expenses caption in the Condensed Consolidated Statements of Operations and Comprehensive Income (Loss), respectively. For the three and nine months ended October 2, 2015, \$2.7 million and \$13.7 million of these charges were recorded in the Cost of sales caption and \$0.9 million and \$24.6 million were recorded in the SG&A expenses caption in the Condensed Consolidated Statements of Operations and Comprehensive Income (Loss), respectively. The Company also incurred other costs as outlined below. As of September 30, 2016, aggregate costs incurred were \$24.9 million in North America, \$139.7 million in Europe, \$39.0 million in Latin America and \$15.0 million in Africa/Asia Pacific.

[Table of Contents](#)

Changes in the restructuring reserve and activity for the nine months ended September 30, 2016 are below (in millions):

	Employee Separation Costs	Asset-Related Costs	Other Costs	Total
Balance, December 31, 2015	\$ 7.7	\$ —	\$ 3.0	\$ 10.7
Net provisions	1.3	1.8	7.5	10.6
Net benefits charged against the assets	—	(1.8)	0.6	(1.2)
Payments	(8.9)	—	(5.5)	(14.4)
Foreign currency translation	0.2	—	—	0.2
Balance, September 30, 2016	\$ 0.3	\$ —	\$ 5.6	\$ 5.9
Total aggregate costs to date	\$ 52.2	\$ 135.1	\$ 31.3	\$ 218.6

Employee Separation Costs

The Company recorded a benefit to employee separation costs of \$0.1 million for the three months ended September 30, 2016 and expenses of \$1.3 million for the nine months ended September 30, 2016. For the three and nine months ended September 30, 2016, the Company recorded a benefit of \$0.1 million and expenses of \$1.2 million in North America, respectively, and expenses of \$0.1 million in Latin America for the nine months ended September 30, 2016. The Company recorded employee separation costs of \$0.1 million and \$12.3 million for the three and nine months ended October 2, 2015. The employee separation charges were \$1.5 million and \$7.9 million in North America, a benefit of \$1.9 million for the three months ended October 2, 2015 and charges of \$2.9 million for the nine months ended October 2, 2015 in Europe, charges of \$0.1 million and \$1.0 million in Latin America and charges of \$0.4 million and \$0.5 million in Africa/Asia Pacific for the three and nine months ended October 2, 2015, respectively.

Employee separation costs include severance, retention bonuses and pension costs. As of September 30, 2016, employee separation costs included severance charges for approximately 1,430 employees; approximately 1,110 of these employees were classified as manufacturing employees and approximately 320 of these employees were classified as non-manufacturing employees. The charges relate to involuntary separations based on current salary levels and past service periods and are either considered one-time employee termination benefits in accordance with ASC 420 or charges for contractual termination benefits under ASC 712.

Asset-Related Costs

The Company recorded asset-related costs of \$0.1 million and \$1.8 million for the three and nine months ended September 30, 2016, respectively. For the three and nine months ended September 30, 2016, the Company recorded a benefit of \$0.2 million and charges of \$0.8 million in North America and charges of \$0.3 million and \$1.0 million in Latin America, respectively. The Company recorded asset-related costs of \$0.8 million and \$14.8 million for the three and nine months ended October 2, 2015, respectively. The long-lived asset impairment charges were \$10.8 million in Europe for the nine months ended October 2, 2015 and \$0.8 million and \$4.0 million in Latin America for the three and nine months ended October 2, 2015, respectively.

Asset-related costs consist of asset write-downs and accelerated depreciation. Asset write-downs relate to the establishment of a new fair value basis for assets to be classified as held-for-sale or to be disposed of, as well as asset impairment charges for asset groups to be held-and-used in locations which are being restructured and it has been determined the undiscounted cash flows expected to result from the use and eventual disposition of the assets are less than their carrying value.

The Company notes the plan to abandon a long-lived asset before the end of its previously estimated useful life is a change in accounting estimate per ASC 250 - Accounting Changes and Error Corrections. The annual depreciation impact from the asset write-downs and changes in estimated useful lives is not material.

Other Costs

The Company recorded other restructuring-type charges of \$0.8 million and \$7.5 million for the three and nine months ended September 30, 2016, respectively. The other restructuring-type charges were \$0.4 million and \$4.2 million in North America, \$0.2 million and \$2.0 million in Europe and \$0.2 million and \$1.3 million in Latin America for the three and nine months ended September 30, 2016, respectively. The Company recorded other restructuring-type charges of \$2.7 million and \$11.2 million for the three and nine months ended October 2, 2015, respectively. The other restructuring-type charges were \$0.8 million and \$2.0 million in North America and \$1.9 million and \$7.8 million in Europe for the three and nine months ended October 2, 2015, respectively, \$1.9 million in Latin America for the nine months ended October 2, 2015 and a benefit of \$0.5 million in Africa/Asia Pacific for the nine months ended October 2, 2015.

[Table of Contents](#)

Other restructuring-type charges are incurred as a direct result of the restructuring program. Such charges primarily include working capital write-downs not associated with normal operations, equipment relocation, termination of contracts and other immaterial costs.

5. Other Income (Expense)

Other income (expense) includes foreign currency transaction gains or losses, which result from changes in exchange rates between the designated functional currency and the currency in which a transaction is denominated, as well as gains and losses on derivative instruments that are not designated as cash flow hedges. During the three months ended September 30, 2016 and October 2, 2015, the Company recorded other expense of \$2.1 million and \$28.9 million, respectively. For the three months ended September 30, 2016, other expense was primarily attributable to \$2.3 million related to foreign currency transaction losses and \$0.2 million related to gains on derivative instruments that were not designated as cash flow hedges. For the three months ended October 2, 2015, other expense was primarily attributable to \$32.3 million related to foreign currency transaction losses and \$3.4 million related to gains on derivative instruments that were not designated as cash flow hedges.

During the nine months ended September 30, 2016 and October 2, 2015, the Company recorded other income of \$4.7 million and other expense of \$61.9 million, respectively. For the nine months ended September 30, 2016, other income was primarily attributable to \$0.9 million related to foreign currency transaction gains and \$3.8 million related to gains on derivative instruments that were not designated as cash flow hedges. For the nine months ended October 2, 2015, other expense was primarily attributable to the adoption of the SIMADI currency exchange system in Venezuela and ongoing remeasurement of the local balance sheet which resulted in an expense of \$22.9 million, \$39.7 million related to other foreign currency transaction losses and \$0.7 million related to gains on derivative instruments that were not designated as cash flow hedges.

Refer to Note 1 - Basis of Presentation and Principles of Consolidation for more information regarding the Company's Venezuelan operations.

6. Inventories

Approximately 84% of the Company's inventories are valued using the average cost method and all remaining inventories are valued using the first-in, first-out (FIFO) method. All inventories are stated at the lower of cost or market.

(in millions)	September 30, 2016	December 31, 2015
Raw materials	\$ 171.8	\$ 187.2
Work in process	137.0	127.2
Finished goods	470.8	532.0
Total	<u>\$ 779.6</u>	<u>\$ 846.4</u>

7. Property, Plant and Equipment

Property, plant and equipment consisted of the following (in millions):

	September 30, 2016	December 31, 2015
Land	\$ 46.7	\$ 50.0
Buildings and leasehold improvements	213.8	206.3
Machinery, equipment and office furnishings	747.4	786.0
Construction in progress	42.4	26.3
Total gross book value	<u>1,050.3</u>	<u>1,068.6</u>
Less accumulated depreciation	<u>(506.2)</u>	<u>(505.4)</u>
Total net book value	<u>\$ 544.1</u>	<u>\$ 563.2</u>

Depreciation expense for the three and nine fiscal months ended September 30, 2016 was \$20.5 million and \$58.3 million, respectively. Depreciation expense for the three and nine fiscal months ended October 2, 2015 was \$19.0 million and \$65.1 million, respectively.

8. Goodwill and Other Intangible Assets

Goodwill and intangible assets with indefinite useful lives are not amortized, but are reviewed at least annually for impairment. If the carrying amount of goodwill or an intangible asset with an indefinite life exceeds its fair value, an impairment loss would be recognized in the amount equal to the excess.

The amounts of goodwill and indefinite-lived intangible assets were as follows (in millions):

	Goodwill				Indefinite-Lived Assets – Trade Names		
	North America	Latin America	Africa/Asia Pacific	Total	North America	Europe	Total
Balance, December 31, 2015	\$ 16.5	\$ 3.9	\$ 1.8	\$ 22.2	\$ 0.3	\$ 0.4	\$ 0.7
Currency translation and other adjustments	(0.8)	—	(0.2)	(1.0)	0.4	—	0.4
Goodwill and indefinite-lived asset impairment	(7.4)	—	(1.6)	(9.0)	(0.3)	—	(0.3)
Balance, September 30, 2016	\$ 8.3	\$ 3.9	\$ —	\$ 12.2	\$ 0.4	\$ 0.4	\$ 0.8

The amounts of other intangible assets, excluding capitalized software, were as follows (in millions):

	September 30, 2016	December 31, 2015
Amortized intangible assets:		
Amortized intangible assets	\$ 108.9	\$ 129.4
Accumulated amortization	(83.1)	(87.9)
Foreign currency translation adjustment	(5.2)	(5.6)
Amortized intangible assets, net	\$ 20.6	\$ 35.9

In the three and nine months ended September 30, 2016, the Company recorded a goodwill impairment charge of \$7.4 million and an impairment charge on the amortized intangible assets of \$4.7 million related to the automotive business. Refer to Note 4 - Restructuring for further details.

Amortized intangible assets are stated at cost less accumulated amortization as of September 30, 2016 and December 31, 2015. Other intangible assets have been determined to have a useful life in the range of 7 to 12 years. The approximate weighted average useful life of the amortized intangible assets is 10 years. For customer relationships, the Company has accelerated the amortization expense to align with the historical customer attrition rates. All other amortized intangible assets are amortized on a straight-line basis. The amortization of intangible assets for the nine months ended September 30, 2016 and October 2, 2015 was \$6.7 million and \$9.2 million, respectively. The estimated amortization expense during the twelve month periods beginning September 30, 2016 through October 1, 2021 and thereafter, based on exchange rates as of September 30, 2016, is \$5.7 million, \$3.4 million, \$2.8 million, \$2.8 million, \$2.7 million and \$3.2 million thereafter.

The Company capitalizes costs for internal use software incurred during the application development stage. Costs related to preliminary project activities and post implementation activities are expensed as incurred. Capitalized software will be amortized once the product is ready for its intended use, using the straight-line method over the estimated useful lives of the assets, which is three years.

9. Long-Term Debt

(in millions)	September 30, 2016	December 31, 2015
<i>North America</i>		
5.75% Senior Notes due 2022 ("5.75% Senior Notes")	\$ 600.0	\$ 600.0
Subordinated Convertible Notes due 2029 ("Subordinated Convertible Notes")	429.5	429.5
Debt discount	(256.2)	(257.8)
Debt issuance costs	(11.0)	(12.1)
Asset-Based Revolving Credit Facility ("Revolving Credit Facility")	66.0	127.6
Other	9.0	9.2
<i>Europe</i>		
Revolving Credit Facility	34.8	8.7
Other	9.2	23.4
<i>Latin America credit facilities</i>		
	103.6	113.8
<i>Africa/Asia Pacific credit facilities</i>		
	8.1	37.4
Total debt	993.0	1,079.7
Less current maturities	96.1	168.1
Long-term debt	\$ 896.9	\$ 911.6

At September 30, 2016, maturities of long-term debt during the twelve month periods beginning September 30, 2016 through October 1, 2021 and thereafter are \$96.1 million, \$112.5 million, \$10.8 million, \$0.8 million and \$1.6 million, respectively, and \$771.2 million thereafter.

The fair value of the Company's long-term debt, as noted below, was estimated using inputs other than quoted prices that are observable, either directly or indirectly.

5.75% Senior Notes

The Company's 5.75% Senior Notes are summarized in the table below:

(in millions)	5.75% Senior Notes	
	September 30, 2016	December 31, 2015
Face Value	\$ 600.0	\$ 600.0
Debt issuance costs	(7.3)	(8.2)
Book value	592.7	591.8
Fair Value (Level 1)	572.3	450.0
Interest Rate	5.75%	5.75%
Interest Payment	Semi-Annual: Apr 1 & Oct 1	
Maturity Date	October 2022	
Guarantee	Jointly and severally guaranteed by the Company's wholly owned U.S. subsidiaries	

	5.75% Senior Notes	
	Beginning Date	Percentage
Call Option ⁽¹⁾	October 1, 2017	102.875%
	October 1, 2018	101.917%
	October 1, 2019	100.958%
	October 1, 2020 and thereafter	100.000%

(1) The Company may, at its option, redeem the 5.75% Senior Notes on or after the stated beginning dates at percentages noted above (plus accrued and unpaid interest). Additionally, on or prior to October 1, 2015, the Company had the right to redeem in the aggregate up to 35% of the aggregate principal amount of 5.75% Senior Notes issued with the cash proceeds from one or more equity offerings, at a redemption price in cash equal to 105.75% of the principal plus accrued and unpaid interest so long as (i) at least 65% of the aggregate principal amount of the 5.75% Senior Notes issued remained outstanding immediately

[Tables of Contents](#)

after giving effect to any such redemption; and (ii) notice of any such redemption was given within 60 days after the date of the closing of any such equity offering. In addition, at any time prior to October 1, 2017, the Company may redeem some or all of the 5.75% Senior Notes at a redemption price equal to 100% of the principal amount plus accrued and unpaid interest, plus a make whole premium.

The 5.75% Senior Notes' indenture contains covenants that limit the ability of the Company and certain of its subsidiaries to (i) incur additional indebtedness and guarantee indebtedness; (ii) pay dividends or make other distributions or repurchase or redeem the Company's capital stock; (iii) purchase, redeem or retire debt; (iv) issue certain preferred stock or similar equity securities; (v) make loans and investments; (vi) sell assets; (vii) incur liens; (viii) enter into transactions with affiliates; (ix) enter into agreements restricting the Company's subsidiaries' ability to pay dividends; and (x) consolidate, merge or sell all or substantially all assets. However, these covenants are subject to exceptions and qualifications.

The 5.75% Senior Notes may also be repurchased at the option of the holders in connection with a change of control (as defined in the indenture governing the 5.75% Senior Notes) or in connection with certain asset sales.

Subordinated Convertible Notes

The Company's Subordinated Convertible Notes are summarized as of September 30, 2016 and December 31, 2015 as follows:

(in millions)	Subordinated Convertible Notes	
	September 30, 2016	December 31, 2015
Face value	\$ 429.5	\$ 429.5
Debt discount	(256.2)	(257.8)
Debt issuance costs	(3.7)	(3.9)
Book value	169.6	167.8
Fair value (Level 1)	297.4	265.8
Maturity date	Nov 2029	
Stated annual interest rate	4.50% until Nov 2019 2.25% until Nov 2029	
Interest payments	Semi-annually: May 15 & Nov 15	

Revolving Credit Facility

On July 21, 2011, the Company entered into a \$400 million Revolving Credit Facility, which was first amended in 2012 to increase the facility size to \$700 million and then subsequently amended and restated on September 6, 2013 and further amended on October 22, 2013, May 20, 2014, September 23, 2014, October 28, 2014 and February 9, 2016, to, among other things, increase the Revolving Credit Facility to \$1.0 billion, \$630 million of which may be borrowed by the U.S. borrower, \$300 million of which may be borrowed by the European borrowers and \$70 million of which may be borrowed by the Canadian borrower. The Revolving Credit Facility contains restrictions including limitations on, among other things, distributions and dividends, acquisitions and investments, indebtedness, liens and affiliate transactions. The Revolving Credit Facility provides the Company with flexibility and the restrictions in the Revolving Credit Facility generally only apply in the event that the Company's availability under the Revolving Credit Facility falls below certain specific thresholds.

The Revolving Credit Facility has a maturity date of September 6, 2018. The commitment amount under the Revolving Credit Facility may be increased by an additional \$250 million, subject to certain conditions and approvals as set forth in the Revolving Credit Facility. The Company capitalized an immaterial amount in 2016, \$0.6 million in 2015 and \$1.7 million in 2014 in deferred financing costs in connection with the Revolving Credit Facility. The Revolving Credit Facility requires maintenance of a minimum fixed charge coverage ratio of 1.00 to 1.00 if availability under the Revolving Credit Facility is less than the greater of \$100 million or 10% of the then existing aggregate lender commitments under the Revolving Credit Facility. As of September 30, 2016, the availability under the Revolving Credit Facility is greater than \$100 million. The fair value of the Revolving Credit Facility approximates the carrying value based on Level 2 inputs.

Indebtedness under the Revolving Credit Facility is secured by: (a) for US borrowings under the facility, a first priority security interest in substantially all of our domestic assets and, (b) for Canadian and European borrowings under the facility, a first priority security interest in substantially all of our domestic and Canadian assets and certain assets of our Spanish, French and German subsidiaries party to the facility. In addition, the lenders under our Revolving Credit Facility have received a pledge of (i) 100% of the equity interests in all of the Company's domestic subsidiaries, and (ii) 65% of the voting equity interests in and 100% of the non-voting equity interests in certain of our foreign subsidiaries, including our Canadian subsidiaries and our Spanish, French and German subsidiaries party to the Revolving Credit Facility. Borrowings under the Revolving Credit Facility bear interest at interest rate bases elected by the Company plus an applicable margin calculated quarterly based on the Company's average

[Tables of Contents](#)

availability and Total Consolidated Leverage Ratio as set forth in the credit agreement. The Revolving Credit Facility also requires the payment of a commitment fee equal to the available but unused commitments multiplied by an applicable margin of either 0.25% or 0.375% based on the average daily unused commitments.

The Company's Revolving Credit Facility is summarized in the table below:

(in millions)	Revolving Credit Facility	
	September 30, 2016	December 31, 2015
Outstanding borrowings	\$ 100.8	\$ 136.3
Total credit under facility	1,000.0	1,000.0
Undrawn availability ⁽¹⁾	393.7	347.5
Interest rate	2.5%	2.5%
Outstanding letters of credit	\$ 22.3	\$ 36.7
Original issuance	July 2011	
Maturity date	Sept 2018	

(1) Total undrawn availability for the U.S. borrower, the Canadian borrower and the European borrowers at September 30, 2016 is \$306.4 million, \$36.1 million and \$51.2 million, respectively. Total undrawn availability for the U.S. borrower, the Canadian borrower and the European borrowers at December 31, 2015 was \$239.1 million, \$34.8 million and \$73.6 million, respectively.

Latin America Credit Facilities

The Company's Latin America credit facilities are summarized in the table below:

(in millions)	September 30, 2016	December 31, 2015
Outstanding borrowings	\$ 103.6	\$ 113.8
Undrawn availability	30.0	44.4
Interest rate – weighted average	10.1%	8.6%
Maturity date	Various; \$84.9 million due within one year	

The Company's Latin America credit facilities are primarily short term loans utilized for working capital purposes. The fair value of the Latin America credit facilities approximates the carrying value due to the short term nature of the facilities based on Level 2 inputs.

Africa/Asia Pacific Credit Facilities

The Company's Africa and Asia Pacific credit facilities are summarized in the table below:

(in millions)	September 30, 2016	December 31, 2015
Outstanding borrowings	\$ 8.1	\$ 37.4
Undrawn availability	22.6	85.8
Interest rate – weighted average	7.4%	6.5%
Maturity date	Various; \$8.1 million due within one year	

The Company's Africa and Asia Pacific credit facilities are short term loans utilized for working capital purposes. The fair value of the Africa and Asia Pacific credit facilities approximates the carrying value due to the short term nature of the facilities based on Level 2 inputs.

10. Financial Instruments

The Company is exposed to various market risks, including changes in interest rates, foreign currency exchange rates and raw material (commodity) prices. To manage risks associated with the volatility of these natural business exposures, the Company enters into interest rate, commodity and foreign currency derivative agreements, and copper and aluminum forward pricing agreements. The Company does not purchase or sell derivative instruments for trading purposes. The Company does not engage in derivative contracts for which a lack of marketplace quotations would necessitate the use of fair value estimation techniques.

The Company enters into commodity instruments to hedge the purchase of copper, aluminum and lead in future periods and foreign currency exchange contracts principally to hedge the currency fluctuations in certain transactions denominated in foreign currencies, thereby reducing the Company's risk that would otherwise result from changes in exchange rates. Principal transactions hedged during the year were firm sales and purchase commitments. The fair value of foreign currency contracts represents the amount required to enter into offsetting contracts with similar remaining maturities based on quoted market prices.

The Company accounts for these commodity instruments and foreign currency exchange contracts as economic hedges. Changes in the fair value of economic hedges are recognized in current period earnings.

Fair Value of Derivatives Instruments

The notional amounts and fair values of derivatives not designated as cash flow hedges at September 30, 2016 and December 31, 2015 are shown below (in millions):

	September 30, 2016			December 31, 2015		
	Notional Amount	Fair Value		Notional Amount	Fair Value	
		Asset ⁽¹⁾	Liability ⁽²⁾		Asset ⁽¹⁾	Liability ⁽²⁾
Derivatives not designated as cash flow hedges:						
Commodity futures	\$ 128.0	\$ 3.4	\$ 1.6	\$ 133.5	\$ 0.3	\$ 9.9
Foreign currency exchange	41.4	0.2	1.4	88.1	0.6	2.4
		<u>\$ 3.6</u>	<u>\$ 3.0</u>		<u>\$ 0.9</u>	<u>\$ 12.3</u>

(1) Balance recorded in "Prepaid expenses and other" and "Other non-current assets"

(2) Balance recorded in "Accrued liabilities" and "Other liabilities"

As of September 30, 2016 and December 31, 2015, all financial instruments held by the Company were subject to enforceable master netting arrangements held by various financial institutions. In general, the terms of our agreements provide that in the event of an early termination the counterparties have the right to offset amounts owed or owing under that and any other agreement with the same counterparty. The Company's accounting policy is to not offset these positions in the Condensed Consolidated Balance Sheets. As of September 30, 2016 and December 31, 2015, the net positions of the enforceable master netting agreements are not significantly different from the gross positions noted in the table above. Depending on the extent of an unrealized loss position on a derivative contract held by the Company, certain counterparties may require collateral to secure the Company's derivative contract position. As of September 30, 2016 and December 31, 2015, there were no contracts held by the Company that required collateral to secure the Company's derivative liability positions. Refer to Note 5 - Other Income (Expense) for more information.

11. Income Taxes

The Company's effective tax rate for the nine months ended September 30, 2016 and October 2, 2015 was 44.8% and 1.1%, respectively. The effective tax rate on the Company's pre-tax income for the nine months ended September 30, 2016 was favorably impacted by the use of U.S. capital losses for which no tax benefit was previously recognized. This resulted in the recognition of only \$2.4 million of income tax expense on \$53.2 million of pre-tax gain associated with the sale of the North American Automotive Ignition Wire business. This favorable factor was largely offset by recognizing no tax benefit on \$44.2 million of operational losses incurred in jurisdictions where valuation allowances are recorded against net deferred tax assets.

The relatively low effective tax rate on the Company's pre-tax loss for the nine months ended October 2, 2015 was primarily due to no tax benefit being available for the \$22.9 million currency devaluation loss and foreign currency loss in Venezuela, no tax benefit being recognized on \$95.0 million of operational losses incurred in jurisdictions where valuation allowances are recorded against net deferred tax assets, and no tax benefit being recognized on the \$12.0 million Venezuelan deconsolidation loss. These unfavorable factors were partially offset by \$5.4 million of tax benefits associated with the net release of uncertain tax position reserves, \$4.3 million of tax benefits associated with valuation allowance releases, and \$11.5 million of tax benefits associated with tax deductions connected to the exiting of the business in India.

The Company's effective tax rate for the three months ended September 30, 2016 and October 2, 2015 was 28.9% and (19.9)%, respectively. The effective tax rate for the three months ended September 30, 2016 was favorably impacted by the mix of earnings in foreign jurisdictions with statutory tax rates lower than the 35% U.S. federal statutory tax rate, and the recognition of no income tax expense on \$5.9 million of pre-tax gain associated with the sale of the Venezuelan business. These favorable factors were partially offset by recognizing no tax benefit on \$20.6 million of operational losses incurred in jurisdictions where valuation allowances are recorded against net deferred tax assets.

The negative effective tax rate for the three months ended October 2, 2015 is primarily the result of recording income tax expense on the ordinary operational income of profitable jurisdictions while recording no income tax benefit on \$34.3 million of operational losses incurred in jurisdictions where valuation allowances are recorded against net deferred tax assets, and no income tax benefit on a \$12.0 million Venezuela deconsolidation charge. These negative effective tax rate drivers were partially offset by \$11.5 million of tax benefits associated with the exiting of the business in India.

During the third quarter of 2016, the Company accrued approximately \$0.5 million of income tax expense for uncertain tax positions likely to be taken in the current year and for interest and penalties on tax positions taken in prior periods, all of which would have a favorable impact on the effective tax rate, if recognized. In addition, \$0.1 million of income tax benefits were recognized due to statute of limitation expirations associated with various uncertain tax positions.

The Company files income tax returns in numerous tax jurisdictions around the world. Due to uncertainties regarding the timing and outcome of various tax audits, appeals and settlements, it is difficult to reliably estimate the amount of unrecognized tax benefits that could change within the next twelve months. The Company believes it is reasonably possible that approximately \$3 million of unrecognized tax benefits could change within the next twelve months due to the resolution of tax audits and statute of limitations expiration.

The Internal Revenue Service ("IRS") is currently in the process of finalizing its examination of the Company's 2012 consolidated income tax return. As discussed in the Company's 2015 Annual Report on Form 10-K, the IRS proposed a cumulative taxable income adjustment of \$33.6 million through 2012 in connection with the Original Issue Discount ("OID") yield on the Company's \$429.5 million Subordinated Convertible Notes ("Notes") due 2029. The Company believes that the amount of the OID deductions claimed on its federal income tax returns since the 2009 issuance of the Notes is proper and appealed the IRS proposed adjustment. The appeals hearing took place on October 19, 2016 and the Company is currently awaiting the Office of Appeals ruling. With limited exceptions, tax years prior to 2010 are no longer open in major foreign, state, or local tax jurisdictions.

12. Employee Benefit Plans

The Company provides retirement benefits through contributory and noncontributory qualified and non-qualified defined benefit pension plans covering eligible domestic and international employees as well as through defined contribution plans and other postretirement benefits.

The components of net periodic benefit cost for pension benefits were as follows (in millions):

	Three Fiscal Months Ended			
	September 30, 2016		October 2, 2015	
	U.S. Plans	Non-U.S. Plans	U.S. Plans	Non-U.S. Plans
Service cost	\$ 0.3	\$ 1.0	\$ 0.4	\$ 1.5
Interest cost	1.8	0.8	1.8	1.1
Expected return on plan assets	(2.4)	(0.6)	(2.6)	(0.7)
Amortization of prior service cost	—	0.2	—	0.2
Amortization of net loss	1.7	0.3	1.9	0.7
Net pension expense	\$ 1.4	\$ 1.7	\$ 1.5	\$ 2.8

	Nine Fiscal Months Ended			
	September 30, 2016		October 2, 2015	
	U.S. Plans	Non-U.S. Plans	U.S. Plans	Non-U.S. Plans
Service cost	\$ 0.9	\$ 3.0	\$ 1.2	\$ 4.5
Interest cost	5.4	2.4	5.4	3.3
Expected return on plan assets	(7.2)	(1.8)	(7.8)	(2.1)
Amortization of prior service cost	—	0.6	—	0.6
Amortization of net loss	5.1	0.9	5.7	2.1
Settlement loss	—	—	—	0.9
Net pension expense	\$ 4.2	\$ 5.1	\$ 4.5	\$ 9.3

The estimated net loss for the defined benefit pension plans that will be amortized from accumulated other comprehensive income (loss) into net pension expense in 2016 is \$8.4 million. The prior service cost to be amortized from accumulated other comprehensive income (loss) into net pension expense over the next fiscal year is not material.

Defined benefit pension plan cash contributions for the three fiscal months ended September 30, 2016 and October 2, 2015 were \$1.3 million and \$3.0 million, respectively. Defined benefit pension plan cash contributions for the nine fiscal months ended September 30, 2016 and October 2, 2015 were \$3.9 million and \$9.0 million, respectively.

13. Accumulated Other Comprehensive Income (Loss)

The components of accumulated other comprehensive income (loss) as of September 30, 2016 and December 31, 2015, respectively, consisted of the following (in millions):

	September 30, 2016		December 31, 2015	
	Company Common Shareholders	Noncontrolling Interest	Company Common Shareholders	Noncontrolling Interest
Foreign currency translation adjustment	\$ (231.5)	\$ (13.0)	\$ (275.6)	\$ (13.5)
Pension adjustments, net of tax	(60.7)	(1.5)	(64.6)	(1.5)
Accumulated other comprehensive income (loss)	\$ (292.2)	\$ (14.5)	\$ (340.2)	\$ (15.0)

The following is the detail of the change in the Company's accumulated other comprehensive income (loss) from December 31, 2015 to September 30, 2016 including the effect of significant reclassifications out of accumulated other comprehensive income (loss) (in millions, net of tax):

	Foreign currency translation	Change of fair value of pension benefit obligation	Total
Balance, December 31, 2015	\$ (275.6)	\$ (64.6)	\$ (340.2)
Other comprehensive income (loss) before reclassifications	12.3	—	12.3
Amounts reclassified from accumulated other comprehensive income	31.8	3.9	35.7
Net current - period other comprehensive income (loss)	44.1	3.9	48.0
Balance, September 30, 2016	\$ (231.5)	\$ (60.7)	\$ (292.2)

The following is the detail of the change in the Company's accumulated other comprehensive income (loss) from December 31, 2014 to October 2, 2015 including the effect of significant reclassifications out of accumulated other comprehensive income (loss) (in millions, net of tax):

	Foreign currency translation	Change of fair value of pension benefit obligation	Total
Balance, December 31, 2014	\$ (185.1)	\$ (78.3)	\$ (263.4)
Other comprehensive income (loss) before reclassifications	(102.0)	—	(102.0)
Amounts reclassified from accumulated other comprehensive income	32.3	6.6	38.9
Net current - period other comprehensive income (loss)	(69.7)	6.6	(63.1)
Balance, October 2, 2015	\$ (254.8)	\$ (71.7)	\$ (326.5)

[Tables of Contents](#)

The following is the detail of the reclassifications out of accumulated other comprehensive income (loss) for the three and nine months ended September 30, 2016 and October 2, 2015 (in millions, net of tax):

	Three Fiscal Months Ended		Nine Fiscal Months Ended		Affected line item in the Condensed Consolidated Statement of Operations and Comprehensive Income (Loss)
	September 30, 2016		September 30, 2016		
	Amount reclassified from accumulated other comprehensive income (loss)		Amount reclassified from accumulated other comprehensive income (loss)		
Foreign currency translation					
Sale of subsidiaries	\$	13.5	\$	31.8	SG&A
Amortization of defined pension items, net of tax:					
Prior service cost	\$	0.1	\$	0.3	Cost of Sales
Net loss		1.2		3.6	Cost of Sales
Total - Pension Items	\$	1.3	\$	3.9	
Total	\$	14.8	\$	35.7	

	Three Fiscal Months Ended		Nine Fiscal Months Ended		Affected line item in the Condensed Consolidated Statement of Operations and Comprehensive Income (Loss)
	October 2, 2015		October 2, 2015		
	Amount reclassified from accumulated other comprehensive income (loss)		Amount reclassified from accumulated other comprehensive income (loss)		
Foreign currency translation					
Sale of subsidiaries	\$	20.9	\$	32.3	SG&A
Amortization of defined pension items, net of tax:					
Prior service cost	\$	0.1	\$	0.3	Cost of Sales
Net loss		1.7		5.1	Cost of Sales
Settlement loss		—		1.2	Cost of Sales
Total - Pension Items	\$	1.8	\$	6.6	
Total	\$	22.7	\$	38.9	

14. Redeemable Noncontrolling Interest

On October 1, 2012, the Company participated in a share subscription for 60% of the outstanding and issued shares of Procables, the Company's subsidiary in Colombia. The existing shareholders immediately prior to the subscription (the "Sellers" or "Minority Shareholders") maintained control of the remaining 40% of the shares. The Company and the Minority Shareholders also agreed to certain put and call options with regard to the remaining 40% interest in Procables retained by the Minority Shareholders. For a 36-month period commencing on the fourth anniversary of the closing date, the Minority Shareholders may exercise a put option to sell their entire 40% interest in Procables to the Company. The Company shall be irrevocably obligated to purchase the shares (the "Put Option"). In addition, the Company has a call option (the "Call Option") to purchase the Minority Shareholders' 40% interest in Procables, during the 36-month period commencing on the expiration of the Put Option period. The consideration to be exchanged, per share in the event of a Put Option or Call Option shall be the higher of the following (1) the final per share purchase price; or (2) a price per share based on the Company's enterprise value equal to seven times the average of its earnings before interest, taxes, depreciation and amortization ("EBITDA") over the two most recently audited year-end financial statements immediately prior to the option being exercised, minus the 12-month average Net Indebtedness, as defined in the agreement, of the Company for the most recent audited fiscal year ("EBITDA average"). The Company determined that the Put Option is embedded within the noncontrolling interest shares that are subject to the Put Option. The redemption feature required classification of the Minority Shareholder's interest in the Condensed Consolidated Balance Sheets outside of equity under the caption "Redeemable noncontrolling interest."

The redeemable noncontrolling interest of Procables was recorded on the acquisition date based on the estimated fair value of the shares including the embedded Put Option. The fair value of the Put Option was estimated at the higher of the final per share purchase price or EBITDA average. At September 30, 2016, the final per share purchase price was greater than the EBITDA average; therefore, the redeemable noncontrolling interest was valued at the same cost as the fair value determined at the opening balance sheet date, \$18.2 million. Subsequent adjustments to the value of the redeemable noncontrolling interest due to the redemption feature, if any, will be recognized as they occur and recorded within Net income (loss). Subsequent to September 30, 2016, the Minority Shareholders elected to exercise the Put Option to sell their entire 40% interest in Procables to the Company. The Put Option will be paid by the Company based on the final per share purchase price, and is expected to be approximately \$18 million.

15. Shipping and Handling Costs

All shipping and handling amounts billed to a customer in a sales transaction are classified as revenue. Shipping and handling costs associated with storage and handling of finished goods and shipments to customers are included in the Cost of sales caption in the Condensed Consolidated Statements of Operations and Comprehensive Income (Loss) and totaled \$28.4 million and \$29.0 million, respectively, for the three fiscal months ended September 30, 2016 and October 2, 2015 and \$87.9 million and \$91.5 million, respectively, for the nine fiscal months ended September 30, 2016 and October 2, 2015.

16. Earnings (Loss) Per Common Share

The Company applies the two-class method of computing basic and diluted earnings per share.

A reconciliation of the numerator and denominator of earnings (loss) per common share-basic to earnings (loss) per common share-assuming dilution is as follows (in millions, except per share data):

	Three Fiscal Months Ended		Nine Fiscal Months Ended	
	September 30, 2016	October 2, 2015	September 30, 2016	October 2, 2015
Amounts attributable to the Company – basic and diluted:				
Net income (loss) attributable to Company common shareholders	\$ (14.3)	\$ (29.0)	\$ 10.8	\$ (74.0)
Net income (loss) for EPS computations ⁽¹⁾	(14.3)	(29.0)	10.8	(74.0)
Weighted average shares outstanding for basic EPS computation ⁽²⁾	49.6	48.9	49.5	48.9
Earnings (loss) per common share attributable to Company common shareholders – basic ⁽³⁾	\$ (0.29)	\$ (0.59)	\$ 0.22	\$ (1.51)
Weighted average shares outstanding including nonvested shares	49.6	48.9	49.5	48.9
Dilutive effect of stock options and restricted stock units	—	—	2.2	—
Weighted average shares outstanding for diluted EPS computation ⁽²⁾	49.6	48.9	51.7	48.9
Earnings (loss) per common share attributable to Company common shareholders – assuming dilution	\$ (0.29)	\$ (0.59)	\$ 0.21	\$ (1.51)

(1) Numerator

(2) Denominator

(3) Under the two-class method, earnings (loss) per share – basic reflects undistributed earnings per share for both common stock and unvested share-based payment awards (restricted stock).

For the three and nine months ended September 30, 2016, there were approximately 4.0 million shares and 1.8 million shares and for the three and nine months ended October 2, 2015, there were approximately 3.7 million shares excluded from the earnings per common share — assuming dilution computation because their impact was anti-dilutive, respectively.

Under ASC 260 - Earnings per Share and ASC 470 - Debt and because of the Company's obligation to settle the par value of the Subordinated Convertible Notes in cash, the Company is not required to include any shares underlying the Subordinated Convertible Notes in its weighted average shares outstanding – assuming dilution until the average stock price per share for the quarter exceeds the \$36.75 conversion price of the Subordinated Convertible Notes and only to the extent of the additional shares that the Company may be required to issue in the event that the Company's conversion obligation exceeds the principal amount of the Subordinated Convertible Notes. The average stock price threshold conditions had not been met as of September 30, 2016 or October 2, 2015. At any such time in the future that threshold conditions are met, only the number of shares issuable under the "treasury" method of accounting for the share dilution would be included in the Company's earnings per share – assuming dilution calculation, which is based upon the amount by which the average stock price exceeds the conversion price.

The following table provides examples of how changes in the Company's stock price would require the inclusion of additional shares in the denominator of the weighted average shares outstanding – assuming dilution calculation for the Subordinated Convertible Notes.

Share Price	Shares Underlying Subordinated Convertible Notes	Total Treasury Method Incremental Shares ⁽¹⁾
\$36.75	—	—
\$38.75	603,152	603,152
\$40.75	1,147,099	1,147,099
\$42.75	1,640,151	1,640,151
\$44.75	2,089,131	2,089,131

(1) Represents the number of incremental shares that must be included in the calculation of fully diluted shares under GAAP.

17. Segment Information

The Company conducts its operations through four geographic operating and reportable segments — North America, Europe, Latin America, and Africa/Asia Pacific. The Company's operating and reportable segments align with the structure of the Company's internal management organization. All four segments engage in the development, design, manufacturing, marketing and distribution of copper, aluminum, and fiber optic communication, construction, electric utility and electrical infrastructure wire and cable products. In addition to the above products, the North America and Latin America segments manufacture and distribute rod mill wire and cable products.

Net revenues as shown below represent sales to external customers for each segment. Intersegment sales have been eliminated. In the three and nine months ended September 30, 2016, intersegment sales were \$7.4 million and \$31.1 million in North America, \$3.5 million and \$7.9 million in Europe, \$4.7 million and \$14.5 million in Latin America and \$0.2 million in Africa/Asia Pacific, respectively. In the three and nine months ended October 2, 2015, intersegment sales were \$7.0 million and \$24.8 million in North America, \$2.1 million and \$16.4 million in Europe, and \$5.3 million and \$14.8 million in Latin America, respectively.

The chief operating decision maker ("CODM") evaluates segment performance and allocates resources based on segment operating income. Segment operating income represents income before interest income, interest expense, other income (expense), other financial costs and income tax. Summarized financial information for the Company's reportable segments for the three and nine fiscal months ended September 30, 2016 and October 2, 2015 is as follows:

(in millions)	Three Fiscal Months Ended		Nine Fiscal Months Ended	
	September 30, 2016	October 2, 2015	September 30, 2016	October 2, 2015
Net Sales:				
North America	\$ 496.1	\$ 571.9	\$ 1,565.2	\$ 1,819.5
Europe	212.1	231.0	663.5	743.7
Latin America	158.0	169.2	481.2	563.3
Africa/Asia Pacific	58.3	124.3	238.5	435.1
Total	<u>\$ 924.5</u>	<u>\$ 1,096.4</u>	<u>\$ 2,948.4</u>	<u>\$ 3,561.6</u>
Segment Operating Income (Loss):				
North America	\$ 10.0	\$ 17.9	\$ 101.5	\$ 78.4
Europe	10.8	3.2	17.0	7.9
Latin America	(7.1)	(1.2)	(10.4)	(19.6)
Africa/Asia Pacific	(9.0)	4.9	(29.6)	(15.1)
Total	<u>\$ 4.7</u>	<u>\$ 24.8</u>	<u>\$ 78.5</u>	<u>\$ 51.6</u>

(in millions)	September 30, 2016	December 31, 2015
Total Assets:		
North America	\$ 945.9	\$ 986.9
Europe	688.9	632.0
Latin America	491.0	480.8
Africa/Asia Pacific	243.8	354.9
Total	<u>\$ 2,369.6</u>	<u>\$ 2,454.6</u>

18. Commitments and Contingencies

Environmental matters

We are subject to a variety of federal, state, local and foreign laws and regulations covering the storage, handling, emission and discharge of materials into the environment, including CERCLA, the Clean Water Act, the Clean Air Act (including the 1990 amendments) and the Resource Conservation and Recovery Act.

Our subsidiaries in the United States have been identified as potentially responsible parties with respect to several sites designated for cleanup under CERCLA or similar state laws, which impose liability for cleanup of certain waste sites and for related natural resource damages without regard to fault or the legality of waste generation or disposal. Persons liable for such costs and damages generally include the site owner or operator and persons that disposed or arranged for the disposal of hazardous substances found at those sites. Although CERCLA imposes joint and several liability on all potentially responsible parties, in application, the potentially responsible parties typically allocate the investigation and cleanup costs based upon, among other things, the volume of waste contributed by each potentially responsible party.

Settlements can often be achieved through negotiations with the appropriate environmental agency or the other potentially responsible parties. Potentially responsible parties that contributed small amounts of waste (typically less than 1% of the waste) are often given the opportunity to settle as “de minimus” parties, resolving their liability for a particular site. We do not own or operate any of the waste sites with respect to which we have been named as a potentially responsible party by the government. Based on our review and other factors, we believe that costs relating to environmental clean-up at these sites will not have a material adverse effect on our results of operations, cash flows or financial position.

On March 7, 2011, GK Technologies, Inc. (“GK Tech”) was served with a Complaint filed on February 24, 2011, by the Housing Authority of the City of Los Angeles (“HACLA”) arising under CERCLA, California statutory law, and common law in the case known as Housing Authority of the City of Los Angeles v. PCC Technical Industries, Inc., Case No. 11-CV-01626 FMO (C.D. Cal.). The Housing Authority contends that GK Tech and several other defendants are responsible for environmental contamination at property located at 9901 S. Alameda Street in Los Angeles (the “Site”), which was apparently the location of a steel recycling mill formerly operated by a former subsidiary of GK Tech. The former subsidiary was legally dissolved in September 1993.

GK Tech has asserted various defenses to the claim, including the dissolution of the former subsidiary and the lack of knowledge of the environmental contamination. The Court had previously determined, as a matter of law, that the former subsidiary is one of several potentially responsible parties (“PRPs”) liable under CERCLA for costs of remediation of the contamination at the Site.

HACLA began conducting remediation work at the Site in April 2015, with projected costs at the time ranging from \$5 million to \$13 million. In October 2015, HACLA substantially expanded the scope of the remediation work at the Site and now estimates that the total costs to complete the work are between \$21 million and \$30 million. HACLA has collected some amounts through prior settlements with parties that owned and/or conducted operations on the Site after March 1979, which amounts we believe would partially offset any possible liability of GK Tech. GK Tech believes that it has very good defenses to HACLA’s successor liability theories but, nevertheless, it is reasonably possible that GK Tech could be held liable for between \$0 million and \$30 million in this case.

At September 30, 2016 and December 31, 2015, we had an accrued liability of approximately \$4.6 million and \$3.6 million, respectively, for various environmental-related liabilities to the extent costs are known or can be reasonably estimated as a liability. While it is difficult to estimate future environmental-related liabilities accurately, we do not currently anticipate any material adverse effect on our results of operations, financial position or cash flows as a result of compliance with federal, state, local or foreign environmental laws or regulations or cleanup costs of the sites discussed above.

Asbestos litigation

We have been a defendant in asbestos litigation for the past 28 years. Our subsidiaries have been named as defendants in lawsuits alleging exposure to asbestos in products manufactured by us. As of September 30, 2016, we were a defendant in approximately 322 cases brought in state and federal courts throughout the United States. In the nine months ended September 30, 2016, 65 asbestos cases were brought against us. In the calendar year 2015, 99 asbestos cases were brought against us. In the last 28 years, we have had no cases proceed to verdict. In many of the cases, we were dismissed as a defendant before trial for lack of product identification. As of September 30, 2016, 50,942 asbestos cases have been dismissed. In the nine months ended September 30, 2016, 67 asbestos cases were dismissed. As of December 31, 2015, 50,875 cases were dismissed. With regards to the approximately 322 remaining pending cases, we are aggressively defending these cases based upon either lack of product identification as to whether we manufactured asbestos-containing product and/or lack of exposure to asbestos dust from the use of our product.

As of September 30, 2016, plaintiffs have asserted monetary damages in 165 cases. In 56 of these cases, plaintiffs allege only damages in excess of some dollar amount (about \$681 thousand per plaintiff); in these cases there are no claims for specific dollar amounts requested as to any defendant. In 108 other cases pending in state and federal district courts, plaintiffs seek approximately \$430 million in damages from as many as 50 defendants. In one case, plaintiffs have asserted damages related to General Cable

[Table of Contents](#)

in the amount of \$4 million. In addition, in relation to these 165 cases, there are claims of \$270 million in punitive damages from all of the defendants. However, many of the plaintiffs in these cases allege non-malignant injuries. As of September 30, 2016 and December 31, 2015, we had accrued, on a gross basis, approximately \$4.3 million and \$4.1 million, respectively, and as of September 30, 2016 and December 31, 2015, had recovered approximately \$0.4 million of insurance recoveries for these lawsuits. The net amount of \$3.9 million and \$3.7 million, as of September 30, 2016 and December 31, 2015, respectively, represents our best estimate in order to cover resolution of current asbestos-related claims.

The components of the asbestos litigation reserve are current and future asbestos-related claims. The significant assumptions are: (1) the number of cases per state, (2) an estimate of the judgment per case per state, (3) an estimate of the percentage of cases per state that would make it to trial and (4) the estimated total liability percentage, excluding insurance recoveries, per case judgment. Management's estimates are based on the Company's historical experience with asbestos related claims. The Company's current history of asbestos claims does not provide sufficient and reasonable information to estimate a range of loss for potential future, unasserted asbestos claims because the number and the value of the alleged damages of such claims have not been consistent. As such, the Company does not believe a reasonably possible range can be estimated with respect to asbestos claims that may be filed in the future.

Settlement payments are made, and the asbestos accrual is relieved, when we receive a fully executed settlement release from the plaintiff's counsel. As of September 30, 2016 and December 31, 2015, aggregate settlement costs were \$9.8 million and \$9.7 million, respectively. For the nine months ended September 30, 2016 and October 2, 2015, settlement costs totaled less than \$0.1 million and \$0.2 million, respectively. As of September 30, 2016 and December 31, 2015, aggregate litigation costs were \$26.9 million and \$26.1 million, respectively. For the nine months ended September 30, 2016 and October 2, 2015, litigation costs were \$0.8 million and \$1.1 million, respectively.

In January 1994, we entered into a settlement agreement with certain principal primary insurers concerning liability for the costs of defense, judgments and settlements, if any, in all of the asbestos litigation described above. Subject to the terms and conditions of the settlement agreement, the insurers were responsible for a substantial portion of the costs and expenses incurred in the defense or resolution of this litigation. However, one of the insurers participating in the settlement that was responsible for a significant portion of the contribution under the settlement agreement entered into insurance liquidation proceedings and another became insolvent. As a result, the contribution of the insurers has been reduced and we have had to bear substantially most of the costs relating to these lawsuits.

European Commission competition matter

As part of the Company's acquisition of Silec in December 2005, SAFRAN SA ("SAFRAN"), agreed to indemnify the Company for the full amount of losses arising from, related to or attributable to practices, if any, that are similar to previous practices investigated by the French competition authority for alleged competition law violations related to medium-and high voltage cable markets. The Company has asserted a claim under this indemnity against SAFRAN related to the European Commission's Statement of Objections, discussed below, to preserve the Company's rights in case of an adverse European Commission decision.

On July 5, 2011, the European Commission issued a Statement of Objections in relation to its ongoing competition investigation to a number of wire and cable manufacturers in the submarine and underground power cables business, including our Spanish affiliate, Grupo General Cable Sistemas, and its French subsidiary, Silec. The Statement of Objections alleged that the two affiliates engaged in violations of competition law in the underground power cables businesses for limited periods of time. The allegations related to Grupo General Cable Sistemas claimed that it had participated in a cartel from January 2003 to May 2007, while the allegations related to Silec were for the ten month period following its December 22, 2005 acquisition from SAFRAN by Grupo General Cable Sistemas.

Following our formal responses to the Statement of Objections in October 2011 and a hearing in 2012, the European Commission issued a final decision on April 2, 2014. In the decision, the claims of infringement against Grupo General Cable Sistemas were dismissed for lack of evidence of alleged cartel activity. With regard to Silec, the European Commission's decision imposed a fine of 1.9 million Euros related to the period Silec has been owned by us. This fine was based on participation that allegedly commenced well before Silec was acquired by us. On June 13, 2014, we filed an appeal with the General Court of the European Union challenging the European Commission's decision as to Silec in Europe based on established precedent. We also continue to pursue our claim for full indemnification for the Silec fine under the terms of the acquisition agreement with SAFRAN executed in 2005.

Transformer damage claims

In March 2012, we received formal notice of a claim for damages arising from a transformer fire that occurred in December 2010 allegedly resulting in loss of equipment and some consequential damages at a metal processing facility in Iceland. We supplied and installed cables and terminations to the transformer, which was manufactured and installed by an independent third party, during 2006 and the first quarter of 2007. Our work was inspected and accepted by the customer in March 2007. In August 2012, the customer initiated arbitration proceedings before the ICC Tribunal with a request to arbitrate in Pennsylvania. In September 2012, we initiated litigation in Pennsylvania state court seeking a declaration that we are not liable for any damages associated

[Table of Contents](#)

with the alleged loss resulting from the transformer fire and seeking to enjoin the ICC arbitration proceedings. The customer then moved the case from state to federal district court in the Western District of Pennsylvania which determined on motion that the ICC Tribunal not the court should decide whether the claims were arbitrable in the first instance. The arbitration was conducted before the ICC Tribunal in April 2015, and the parties filed post-hearing briefs. On March 24, 2016, the ICC Tribunal issued its final order finding the Company liable for \$15.7 million in damages plus prejudgment interest of \$3.5 million. The Company was fully insured for the \$19.2 million award. Payment from the insurers was made in the second quarter of 2016.

Brazil tax matters

One of our Brazilian subsidiaries is involved in administrative proceedings with State treasury offices regarding whether tax incentives granted to us by one Brazilian state are applicable to goods sold in another Brazilian State. We believe we correctly relied on the tax incentives granted and that we have substantial defenses to their disallowance by the Brazilian State claimant. The total amount of taxes allegedly due for the infractions including potential interest and penalties is up to \$8 million. In September 2012, an Administrative Court found that we were not liable for any incentive tax payments claimed by the State treasury office, however this determination was overturned on appeal and has since been further appealed. This appeal remains pending at the Brazilian Courts. Despite the pending appeal, in October 2014, the State issued a summons to recover the approximately \$8 million of contested incentives described above, and we are complying with the terms of the State's summons while continuing to contest the Court's ruling. We currently estimate our range of reasonably possible loss to be between \$0 million and \$8 million.

Our Brazilian subsidiaries have received notifications of various other claims related to disputed tax credits taken on Federal Tax Offset returns, which are in various phases of litigation. We believe we correctly applied the tax credits taken and that we have substantial defenses to these claims. The total amount of taxes allegedly due for the disputed credits, including potential interest and penalties, is up to \$12 million.

Government and internal investigations

We have been reviewing, with the assistance of external counsel, our use and payment of agents in connection with, and certain other transactions involving, our operations in Angola, Thailand, India, China and Egypt (the "Subject Countries"). Our review has focused upon payments and gifts made, offered, contemplated or promised by certain employees in one or more of the Subject Countries, directly and indirectly, and at various times, to employees of public utility companies and/or other officials of state owned entities that raise concerns under the FCPA and possibly under the laws of other jurisdictions. During 2015, we substantially completed our internal review in the Subject Countries and, based on our findings, we increased our outstanding FCPA-related accrual to \$28 million in the year ended December 31, 2015. We subsequently entered into and have continued to hold discussions with the SEC and DOJ regarding the terms of a potential resolution of the ongoing investigations. Based on these discussions, we now believe that the total amount required to resolve the investigation, including disgorgement of profits, pre-judgment interest, and potential fines and penalties is in the range of \$33 million to approximately \$120 million. The existing accrual as of September 30, 2016 remains \$33 million, which represents the low-end of the range and an increase of \$5 million since December 31, 2015. The amount accrued and the additional range of reasonably possible loss reflect profits and pre-judgment interest that may be disgorged and DOJ fines or penalties that may be imposed, but do not include, and we are not able to reasonably estimate, the amount of any additional possible fines, civil penalties or other relief that may be sought with respect to the SEC FCPA investigation or the SEC accounting investigation described below, any or all of which could be substantial. The SEC and DOJ inquiries into these matters remain ongoing, and we continue to cooperate with the DOJ and the SEC with respect to these matters. At this time, we are unable to predict the nature or duration of any action that may be taken by the DOJ or SEC or any remedies these agencies may pursue as a result of such actions, in the event that we do not reach to a mutually agreeable resolution with the DOJ and SEC.

As previously disclosed, we conducted internal investigations, subject to the oversight of the Audit Committee of our Board of Directors and with the assistance of external counsel, principally relating to matters resulting in restatements of a number of our previously issued financial statements. The matters addressed in the investigations included (i) inventory accounting errors addressed in the restatements, including those resulting from inventory theft in Brazil, as well as the timing of internal reporting of the inventory accounting issues to senior corporate management at our headquarters in Highland Heights, Kentucky and (ii) historical revenue recognition accounting practices with regard to "bill and hold" sales in Brazil related to aerial transmission projects, including instances where we determined that the requirements for revenue recognition under GAAP with respect to the bill and hold sales were not met. ("Bill and hold" sales generally are sales meeting specified criteria under GAAP that enable the seller to recognize revenue at the time title to goods and ownership risk is transferred to the customer, even though the seller does not ship the goods until a later time. In typical sales transactions other than those accounted for as bill and hold, title to goods and ownership risk is transferred to the customer at the time of shipment or delivery.) In connection with these matters, among others, our management identified control deficiencies that constituted material weaknesses in our internal control over financial reporting. These material weaknesses resulted in accounting errors that caused us to issue two sets of restated financial statements. In March 2013, principally to correct the inventory accounting errors, we issued restated consolidated financial statements as of December 31, 2011 and 2010 and for the years ended December 31, 2011, 2010 and 2009, and unaudited restated financial statements for interim periods in 2011 and interim periods ended on March 30, 2012 and June 29, 2012. In January 2014, principally to correct

[Table of Contents](#)

errors relating to revenue recognition with respect to the bill and hold sales, we issued restated consolidated financial statements (which also encompassed matters addressed in the earlier restatement) as of December 31, 2012, 2011 and 2010 and for the years ended December 31, 2012, 2011, 2010 and 2009, and unaudited restated financial statements for interim periods in 2011 and 2012 and the interim period ended on March 29, 2013.

We voluntarily contacted the SEC to advise it of our initial internal investigation, and we have continued to provide information to the SEC on an ongoing basis, including, among other things, information regarding the matters described above and certain earnings management activities by employees prior to the end of 2012. As we previously disclosed, these earnings management activities (none of which identified to date had a material effect on our consolidated financial statements) were designed to delay the reporting of expenses or other charges, including improper capitalization of costs, misuse of accruals and failure to timely report inventory shortfalls identified through physical inventory counts. The SEC has issued a formal order of investigation. Pursuant to the formal order, the SEC issued subpoenas to us seeking relevant documents and to certain of our current and former employees seeking their testimony. The SEC has requested information regarding, among other things, the above-described Angola matter, matters that were subject to our internal investigations and earnings management activities by employees. We continue to cooperate with the SEC in connection with its investigation.

Any determination that our operations or activities are not in compliance with existing laws or regulations could result in the imposition of substantial fines, civil and criminal penalties, and equitable remedies, including disgorgement and injunctive relief.

Purported class action and derivative litigation

Litigation was initiated against us and certain of our current and former directors, executive officers and employees following the restating of our financial statements, principally as a result of the matters described above under “Government and internal investigations” relating to our Brazilian business.

Two civil complaints were filed in the United States District Court for the Southern District of New York on October 21, 2013 and December 4, 2013 by named plaintiffs, on behalf of purported classes of persons who purchased or otherwise acquired our publicly traded securities, against us, Gregory Kenny, our former President and Chief Executive Officer, and Brian Robinson, our former Executive Vice President and Chief Financial Officer. On our motion, the complaints were transferred to the United States District Court for the Eastern District of Kentucky, the actions were consolidated, and a consolidated complaint was filed in that Court on May 20, 2014 by City of Livonia Employees Retirement System, as lead plaintiff on behalf of a purported class of all persons or entities who purchased our securities between November 3, 2010 and October 14, 2013 (the “City of Livonia Complaint”). The City of Livonia Complaint alleged claims under the antifraud and controlling person liability provisions of the Exchange Act, alleging generally, among other assertions, that we employed inadequate internal financial reporting controls that resulted in, among other things, improper revenue recognition, understated cost of sales, overstated operating income, net income and earnings per share, and the failure to detect inventory lost through theft; that we issued materially false financial results that had to be restated on two occasions; and that statements of Messrs. Kenny and Robinson that they had tested and found effective our internal controls over financial reporting and disclosure were false. The City of Livonia Complaint alleged that as a result of the foregoing, our stock price was artificially inflated and the plaintiffs suffered damages in connection with their purchase of our stock. The City of Livonia Complaint sought damages in an unspecified amount; reasonable costs and expenses, including counsel and experts fees; and such equitable injunctive or other relief as the Court deems just and proper. On January 27, 2015, the Court dismissed the City of Livonia Complaint, with prejudice, based on plaintiff’s failure to state a claim upon which relief could be granted. Plaintiff subsequently appealed the lower Court’s decisions to the Sixth Circuit Court of Appeals, which affirmed the lower Court’s decisions dismissing the case. The period of time available to plaintiff to further appeal the Sixth Circuit’s decision has now expired, and the case is closed.

In addition, a derivative complaint was filed on January 7, 2014 in the Campbell County, Kentucky Circuit Court against all but one member of our Board of Directors, including Mr. Kenny, two former directors, Mr. Robinson and two former officers, one of whom is a former executive officer. The derivative complaint alleges that the defendants breached their fiduciary duties by knowingly failing to ensure that we implemented and maintained adequate internal controls over our accounting and financial reporting functions and by knowingly disseminating to stockholders materially false and misleading statements concerning our financial results and internal controls. The derivative complaint seeks damages in an unspecified amount, appropriate equitable relief to remedy the alleged breaches of fiduciary duty, attorneys’ fees, experts’ fees and other costs. On March 5, 2014, the derivative case was placed on inactive status until a motion is filed by a party to reinstate the action to the Court’s active docket. On July 27, 2016, plaintiff filed a Notice of Dismissal with the Court, voluntarily terminating the derivative litigation.

Other

In addition, we are involved in various routine legal proceedings and administrative actions incidental to our business. In the opinion of our management, these routine proceedings and actions should not, individually or in the aggregate, have a material adverse effect on our consolidated results of operations, cash flows or financial position. However, in the event of unexpected future developments, it is possible that the ultimate resolution of these matters or other similar matters, if unfavorable, may have such adverse effects.

[Table of Contents](#)

In accordance with GAAP, we record a liability when it is both probable that a liability has been incurred and the amount of the loss can be reasonably estimated. These provisions are reviewed at least quarterly and adjusted to reflect the impacts of negotiations, settlements, rulings, advice of legal counsel, and other information and events pertaining to a particular case. To the extent additional information arises or our strategies change, it is possible that our estimate of our probable liability in these matters may change.

The General Cable Executive Severance Benefit Plan ("Severance Plan"), effective January 1, 2008, applicable to our U.S. executives holding a position of Executive Vice President or above prior to August 1, 2014, and the 2014 Executive Officer Severance Plan ("2014 Severance Plan"), applicable to the Company's executive officers holding a position of Executive Vice President or above or the position of Chief Financial Officer, General Counsel, Chief Compliance Officer or Chief Human Resources Officer and were hired or first promoted into such position after August 1, 2014, each include a change in control provision such that the executives may receive payments or benefits in accordance with the Severance Plan or 2014 Severance Plan, as applicable, to the extent that both a change of control and a triggering event, each as defined in the Severance Plan, occur. Unless there are circumstances of ineligibility, as defined, the Company must provide payments and benefits upon both a change in control and a triggering event.

The Company has entered into various operating lease agreements related principally to certain administrative, manufacturing and distribution facilities and transportation equipment. At September 30, 2016, future minimum rental payments required under non-cancelable lease agreements during the twelve month periods beginning September 30, 2016 through October 1, 2021 and thereafter are \$17.9 million, \$11.3 million, \$8.0 million, \$6.2 million and \$5.1 million, respectively, and \$12.7 million thereafter.

As of September 30, 2016, the Company had \$22.3 million in letters of credit, \$223.8 million in various performance bonds and \$77.0 million in other guarantees. Other guarantees include bank guarantees and advance payment bonds. These letters of credit, performance bonds and guarantees are periodically renewed and are generally related to risk associated with self-insurance claims, defined benefit plan obligations, contract performance, quality and other various bank and financing guarantees. Advance payment bonds are often required by customers when the Company obtains advance payments to secure the production of cable for long-term contracts. The advance payment bonds provide the customer protection on their deposit in the event that the Company does not perform under the contract.

19. Unconsolidated Affiliated Companies

Unconsolidated affiliated companies are those in which the Company generally owns less than 50 percent of the outstanding voting shares. The Company does not control these companies and accounts for its investments in them on the equity method basis. The unconsolidated affiliated companies primarily manufacture or market wire and cable products in the Latin America and Africa/Asia Pacific segments. The Company's share of the income of these companies is reported in the Condensed Consolidated Statements of Operations and Comprehensive Income (Loss) under "Equity in net earnings of affiliated companies." For the three fiscal months ended September 30, 2016 and October 2, 2015, equity in net earnings of affiliated companies was \$0.3 million and \$0.1 million, respectively. For the nine fiscal months ended September 30, 2016 and October 2, 2015, equity in net earnings of affiliated companies was \$0.7 million and \$0.3 million, respectively. The net investment in unconsolidated affiliated companies was \$9.1 million and \$8.4 million as of September 30, 2016 and December 31, 2015, respectively. As of September 30, 2016, the Company's ownership percentage was as follows: Colada Continua Chilena, S.A. 41%, Nostag GmbH & Co. KG 33%, and Pakistan Cables Limited 24.6%.

20. Fair Value Disclosure

The fair market values of the Company's financial instruments are determined based on the fair value hierarchy as discussed in ASC 820 - Fair Value Measurements.

The Company carries derivative assets and liabilities (Level 2) and marketable equity securities (Level 1) held in the rabbi trust as part of the Company's Deferred Compensation Plan at fair value. The fair values of derivative assets and liabilities traded in the over-the-counter market are determined using quantitative models that require the use of multiple market inputs including interest rates, prices and indices to generate pricing and volatility factors, which are used to value the position. The predominance of market inputs are actively quoted and can be validated through external sources, including brokers, market transactions and third-party pricing services. Marketable equity securities are recorded at fair value, which are based on quoted market prices.

Financial assets and liabilities measured at fair value on a recurring basis are summarized below (in millions).

	Fair Value Measurement								
	September 30, 2016				December 31, 2015				
	Level 1	Level 2	Level 3	Fair Value	Level 1	Level 2	Level 3	Fair Value	
Assets:									
Derivative assets	\$ —	\$ 3.6	\$ —	\$ 3.6	\$ —	\$ 0.9	\$ —	\$ 0.9	
Equity securities ⁽¹⁾	10.3	—	—	10.3	18.0	—	—	18.0	
Total assets	\$ 10.3	\$ 3.6	\$ —	\$ 13.9	\$ 18.0	\$ 0.9	\$ —	\$ 18.9	
Liabilities:									
Derivative liabilities	\$ —	\$ 3.0	\$ —	\$ 3.0	\$ —	\$ 12.3	\$ —	\$ 12.3	
Total liabilities	\$ —	\$ 3.0	\$ —	\$ 3.0	\$ —	\$ 12.3	\$ —	\$ 12.3	

(1) Balance represents the market value of the assets, exclusive of the market value of restricted stock and restricted stock units held ("Deferred Stock") and the General Cable Stock Fund by participants' elections, held in the Rabbi Trust in connection with the Company's deferred compensation plan at September 30, 2016 and December 31, 2015 classified as "other non-current assets" in the Condensed Consolidated Balance Sheets. The market value of mutual fund investments and the General Cable Stock Fund in the Rabbi Trust was \$16.2 million and \$25.6 million as of September 30, 2016 and December 31, 2015, respectively. Amounts payable to the plan participants at September 30, 2016 and December 31, 2015, excluding the Deferred Stock, were \$11.4 million and \$19.0 million, respectively, and are classified as "Other liabilities" in the Condensed Consolidated Balance Sheets.

At September 30, 2016, there were no material financial assets or financial liabilities measured at fair value on a recurring basis using significant unobservable inputs (Level 3). Similarly, there were no other nonfinancial assets or nonfinancial liabilities measured at fair value on a non-recurring basis.

21. Supplemental Guarantor Condensed Financial Information

General Cable Corporation (“Parent Company”) and its U.S. 100% wholly-owned subsidiaries (“Guarantor Subsidiaries”) fully and unconditionally guarantee the \$600.0 million of 5.75% Senior Notes due in 2022 of the Parent Company on a joint and several basis. The following tables present financial information about the Parent Company, Guarantor Subsidiaries and Non-Guarantor Subsidiaries in millions. Intercompany transactions are eliminated in the “Eliminations” column of the Supplemental Guarantor Condensed Financial Information tables.

**Condensed Statements of Operations and Comprehensive Income (Loss) Information
Three Fiscal Months Ended September 30, 2016**

	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Total
Net sales:					
Customers	\$ —	\$ 422.1	\$ 502.4	\$ —	\$ 924.5
Intercompany	16.5	44.6	36.0	(97.1)	—
	16.5	466.7	538.4	(97.1)	924.5
Cost of sales	—	405.9	496.3	(80.6)	821.6
Gross profit	16.5	60.8	42.1	(16.5)	102.9
Selling, general and administrative expenses	13.7	45.5	43.4	(16.5)	86.1
Goodwill impairment charges	—	7.4	—	—	7.4
Intangible asset impairment charges	—	4.7	—	—	4.7
Operating income (loss)	2.8	3.2	(1.3)	—	4.7
Other income (expense)	—	0.2	(2.3)	—	(2.1)
Interest income (expense):					
Interest expense	(14.4)	(15.9)	(7.7)	15.5	(22.5)
Interest income	14.1	1.2	0.4	(15.5)	0.2
	(0.3)	(14.7)	(7.3)	—	(22.3)
Income (loss) before income taxes	2.5	(11.3)	(10.9)	—	(19.7)
Income tax (provision) benefit	(1.1)	11.4	(4.6)	—	5.7
Equity in net earnings of affiliated companies and subsidiaries	(15.7)	(15.8)	0.1	31.7	0.3
Net income (loss) including noncontrolling interest	(14.3)	(15.7)	(15.4)	31.7	(13.7)
Less: net income (loss) attributable to noncontrolling interest	—	—	0.6	—	0.6
Net income (loss) attributable to Company common shareholders	\$ (14.3)	\$ (15.7)	\$ (16.0)	\$ 31.7	\$ (14.3)
Comprehensive income (loss):					
Net income (loss)	\$ (14.3)	\$ (15.7)	\$ (15.4)	\$ 31.7	\$ (13.7)
Currency translation gain (loss)	12.8	12.8	15.2	(27.4)	13.4
Defined benefit plan adjustments, net of tax	1.3	1.3	0.3	(1.6)	1.3
Comprehensive income (loss), net of tax	(0.2)	(1.6)	0.1	2.7	1.0
Comprehensive income (loss) attributable to noncontrolling interest, net of tax	—	—	1.2	—	1.2
Comprehensive income (loss) attributable to Company common shareholders, net of tax	\$ (0.2)	\$ (1.6)	\$ (1.1)	\$ 2.7	\$ (0.2)

Condensed Statements of Operations and Comprehensive Income (Loss) Information
Three Fiscal Months Ended October 2, 2015

	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Total
Net sales:					
Customers	\$ —	\$ 477.4	\$ 619.0	\$ —	\$ 1,096.4
Intercompany	18.5	54.4	37.1	(110.0)	—
	18.5	531.8	656.1	(110.0)	1,096.4
Cost of sales	—	468.3	604.3	(91.5)	981.1
Gross profit	18.5	63.5	51.8	(18.5)	115.3
Selling, general and administrative expenses	18.3	48.3	42.4	(18.5)	90.5
Operating income (loss)	0.2	15.2	9.4	—	24.8
Other income (expense)	—	(3.2)	(25.7)	—	(28.9)
Interest income (expense):					
Interest expense	(14.3)	(16.3)	(8.1)	15.5	(23.2)
Interest income	13.8	1.8	0.6	(15.5)	0.7
	(0.5)	(14.5)	(7.5)	—	(22.5)
Income (loss) before income taxes	(0.3)	(2.5)	(23.8)	—	(26.6)
Income tax (provision) benefit	(1.2)	4.5	(8.6)	—	(5.3)
Equity in net earnings of affiliated companies and subsidiaries	(27.5)	(29.5)	—	57.1	0.1
Net income (loss) including noncontrolling interest	(29.0)	(27.5)	(32.4)	57.1	(31.8)
Less: net income (loss) attributable to noncontrolling interest	—	—	(2.8)	—	(2.8)
Net income (loss) attributable to Company common shareholders	\$ (29.0)	\$ (27.5)	\$ (29.6)	\$ 57.1	\$ (29.0)
Comprehensive income (loss):					
Net income (loss)	\$ (29.0)	\$ (27.5)	\$ (32.4)	\$ 57.1	\$ (31.8)
Currency translation gain (loss)	(16.2)	(16.2)	(19.2)	32.2	(19.4)
Defined benefit plan adjustments, net of tax	1.8	1.8	0.6	(2.4)	1.8
Comprehensive income (loss), net of tax	(43.4)	(41.9)	(51.0)	86.9	(49.4)
Comprehensive income (loss) attributable to noncontrolling interest, net of tax	—	—	(6.3)	—	(6.3)
Comprehensive income (loss) attributable to Company common shareholders, net of tax	\$ (43.4)	\$ (41.9)	\$ (44.7)	\$ 86.9	\$ (43.1)

Condensed Statements of Operations and Comprehensive Income (Loss) Information
Nine Fiscal Months Ended September 30, 2016

	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Total
Net sales:					
Customers	\$ —	\$ 1,322.5	\$ 1,625.9	\$ —	\$ 2,948.4
Intercompany	50.2	162.8	115.5	(328.5)	—
	50.2	1,485.3	1,741.4	(328.5)	2,948.4
Cost of sales	—	1,302.3	1,591.4	(278.3)	2,615.4
Gross profit	50.2	183.0	150.0	(50.2)	333.0
Selling, general and administrative expenses	45.3	86.8	156.1	(50.2)	238.0
Goodwill impairment charges	—	7.4	1.6	—	9.0
Intangible asset impairment charges	—	5.0	2.5	—	7.5
Operating income (loss)	4.9	83.8	(10.2)	—	78.5
Other income (expense)	—	(0.1)	4.8	—	4.7
Interest income (expense):					
Interest expense	(43.1)	(48.0)	(21.5)	45.4	(67.2)
Interest income	41.6	3.8	1.2	(45.4)	1.2
	(1.5)	(44.2)	(20.3)	—	(66.0)
Income (loss) before income taxes	3.4	39.5	(25.7)	—	17.2
Income tax (provision) benefit	(2.1)	7.6	(13.2)	—	(7.7)
Equity in net earnings of affiliated companies and subsidiaries	9.5	(37.6)	0.2	28.6	0.7
Net income (loss) including noncontrolling interest	10.8	9.5	(38.7)	28.6	10.2
Less: net income (loss) attributable to noncontrolling interest	—	—	(0.6)	—	(0.6)
Net income (loss) attributable to Company common shareholders	\$ 10.8	\$ 9.5	\$ (38.1)	\$ 28.6	\$ 10.8
Comprehensive income (loss):					
Net income (loss)	\$ 10.8	\$ 9.5	\$ (38.7)	\$ 28.6	\$ 10.2
Currency translation gain (loss)	44.1	44.1	42.1	(85.7)	44.6
Defined benefit plan adjustments, net of tax	3.9	3.9	0.9	(4.8)	3.9
Comprehensive income (loss), net of tax	58.8	57.5	4.3	(61.9)	58.7
Comprehensive income (loss) attributable to noncontrolling interest, net of tax	—	—	(0.1)	—	(0.1)
Comprehensive income (loss) attributable to Company common shareholders, net of tax	\$ 58.8	\$ 57.5	\$ 4.4	\$ (61.9)	\$ 58.8

Condensed Statements of Operations and Comprehensive Income (Loss) Information
Nine Fiscal Months Ended October 2, 2015

	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Total
Net sales:					
Customers	\$ —	\$ 1,520.9	\$ 2,040.7	\$ —	\$ 3,561.6
Intercompany	56.7	179.1	117.8	(353.6)	—
	56.7	1,700.0	2,158.5	(353.6)	3,561.6
Cost of sales	—	1,495.2	1,995.8	(296.9)	3,194.1
Gross profit	56.7	204.8	162.7	(56.7)	367.5
Selling, general and administrative expenses	54.8	137.2	175.7	(56.7)	311.0
Goodwill impairment charges	—	—	3.2	—	3.2
Intangible asset impairment charges	—	—	1.7	—	1.7
Operating income (loss)	1.9	67.6	(17.9)	—	51.6
Other income (expense)	0.7	(7.2)	(55.4)	—	(61.9)
Interest income (expense):					
Interest expense	(44.1)	(49.9)	(28.6)	48.4	(74.2)
Interest income	42.4	6.1	2.1	(48.4)	2.2
	(1.7)	(43.8)	(26.5)	—	(72.0)
Income (loss) before income taxes	0.9	16.6	(99.8)	—	(82.3)
Income tax (provision) benefit	(2.0)	11.1	(8.2)	—	0.9
Equity in net earnings of affiliated companies and subsidiaries	(72.9)	(100.6)	0.1	173.7	0.3
Net income (loss) including noncontrolling interest	(74.0)	(72.9)	(107.9)	173.7	(81.1)
Less: net income (loss) attributable to noncontrolling interest	—	—	(7.1)	—	(7.1)
Net income (loss) attributable to Company common shareholders	\$ (74.0)	\$ (72.9)	\$ (100.8)	\$ 173.7	\$ (74.0)
Comprehensive income (loss):					
Net income (loss)	\$ (74.0)	\$ (72.9)	\$ (107.9)	\$ 173.7	\$ (81.1)
Currency translation gain (loss)	(70.0)	(70.0)	(55.4)	117.8	(77.6)
Defined benefit plan adjustments, net of tax	6.6	6.6	3.0	(9.6)	6.6
Comprehensive income (loss), net of tax	(137.4)	(136.3)	(160.3)	281.9	(152.1)
Comprehensive income (loss) attributable to noncontrolling interest, net of tax	—	—	(15.0)	—	(15.0)
Comprehensive income (loss) attributable to Company common shareholders, net of tax	\$ (137.4)	\$ (136.3)	\$ (145.3)	\$ 281.9	\$ (137.1)

Condensed Balance Sheets Information
September 30, 2016

	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Total
Assets					
Current assets:					
Cash and cash equivalents	\$ —	\$ 2.5	\$ 117.7	\$ —	\$ 120.2
Receivables, net of allowances	—	228.9	498.5	—	727.4
Inventories	—	328.8	450.8	—	779.6
Prepaid expenses and other	—	22.1	50.1	—	72.2
Total current assets	—	582.3	1,117.1	—	1,699.4
Property, plant and equipment, net	0.3	193.5	350.3	—	544.1
Deferred income taxes	—	62.2	28.1	(62.2)	28.1
Intercompany accounts	1,095.5	109.6	70.6	(1,275.7)	—
Investment in subsidiaries	129.8	677.9	—	(807.7)	—
Goodwill	—	5.6	6.6	—	12.2
Intangible assets, net	—	6.0	22.9	—	28.9
Unconsolidated affiliated companies	—	8.9	0.2	—	9.1
Other non-current assets	—	17.0	30.8	—	47.8
Total assets	<u>\$ 1,225.6</u>	<u>\$ 1,663.0</u>	<u>\$ 1,626.6</u>	<u>\$ (2,145.6)</u>	<u>\$ 2,369.6</u>
Liabilities and Total Equity					
Current liabilities:					
Accounts payable	\$ —	\$ 120.7	\$ 296.7	\$ —	\$ 417.4
Accrued liabilities	7.3	114.5	220.6	—	342.4
Current portion of long-term debt	—	—	96.1	—	96.1
Total current liabilities	7.3	235.2	613.4	—	855.9
Long-term debt	771.3	66.0	59.6	—	896.9
Deferred income taxes	184.2	—	17.3	(62.2)	139.3
Intercompany accounts	—	1,165.0	110.7	(1,275.7)	—
Other liabilities	0.6	67.0	114.7	—	182.3
Total liabilities	963.4	1,533.2	915.7	(1,337.9)	2,074.4
Redeemable noncontrolling interest	—	—	18.2	—	18.2
Total Company shareholders' equity	262.2	129.8	677.9	(807.7)	262.2
Noncontrolling interest	—	—	14.8	—	14.8
Total liabilities, redeemable noncontrolling interest and equity	<u>\$ 1,225.6</u>	<u>\$ 1,663.0</u>	<u>\$ 1,626.6</u>	<u>\$ (2,145.6)</u>	<u>\$ 2,369.6</u>

Condensed Balance Sheets Information
December 31, 2015

	Parent	Guarantor Subsidiaries	Non- Guarantor Subsidiaries	Eliminations	Total
Assets					
Current assets:					
Cash and cash equivalents	\$ —	\$ 0.8	\$ 111.6	\$ —	\$ 112.4
Receivables, net of allowances	—	214.0	501.4	—	715.4
Inventories	—	367.7	478.7	—	846.4
Prepaid expenses and other	—	18.5	47.7	—	66.2
Total current assets	—	601.0	1,139.4	—	1,740.4
Property, plant and equipment, net	0.4	192.6	370.2	—	563.2
Deferred income taxes	—	56.2	30.9	(56.2)	30.9
Intercompany accounts	1,114.5	102.8	66.4	(1,283.7)	—
Investment in subsidiaries	72.4	672.8	—	(745.2)	—
Goodwill	—	13.8	8.4	—	22.2
Intangible assets, net	—	9.5	27.1	—	36.6
Unconsolidated affiliated companies	—	8.4	—	—	8.4
Other non-current assets	—	27.1	25.8	—	52.9
Total assets	<u>\$ 1,187.3</u>	<u>\$ 1,684.2</u>	<u>\$ 1,668.2</u>	<u>\$ (2,085.1)</u>	<u>\$ 2,454.6</u>
Liabilities and Total Equity					
Current liabilities:					
Accounts payable	\$ —	\$ 103.5	\$ 325.2	\$ —	\$ 428.7
Accrued liabilities	11.2	124.0	217.3	—	352.5
Current portion of long-term debt	—	—	168.1	—	168.1
Total current liabilities	11.2	227.5	710.6	—	949.3
Long-term debt	768.6	127.5	15.5	—	911.6
Deferred income taxes	179.5	—	22.2	(56.2)	145.5
Intercompany accounts	—	1,180.1	103.6	(1,283.7)	—
Other liabilities	—	76.7	110.4	—	187.1
Total liabilities	959.3	1,611.8	962.3	(1,339.9)	2,193.5
Redeemable noncontrolling interest	—	—	18.2	—	18.2
Total Company shareholders' equity	228.0	72.4	672.8	(745.2)	228.0
Noncontrolling interest	—	—	14.9	—	14.9
Total liabilities, redeemable noncontrolling interest and equity	<u>\$ 1,187.3</u>	<u>\$ 1,684.2</u>	<u>\$ 1,668.2</u>	<u>\$ (2,085.1)</u>	<u>\$ 2,454.6</u>

Condensed Statements of Cash Flows Information
Nine Fiscal Months Ended September 30, 2016

	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Total
Net cash flows of operating activities	\$ 2.4	\$ 48.2	\$ 15.3	\$ —	\$ 65.9
Cash flows of investing activities:					
Capital expenditures	—	(28.2)	(25.3)	—	(53.5)
Proceeds from properties sold	—	0.4	0.7	—	1.1
Disposal of subsidiaries, net of cash disposed of	—	76.8	3.2	—	80.0
Other	—	(0.8)	1.0	—	0.2
Net cash flows of investing activities	—	48.2	(20.4)	—	27.8
Cash flows of financing activities:					
Dividends paid to shareholders	(26.7)	—	—	—	(26.7)
Intercompany accounts	24.3	(36.9)	12.6	—	—
Proceeds from debt	—	820.8	334.7	—	1,155.5
Repayments of debt	—	(882.4)	(341.5)	—	(1,223.9)
Proceeds from sale leaseback transaction	—	—	6.2	—	6.2
Dividends paid to noncontrolling interest	—	—	(0.1)	—	(0.1)
Net cash flows of financing activities	(2.4)	(98.5)	11.9	—	(89.0)
Effect of exchange rate changes on cash and cash equivalents	—	3.8	(0.7)	—	3.1
Increase (decrease) in cash and cash equivalents	—	1.7	6.1	—	7.8
Cash and cash equivalents – beginning of period	—	0.8	111.6	—	112.4
Cash and cash equivalents – end of period	\$ —	\$ 2.5	\$ 117.7	\$ —	\$ 120.2

Condensed Statements of Cash Flows Information
Nine Fiscal Months Ended October 2, 2015

	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Total
Net cash flows of operating activities	\$ (0.6)	\$ 161.9	\$ (24.5)	\$ (11.7)	\$ 125.1
Cash flows of investing activities:					
Capital expenditures	—	(15.6)	(32.5)	—	(48.1)
Proceeds from properties sold	—	0.1	1.6	—	1.7
Reduction of cash due to Venezuela deconsolidation	—	—	(8.2)	—	(8.2)
Disposal of subsidiaries, net of cash disposed of	—	88.4	(10.0)	—	78.4
Other	—	(0.1)	0.3	—	0.2
Net cash flows of investing activities	—	72.8	(48.8)	—	24.0
Cash flows of financing activities:					
Dividends paid to shareholders	(26.5)	—	—	—	(26.5)
Intercompany accounts	151.9	(201.5)	37.9	11.7	—
Proceeds from debt	—	1,780.4	674.3	—	2,454.7
Repayments of debt	(125.0)	(1,784.1)	(720.2)	—	(2,629.3)
Dividends paid to noncontrolling interest	—	—	(2.5)	—	(2.5)
Proceeds from exercise of stock options	0.2	—	—	—	0.2
Net cash flows of financing activities	0.6	(205.2)	(10.5)	11.7	(203.4)
Effect of exchange rate changes on cash and cash equivalents	—	(26.8)	(15.0)	—	(41.8)
Increase (decrease) in cash and cash equivalents	—	2.7	(98.8)	—	(96.1)
Cash and cash equivalents - beginning of period	—	1.2	204.6	—	205.8
Cash and cash equivalents - end of period	\$ —	\$ 3.9	\$ 105.8	\$ —	\$ 109.7

Intercompany Activity

The Parent Company and its Guarantor Subsidiaries participate in a cash pooling program. As part of this program, cash balances are generally swept on a daily basis between the Guarantor Subsidiaries' bank accounts and those of the Parent Company. There are a significant number of the Company's subsidiaries that participate in this cash pooling arrangement and there are thousands of transactions per week that occur between the Parent Company and Guarantor Subsidiaries, all of which are accounted for through the intercompany accounts.

Parent Company transactions include interest, dividends, tax payments and intercompany sales transactions related to administrative costs incurred by the Parent Company, which are billed to Guarantor Subsidiaries on a cost-plus basis. These costs are reported in the Parent's SG&A expenses on the Condensed Consolidated Statement of Operations and Comprehensive Income (Loss) Information for the respective period(s). All intercompany transactions are presumed to be settled in cash when they occur and are included in operating activities on the Condensed Consolidated Statements of Cash Flows. Non-operating cash flow changes are classified as financing activities.

[Tables of Contents](#)

A summary of cash and non-cash transactions of the Parent Company's intercompany account is provided below for the nine fiscal months ended September 30, 2016 and the twelve months ended December 31, 2015:

(in millions)	September 30, 2016	December 31, 2015
Beginning Balance	\$ 1,114.5	\$ 1,280.8
Non-cash transactions		
Deferred tax	—	(19.9)
Equity based awards	5.3	11.7
Foreign currency and other	—	0.2
Cash transactions	(24.3)	(158.3)
Ending Balance	<u>\$ 1,095.5</u>	<u>\$ 1,114.5</u>

Dividends

There were no cash dividend payments to the Parent Company from the Guarantor Subsidiaries in the nine fiscal months ended September 30, 2016 or October 2, 2015.

Parent Company Long-Term Debt

At September 30, 2016 and December 31, 2015, the Parent Company was party to the following long-term financing arrangements:

(in millions)	September 30, 2016	December 31, 2015
5.75% Senior Notes due 2022	\$ 600.0	\$ 600.0
Subordinated Convertible Notes due 2029	429.5	429.5
Debt discount	(256.2)	(257.8)
Debt issuance costs	(11.0)	(12.1)
Other	9.0	9.0
Total Parent Company debt	771.3	768.6
Less current maturities	—	—
Parent Company Long-term debt	<u>\$ 771.3</u>	<u>\$ 768.6</u>

(in millions)	Q3 2017	Q3 2018	Q3 2019	Q3 2020	Q3 2021
Debt maturities twelve month period ending	\$ —	\$ —	\$ —	\$ —	\$ —

For long-term debt related to the Parent Company, refer to Note 9 - Long-Term Debt of the Notes to the Condensed Consolidated Financial Statements.

Commitments and Contingencies

For contingencies and guarantees related to the Parent Company, refer to Note 18 - Commitments and Contingencies of the Notes to the Condensed Consolidated Financial Statements.

GENERAL CABLE CORPORATION AND SUBSIDIARIES

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") is intended to help the reader understand the Company's financial position, changes in financial condition and results of operations. MD&A is provided as a supplement to the Company's Condensed Consolidated Financial Statements and the accompanying Notes to Condensed Consolidated Financial Statements ("Notes") and should be read in conjunction with the Condensed Consolidated Financial Statements and Notes.

Disclosure Regarding Forward-Looking Statements

Certain statements in the report including, without limitation, statements regarding future financial results and performance, plans and objectives, capital expenditures, understanding of competition, projected sources of cash flow, potential legal liability, proposed legislation and regulatory action, and our management's beliefs, expectations or opinions, are forward-looking statements, and as such, we desire to take advantage of the "safe harbor" which is afforded to such statements under the Private Securities Litigation Reform Act of 1995. Forward-looking statements are those that predict or describe future events or trends and that do not relate solely to historical matters. You can generally identify forward-looking statements as statements containing the words "believe," "expect," "may," "anticipate," "intend," "estimate," "project," "plan," "assume," "seek to" or other similar expressions, although not all forward-looking statements contain these identifying words.

Actual results may differ materially from those discussed in forward-looking statements as a result of factors, risks and uncertainties over many of which we have no control. These factors, risks and uncertainties include, but are not limited to, the following: (1) general economic conditions, particularly those in the construction, energy and information technology sectors; (2) the volatility in the price of raw materials, particularly copper and aluminum; (3) impairment charges with respect to our long-lived assets; (4) our ability to execute our plan to exit all of our Asia Pacific and African operations; (5) our ability to achieve all of our anticipated cost savings associated with our previously announced global restructuring plans; (6) our ability to invest in product development, to improve the design and performance of our products; (7) economic, political and other risks of maintaining facilities and selling products in foreign countries; (8) domestic and local country price competition; (9) our ability to successfully integrate and identify acquisitions; (10) the impact of technology; (11) our ability to maintain relationships with our distributors and retailers; (12) the changes in tax rates and exposure to new tax laws; (13) our ability to adapt to current and changing industry standards; (14) our ability to execute large customer contracts; (15) our ability to maintain relationships with key suppliers; (16) the impact of fluctuations in foreign currency rates; (17) compliance with foreign and U.S. laws and regulations, including the Foreign Corrupt Practices Act; (18) our ability to negotiate extensions of labor agreements; (19) our ability to continue our uncommitted accounts payable confirming arrangements; (20) our exposure to counterparty risk in our hedging arrangements; (21) our ability to achieve target returns on investments in our defined benefit plans; (22) possible future environmental liabilities and asbestos litigation; (23) our ability to attract and retain key employees; (24) our ability to make payments on our indebtedness; (25) our ability to comply with covenants in our existing or future financing agreements; (26) lowering of one or more of our debt ratings; (27) our ability to maintain adequate liquidity; (28) our ability to maintain effective disclosure controls and procedures and internal control over financial reporting; (29) the trading price of our common stock; and (30) and other material factors.

See Item 1A of the Company's 2015 Annual Report on Form 10-K as filed with the SEC on February 29, 2016 and Part II, Item 1A of this Form 10-Q for a more detailed discussion on some of these risks.

Forward-looking statements reflect the views and assumptions of management as of the date of this report with respect to future events. The Company does not undertake, and hereby disclaims, any obligation, unless required to do so by applicable securities laws, to update any forward-looking statements as a result of new information, future events or other factors. The inclusion of any statement in this report does not constitute an admission by the Company or any other person that the events or circumstances described in such statement are material.

Overview

The Company is a global leader in the development, design, manufacture, marketing and distribution of copper, aluminum and fiber optic wire and cable products for use in the energy, industrial, construction, specialty and communications markets. The Company additionally engages in the design, integration, and installation on a turn-key basis for products such as high and extra-high voltage terrestrial and submarine systems. The Company analyzes its worldwide operations based on four geographical segments: North America, Europe, Latin America, and Africa/Asia Pacific. As of September 30, 2016, the Company manufactured its product lines in 38 manufacturing facilities and sold its products through its global operations. Additional financial information regarding the Company's segments appears in Note 17 - Segment Information. The Company's guiding principles are as follows:

[Table of Contents](#)

- Implementing the Company's new strategy to deliver increased operating income margins and returns from the Company's core strategic operations in North America, Latin America and Europe by leveraging economies of scale and capitalizing on the Company's leading positions across key markets where the Company has built long-standing customer relationships, efficient supply chains and a wide range of product offerings;
- Simplifying the geographic portfolio and reducing operational complexity by continuing on a strategy to exit its operations in Africa and Asia Pacific;
- Aligning organization structure to capitalize on the Company's leading market positions to benefit from key end markets, such as electric utility and communications;
- Strengthening and expanding customer relationships by providing high quality product lines and customer service;
- Continuing to increase cash flow through operational excellence by leveraging the Company's operating systems, logistical expertise, Lean Six Sigma manufacturing tools and techniques to improve the Company's cost position to increase margins as well as delivering improved returns through restructuring initiatives;
- Managing the Company's product portfolio by pursuing market share in faster growing and value added product lines;
- Enhancing organization capabilities by leveraging the Company's diversity and intellectual property through the sharing of best practices across the organization; and
- Cultivating a high performance culture with focus on operational execution, compliance, sustainability, safety, and innovation.

By operating under these guiding principles, the Company has been able to build a strong market position in the areas in which it competes. The Company considers its key performance indicators to be volume, as measured in metal pounds sold, operating income, net income, adjusted operating income, earnings before interest, taxes, depreciation and amortization ("EBITDA"), earnings per share, operating cash flows, the cash conversion cycle, returns on capital employed and invested capital and working capital efficiency.

Significant Current Business Trends and Events

The wire and cable industry is competitive, mature and cost driven with minimal differentiation for many product offerings among industry participants from a manufacturing or technology standpoint. Over the last several years, the Company and the industry have experienced uneven demand with pockets of relative demand strength. In certain markets, however, global demand remains below historical levels. The following are significant trends and events that affected the financial results in the three and nine months ended September 30, 2016.

Effect of copper and aluminum prices

The Company's reported (GAAP) results are directly influenced by the price of copper, and to a lesser extent, aluminum. The price of copper and aluminum as traded on the London Metal Exchange ("LME") and Commodity Exchange, Inc. ("COMEX") has historically been subject to considerable volatility. The Company continues to experience volatile commodity pricing, primarily copper and aluminum, as well as other cost inputs. Volatility in the price of copper and aluminum and other raw materials, as well as fuel and energy, may in turn lead to significant fluctuations in our cost of sales or revenues. A significant portion of the Company's electric utility and telecommunications business and, to a lesser extent, the Company's electrical infrastructure business has metal escalators and de-escalators included in customer contracts under a variety of price setting and recovery formulas. The remainder of the Company's business requires that volatility in the cost of metals be recovered through negotiated price changes with customers. In these instances, the ability to change the Company's selling prices may lag the movement in metal prices by a period of time as the customer price changes are implemented.

Therefore, in the short-term, during periods of escalating raw material cost inputs, to the extent the Company is able to increase prices in the market to recover the higher raw material costs, the Company will generally experience an increase in gross profit from the sale of its relatively lower value inventory as computed under the weighted average inventory costing method. If the Company is unable to increase prices with the rise in the raw material market prices due to low levels of demand or market dynamics, the Company will experience lower gross profit. Conversely, during periods of declining raw material cost inputs, to the extent the Company has to decrease prices in the market due to competitive pressure as the current cost of metals declines, the Company will generally experience downward pressure on its gross profit due to the sale of relatively higher value inventory as computed under the weighted average inventory costing method. If the Company is able to maintain price levels in an environment in which raw material prices are declining due to high levels of demand, the Company will experience higher gross profit. There is no exact future measure of the effect to the Company's profitability of the change of raw material cost inputs due to the unique set of selling variables and the high volume of transactions in any given period, each of which involves numerous individual pricing decisions. In the nine months ended September 30, 2016, a 1% change in copper and aluminum costs would have impacted the cost of sales by approximately \$12 million. This impact would directly impact gross profit if the Company was unable to change the price of copper and aluminum. To help reduce this volatility, the Company has implemented various pricing mechanisms and hedges a portion of its metal purchases when there is a firm price commitment for a future delivery, but the Company does not engage in speculative metals trading.

[Table of Contents](#)

Asia Pacific divestiture program

As part of the 2014 announced divestiture plan, the Company completed the following transactions as of September 30, 2016:

- In the first quarter of 2016, the Company completed the sale of India for cash consideration of \$10.8 million. The pre-tax gain recognized in the nine months ended September 30, 2016 from the disposition of India was \$1.6 million. Based on the estimated expected sales price of the India operations, the Company recorded an impairment loss in cost of sales of \$13.6 million in the three and nine months ended October 2, 2015.
- In the third quarter of 2015, the Company completed the sale of Thailand for cash consideration of approximately \$88 million. The pre-tax gain recognized in the three and nine months ended October 2, 2015 from the disposition of Thailand was \$16.1 million.
- In the first quarter of 2015, the Company completed the sale of its 51% interest in Fiji and its 20% interest in Keystone, (the Company's equity investment in China) for cash consideration of \$9.3 million and \$11.0 million, respectively. In the nine months ended October 2, 2015, the pre-tax loss on the sale from the disposition of Fiji recognized was \$2.6 million and the pre-tax gain from the disposition of Keystone recognized was \$3.6 million.
- In the fourth quarter of 2014, the Company completed the sale of its interest in PDP and PDEP for cash consideration of \$67.1 million.

The results of the Asia Pacific operations were previously presented as discontinued operations; however, in the third quarter of 2016, management determined that the sale of these businesses within one year was uncertain, and therefore determined that the held for sale criteria was no longer met for the businesses in China, New Zealand and Australia. As a result and because the businesses that have been sold to date including the Philippines, Thailand, India, Fiji and Keystone, in the aggregate, are not considered a strategic shift; the Asia Pacific operations will no longer be presented as discontinued operations in the financial statements for all periods presented. The Company's results from the Asia Pacific operations are presented in continuing operations for all periods disclosed in this report. Refer to Note 3 - Divestitures for additional information.

Africa divestiture program

As part of the 2014 announced divestiture plan, the Company completed the following transactions as of September 30, 2016:

- In the third quarter of 2016, the Company completed the sale of Zambia for cash consideration of \$9.8 million. In the second quarter of 2016, the Company recognized an estimated pre-tax loss of \$13.3 million, and in the third quarter of 2016, after the completion of the sale, the Company recorded an additional loss of \$1.1 million due to working capital adjustments. The total loss recognized in the nine months ended September 30, 2016 was \$14.4 million and is included in the SG&A expenses caption in the Condensed Consolidated Statements of Operations and Comprehensive Income (Loss) in the Africa/Asia Pacific segment.
- In the second quarter of 2016, the Company completed the sale of Egypt for gross proceeds of \$5.8 million. The pre-tax loss recognized in the nine months ended September 30, 2016 from the disposition of Egypt was \$8.4 million and is included in the SG&A expenses caption in the Condensed Consolidated Statements of Operations and Comprehensive Income (Loss) in the Europe segment (based on the legal entity hierarchy). The disposal loss was calculated using the Company's cumulative translation adjustment as part of the carrying amount of the investment.

The disposal of the Company's Africa businesses is not considered a strategic shift that has or will have a major effect on the Company's operations and financial results; therefore, the results are presented as continued operations.

Restructuring activities

In the fourth quarter of 2015, the Company committed to a new strategic roadmap targeting growth and improvement in market positions, improvement to its overall cost position, growth through innovation, enhancement of organization capabilities, alignment of its organization structure and cultivation of a high-performance culture. This effort will be launched in a phased approach and is expected to continue over the next several years. For the three and nine months ended September 30, 2016, the Company incurred total costs of \$23.4 million and \$39.8 million, including \$23.0 million and \$35.3 million in North America, \$0.1 million and \$3.7 million in Europe and \$0.3 million and \$0.8 million in Latin America, respectively. These actions resulted in the elimination of approximately 310 positions globally. The Company anticipates these actions will result in savings of approximately \$100 million annually beginning in 2018.

In July 2014, the Company announced that it was implementing a restructuring program. As of September 30, 2016, the program is substantially complete. The restructuring program generated approximately \$27 million of savings in the first nine months of 2016, and is expected to generate ongoing annual savings of approximately \$80 million to \$100 million. For the three and nine months ended September 30, 2016, the Company incurred charges of \$0.8 million and \$10.6 million, respectively. For the three and nine months ended September 30, 2016, costs incurred were \$0.1 million and \$6.2 million in North America, \$0.2 million

[Table of Contents](#)

and \$2.0 million in Europe and \$0.5 million and \$2.4 million in Latin America, respectively. These actions resulted in the elimination of approximately 1,430 positions globally.

North America automotive ignition wire sale

As part of the November 2015 strategic roadmap, in the second quarter of 2016, the Company completed the disposal of its North American Automotive Ignition Wire business for total consideration of \$70.7 million. The pre-tax gain recognized in the nine months ended September 30, 2016 from the disposition of the Automotive Ignition Wire business was \$53.2 million. The gain is recognized in the SG&A expenses caption in the Condensed Consolidated Statements of Operations and Comprehensive Income (Loss). This disposal did not represent a strategic shift that has or will have a major effect on the Company's operations and financial results; therefore, the results are presented as continued operations.

Events affecting Venezuelan Operations

In the third quarter of 2016, the Company completed the sale of its Venezuelan subsidiary for cash consideration of approximately \$6 million. The pre-tax gain recognized in the three and nine months ended September 30, 2016 was \$5.9 million, and is included in the SG&A expenses caption in the Condensed Consolidated Statements of Operations and Comprehensive Income (Loss) in the Europe segment (based on the legal structure).

Effective October 2, 2015, the Company deconsolidated its Venezuelan subsidiary and began accounting for its investment in the Venezuelan subsidiary using the cost method of accounting. Beginning in the fourth quarter of 2015, the Company's financial results only included U.S. dollar payments received from its Venezuelan subsidiary. Refer to Note 1 - Basis of Presentation and Principles of Consolidation for further details.

FCPA Matters

We have been reviewing, with the assistance of external counsel, our use and payment of agents in connection with, and certain other transactions involving, our operations in Angola, Thailand, India, China and Egypt (the "Subject Countries"). Our review has focused upon payments and gifts made, offered, contemplated or promised by certain employees in one or more of the Subject Countries, directly and indirectly, and at various times, to employees of public utility companies and/or other officials of state owned entities that raise concerns under the FCPA and possibly under the laws of other jurisdictions. During 2015, we substantially completed our internal review in the Subject Countries and, based on our findings, we increased our outstanding FCPA-related accrual to \$28 million in the year ended December 31, 2015. We subsequently entered into and have continued to hold discussions with the SEC and DOJ regarding the terms of a potential resolution of the ongoing investigations. Based on these discussions, we now believe that the total amount required to resolve the investigation, including disgorgement of profits, pre-judgment interest, and potential fines and penalties is in the range of \$33 million to approximately \$120 million. The existing accrual as of September 30, 2016 remains \$33 million, which represents the low-end of the range and an increase of \$5 million since December 31, 2015. The amount accrued and the additional range of reasonably possible loss reflect profits and pre-judgment interest that may be disgorged and DOJ fines or penalties that may be imposed, but do not include, and we are not able to reasonably estimate, the amount of any additional possible fines, civil penalties or other relief that may be sought with respect to the SEC FCPA investigation or the SEC accounting investigation described below, any or all of which could be substantial. The SEC and DOJ inquiries into these matters remain ongoing, and we continue to cooperate with the DOJ and the SEC with respect to these matters. At this time, we are unable to predict the nature or duration of any action that may be taken by the DOJ or SEC or any remedies these agencies may pursue as a result of such actions, in the event that we do not reach to a mutually agreeable resolution with the DOJ and SEC.

Seasonality

The Company generally has experienced and expects to continue to experience certain seasonal trends in many products in which demand is linked with construction spending. Demand for these products during winter months in certain geographies is usually lower than demand during spring and summer months. Therefore, larger amounts of working capital are generally required during winter months in order to build inventories in anticipation of higher demand during the spring and summer months, when construction activity increases. In turn, receivables related to higher sales activity during the spring and summer months are generally collected during the fourth quarter of the year. Additionally, the Company has historically experienced changes in demand resulting from poor or unusual weather.

Other Trends

In addition to the factors previously mentioned, the Company is currently being affected by the following general macro-level trends:

- Global demand and pricing are uneven as a result of macroeconomic factors, and therefore, continues to hamper growth in key end markets;
- Currency volatility and continued political uncertainty in certain markets;

[Table of Contents](#)

- Volatility in the price of copper and aluminum;
- Competitive price pressures in certain markets;
- New commodity deposits are more difficult to find, harder and more expensive to extract, and lower in quantities;
- End market demand in Latin America continues to be hampered by inconsistent construction spending and electrical infrastructure investment;
- Recovery is slow in Europe and demand continues to be uneven for a broad spectrum of products in Europe;
- The U.S. market has remained relatively stable compared to the uneven and challenging operating environments of the emerging economies;
- New communications networks are an enabling technology, which require communication infrastructure investment;
- Climate change concerns are resulting in increased regulatory energy mandates, emphasizing renewable sources of energy;
- Project timing continues to be volatile resulting in a lag in demand in all segments; and
- Countries are seeking greater energy independence for political and economic reasons.

The Company's overall financial results discussed in this section of the quarterly report reflect the above trends.

Results of Operations

The following table sets forth, for the periods indicated, consolidated statements of operations data in millions of dollars and as a percentage of net sales. Percentages may not add due to rounding.

	Three Fiscal Months Ended				Nine Fiscal Months Ended			
	September 30, 2016		October 2, 2015		September 30, 2016		October 2, 2015	
	Amount	%	Amount	%	Amount	%	Amount	%
Net sales	\$ 924.5	100.0 %	\$ 1,096.4	100.0 %	\$ 2,948.4	100.0 %	\$ 3,561.6	100.0 %
Cost of sales	821.6	88.9 %	981.1	89.5 %	2,615.4	88.7 %	3,194.1	89.7 %
Gross profit	102.9	11.1 %	115.3	10.5 %	333.0	11.3 %	367.5	10.3 %
Selling, general and administrative expenses	86.1	9.3 %	90.5	8.3 %	238.0	8.1 %	311.0	8.7 %
Goodwill impairment charges	7.4	0.8 %	—	— %	9.0	0.3 %	3.2	0.1 %
Intangible asset impairment charges	4.7	0.5 %	—	— %	7.5	0.3 %	1.7	— %
Operating income (loss)	4.7	0.5 %	24.8	2.3 %	78.5	2.7 %	51.6	1.4 %
Other income (expense)	(2.1)	(0.2)%	(28.9)	(2.6)%	4.7	0.2 %	(61.9)	(1.7)%
Interest expense, net	(22.3)	(2.4)%	(22.5)	(2.1)%	(66.0)	(2.2)%	(72.0)	(2.0)%
Income (loss) before income taxes	(19.7)	(2.1)%	(26.6)	(2.4)%	17.2	0.6 %	(82.3)	(2.3)%
Income tax (provision) benefit	5.7	0.6 %	(5.3)	(0.5)%	(7.7)	(0.3)%	0.9	— %
Equity in net earnings of affiliated companies	0.3	— %	0.1	— %	0.7	— %	0.3	— %
Net income (loss) including noncontrolling interest	(13.7)	(1.5)%	(31.8)	(2.9)%	10.2	0.3 %	(81.1)	(2.3)%
Less: net income (loss) attributable to noncontrolling interest	0.6	0.1 %	(2.8)	(0.3)%	(0.6)	— %	(7.1)	(0.2)%
Net income (loss) attributable to Company common shareholders	\$ (14.3)	(1.5)%	\$ (29.0)	(2.6)%	\$ 10.8	0.4 %	\$ (74.0)	(2.1)%

Three Fiscal Months Ended September 30, 2016 Compared with Three Fiscal Months Ended October 2, 2015

Net Sales

The following tables set forth net sales, metal-adjusted net sales, and metal pounds sold by segment, in millions. For the metal-adjusted net sales results, net sales for the three months ended October 2, 2015 have been adjusted to reflect the three months ended September 30, 2016 copper COMEX average price of \$2.16 per pound (a \$0.23 decrease compared to the same period in 2015) and the aluminum LME average price of \$0.80 per pound (consistent with the same period in 2015).

See previous discussion of metal price volatility in "Significant Current Business Trends and Events - Effect of copper and aluminum prices".

[Table of Contents](#)

	Net Sales Three Fiscal Months Ended			
	September 30, 2016		October 2, 2015	
	Amount	%	Amount	%
North America	\$ 496.1	54%	\$ 571.9	52%
Europe	212.1	23%	231.0	21%
Latin America	158.0	17%	169.2	15%
Africa/Asia Pacific	58.3	6%	124.3	12%
Total net sales	\$ 924.5	100%	\$ 1,096.4	100%

Metal-adjusted net sales, a non-GAAP financial measure, are provided below in order to eliminate an estimate of metal price volatility from the comparison of revenues from one period to another. The comparable GAAP financial measure is set forth above.

	Metal-Adjusted Net Sales Three Fiscal Months Ended			
	September 30, 2016		October 2, 2015	
	Amount	%	Amount	%
North America	\$ 496.1	54%	\$ 559.8	52%
Europe	212.1	23%	227.1	21%
Latin America	158.0	17%	162.2	15%
Africa/Asia Pacific	58.3	6%	120.1	12%
Total metal-adjusted net sales	\$ 924.5	100%	\$ 1,069.2	100%
Metal adjustment	—		27.2	
Total net sales	\$ 924.5		\$ 1,096.4	

Metal pounds sold is provided below as the Company believes this metric to be an appropriate measure of sales volume since it is not impacted by metal prices or foreign currency exchange rate changes.

	Metal Pounds Sold Three Fiscal Months Ended			
	September 30, 2016		October 2, 2015	
	Pounds	%	Pounds	%
North America	136.2	55%	138.9	53%
Europe	37.3	15%	36.4	14%
Latin America	57.8	23%	57.1	22%
Africa/Asia Pacific	16.7	7%	30.6	11%
Total metal pounds sold	248.0	100%	263.0	100%

Consolidated:

Net sales decreased \$171.9 million, or 16%, in the three months ended September 30, 2016 compared to the three months ended October 2, 2015. The net decrease is primarily attributable to:

- Businesses sold as part of the restructuring and divestiture programs of \$55.1 million
- Unfavorable copper and aluminum price changes of \$27.2 million
- Unfavorable selling price and product mix of \$76.1 million
- Decreased volume of \$10.1 million
- Unfavorable foreign currency exchange rate changes on the translation of reported revenues of \$3.4 million

Volume, as measured by metal pounds sold, decreased 15.0 million pounds, or 6%, in the three months ended September 30, 2016 compared to the three months ended October 2, 2015.

North America

Net sales in the North America segment decreased \$75.8 million, or 13% in the three months ended September 30, 2016 compared to the three months ended October 2, 2015. The net decrease is primarily attributable to:

- Businesses sold as part of the restructuring program of \$25.4 million

[Table of Contents](#)

- Unfavorable copper and aluminum price changes of \$12.1 million
- Unfavorable selling price and product mix of \$34.4 million
- Decreased volume of \$4.3 million
- Favorable foreign currency exchange rate changes on the translation of reported revenues of \$0.4 million

Volume, as measured by metal pounds sold, decreased 2.7 million pounds, or 2%, in the three months ended September 30, 2016 compared to the three months ended October 2, 2015. The decrease was primarily attributable to unfavorable market demand for industrial and specialty products, particularly those used in oil and gas applications, partially offset by favorable market demand for the North American construction and electric utility distribution businesses.

Europe

Net sales in the Europe segment decreased \$18.9 million, or 8% for the three months ended September 30, 2016 compared to the three months ended October 2, 2015. The net decrease is primarily attributable to:

- Unfavorable copper and aluminum price changes of \$3.9 million
- Unfavorable product mix of \$16.4 million
- Increased volume of \$1.4 million

Volume, as measured by metal pounds sold, increased by 0.9 million pounds, or 2%, for the three months ended September 30, 2016 compared to the three months ended October 2, 2015. The increase in volume sold was primarily attributable to demand for electric utility cables including land-based turnkey and energy products in the three months ended September 30, 2016 compared to the three months ended October 2, 2015.

Latin America

Net sales in the Latin America segment decreased \$11.2 million, or 7% for the three months ended September 30, 2016 compared to the three months ended October 2, 2015. The net decrease is primarily attributable to:

- The sale of Venezuela of \$2.2 million
- Unfavorable copper and aluminum price changes of \$7.0 million
- Unfavorable selling price and product mix of \$5.3 million
- Increased volume of \$2.7 million
- Favorable foreign currency exchange rate changes on the translation of reported revenues of \$0.6 million

Volume, as measured by metal pounds sold, remained relatively flat in the three months ended September 30, 2016 compared to the three months ended October 2, 2015. Volume remains under pressure due to spending constraints on electric infrastructure and construction projects.

Africa/Asia Pacific

Net sales in the Africa/Asia Pacific segment decreased \$66.0 million, or 53% in the three months ended September 30, 2016 compared to the three months ended October 2, 2015. The net decrease is primarily attributable to:

- Businesses sold as part of the divestiture program of \$27.5 million
- Unfavorable copper and aluminum price changes of \$4.2 million
- Unfavorable product mix of approximately \$20.0 million
- Decreased volume of \$9.9 million
- Unfavorable foreign currency exchange rate changes on the translation of reported revenues of \$4.4 million

Volume, as measured by metal pounds sold, decreased by 13.9 million pounds, or 45%, in the three months ended September 30, 2016 compared to the three months ended October 2, 2015. The decrease in volume sold is primarily attributable to the sale of Thailand in the third quarter of 2015 and the sale of India in the first quarter of 2016.

Cost of Sales

Cost of sales decreased \$159.5 million to \$821.6 million in the three months ended September 30, 2016 from \$981.1 million in the three months ended October 2, 2015. The percentage decrease in cost of sales is consistent with the percentage decrease in sales. As previously noted, cost of sales is raw material intensive with copper and aluminum comprising the major cost components for cable products. At current metal prices, material costs are approximately 85% of total product costs with copper and aluminum metal costs comprising approximately 45% of total product cost.

Gross Profit

Gross profit decreased \$12.4 million for the three months ended September 30, 2016 as compared to the three months ended October 2, 2015. Gross profit as a percentage of sales was 11% for the three months ended September 30, 2016 and October 2, 2015.

[Table of Contents](#)

SG&A Expenses

SG&A expenses decreased \$4.4 million, or 5% for the three months ended September 30, 2016 as compared to the three months ended October 2, 2015. The net favorable impact to SG&A expense is primarily attributable to:

- Favorable impact of the benefit of restructuring initiatives recognized in the three months ended September 30, 2016
- Favorable impact due to the \$5.9 million gain on the sale of Venezuela in the three months ended September 30, 2016
- Favorable current year impact due to the deconsolidation of the Company's Venezuelan subsidiary resulting in a charge of \$12.0 million in the three months ended October 2, 2015
- Favorable current year impact due to businesses sold as part of the divestiture program of \$3.3 million
- Favorable current year impact due to the SG&A expenses incurred as part of the global restructuring program and other restructuring and divestiture costs of \$6.9 million in the three months ended October 2, 2015
- Unfavorable impact of the SG&A expenses incurred as part of the global restructuring plans and other divestiture costs of \$21.3 million in the three months ended September 30, 2016
- Favorable current year impact due to divestiture actions in the three months ended October 2, 2015
- Unfavorable current year impact of the pre-tax gain recognized from the disposition of Thailand of \$16.1 million in the three months ended October 2, 2015

SG&A expenses as a percentage of net sales was approximately 9% and 8% for the three months ended September 30, 2016 and October 2, 2015, respectively.

Operating Income (Loss)

The following table sets forth operating income (loss) by segment, in millions of dollars.

	Operating Income (Loss)			
	Three Fiscal Months Ended			
	September 30, 2016		October 2, 2015	
	Amount	%	Amount	%
North America	\$ 10.0	212 %	\$ 17.9	72 %
Europe	10.8	230 %	3.2	13 %
Latin America	(7.1)	(151)%	(1.2)	(5)%
Africa/Asia Pacific	(9.0)	(191)%	4.9	20 %
Total operating income (loss)	\$ 4.7	100 %	\$ 24.8	100 %

North America

The decrease in operating income for the North America segment is \$7.9 million in the three months ended September 30, 2016 compared to the three months ended October 2, 2015. The net decrease in operating income was primarily attributable to:

- Unfavorable impact of the expenses incurred as part of the global restructuring plans of \$23.1 million recognized in the three months ended September 30, 2016
- Favorable impact of the benefit of restructuring initiatives recognized in the three months ended September 30, 2016
- Favorable current year impact of the expenses incurred as part of the global restructuring plans of \$2.3 million recognized in the three months ended October 2, 2015

Europe

The increase in operating income for the Europe segment is \$7.6 million in the three months ended September 30, 2016 compared to the three months ended October 2, 2015. The net increase in operating income was primarily attributable to:

- Favorable impact of the benefit of restructuring initiatives recognized in the three months ended September 30, 2016
- Favorable current year impact due to the deconsolidation of the Company's Venezuelan subsidiary resulting in a charge of \$12.0 million in the three months ended October 2, 2015
- Unfavorable current year impact of achieving certain milestones during the final installation stages in one of the Company's subsea power contracts in the three months ended October 2, 2015

Latin America

The increase in operating loss for the Latin America segment is \$5.9 million in the three months ended September 30, 2016 compared to the three months ended October 2, 2015. The net increase in operating loss was primarily attributable to:

- Unfavorable results on the Brazil aerial transmission projects in the three months ended September 30, 2016.

[Table of Contents](#)

Africa/Asia Pacific

The decrease in operating income (loss) for the Africa/Asia Pacific segment is \$13.9 million in the three months ended September 30, 2016 compared to the three months ended October 2, 2015. The net decrease in operating income (loss) was primarily attributable to:

- Unfavorable current year impact of the pre-tax gain recognized from the disposition of Thailand of \$16.1 million in the three months ended October 2, 2015
- Favorable current year impact of the \$13.6 million long-lived asset impairment loss recognized in India in the three months ended October 2, 2015

Other Income (Expense)

Other income (expense) includes foreign currency transaction gains or losses, which result from changes in exchange rates between the designated functional currency and the currency in which a transaction is denominated, as well as gains and losses on derivative instruments that are not designated as cash flow hedges. During the three months ended September 30, 2016 and October 2, 2015, the Company recorded other expense of \$2.1 million and \$28.9 million, respectively. For the three months ended September 30, 2016, other expense was primarily attributable to \$2.3 million related to foreign currency transaction losses and \$0.2 million related to gains on derivative instruments that were not designated as cash flow hedges. For the three months ended October 2, 2015, other expense was primarily attributable to \$32.3 million related to foreign currency transaction losses and \$3.4 million related to gains on derivative instruments that were not designated as cash flow hedges.

Interest Expense

Net interest expense of \$22.3 million for the three months ended September 30, 2016 remained relatively flat as compared to \$22.5 million for the three months ended October 2, 2015.

Tax Provision

The Company's effective tax rate for the three months ended September 30, 2016 and October 2, 2015 was 28.9% and (19.9)%, respectively. The effective tax rate for the three months ended September 30, 2016 was favorably impacted by the mix of earnings in foreign jurisdictions with statutory tax rates lower than the 35% U.S. federal statutory tax rate, and the recognition of no income tax expense on \$5.9 million of pre-tax gain associated with the sale of the Venezuelan business. These favorable factors were partially offset by recognizing no tax benefit on \$20.6 million of operational losses incurred in jurisdictions where valuation allowances are recorded against net deferred tax assets.

The negative effective tax rate for the three months ended October 2, 2015 is primarily the result of recording income tax expense on the ordinary operational income of profitable jurisdictions while recording no income tax benefit on \$34.3 million of operational losses incurred in jurisdictions where valuation allowances are recorded against net deferred tax assets, and no income tax benefit on a \$12.0 million Venezuela deconsolidation charge. These negative effective tax rate drivers were partially offset by \$11.5 million of tax benefits associated with the exiting of the business in India.

Nine Fiscal Months Ended September 30, 2016 Compared with Nine Fiscal Months Ended October 2, 2015

Net Sales

The following tables set forth net sales, metal-adjusted net sales, and metal pounds sold by segment, in millions. For the metal-adjusted net sales results, net sales for the nine months ended October 2, 2015 have been adjusted to reflect the nine months ended September 30, 2016 copper COMEX average price of \$2.13 per pound (a \$0.48 decrease compared to the same period in 2015) and the aluminum LME average price of \$0.79 per pound (a \$0.13 decrease compared to the same period in 2015).

See previous discussion of metal price volatility in "Significant Current Business Trends and Events - Effect of copper and aluminum prices".

[Table of Contents](#)

	Net Sales Nine Fiscal Months Ended			
	September 30, 2016		October 2, 2015	
	Amount	%	Amount	%
North America	\$ 1,565.2	53%	\$ 1,819.5	51%
Europe	663.5	23%	743.7	21%
Latin America	481.2	16%	563.3	16%
Africa/Asia Pacific	238.5	8%	435.1	12%
Total net sales	\$ 2,948.4	100%	\$ 3,561.6	100%

Metal-adjusted net sales, a non-GAAP financial measure, are provided below in order to eliminate an estimate of metal price volatility from the comparison of revenues from one period to another. The comparable GAAP financial measure is set forth above.

	Metal-Adjusted Net Sales Nine Fiscal Months Ended			
	September 30, 2016		October 2, 2015	
	Amount	%	Amount	%
North America	\$ 1,565.2	53%	\$ 1,700.9	52%
Europe	663.5	23%	706.0	21%
Latin America	481.2	16%	500.6	15%
Africa/Asia Pacific	238.5	8%	394.6	12%
Total metal-adjusted net sales	\$ 2,948.4	100%	\$ 3,302.1	100%
Metal adjustment	—		259.5	
Total net sales	\$ 2,948.4		\$ 3,561.6	

Metal pounds sold is provided below as the Company believes this metric to be an appropriate measure of sales volume since it is not impacted by metal prices or foreign currency exchange rate changes.

	Metal Pounds Sold Nine Fiscal Months Ended			
	September 30, 2016		October 2, 2015	
	Pounds	%	Pounds	%
North America	415.5	53%	423.7	51%
Europe	116.3	15%	119.5	14%
Latin America	176.8	23%	182.2	22%
Africa/Asia Pacific	72.3	9%	106.8	13%
Total metal pounds sold	780.9	100%	832.2	100%

Consolidated

Net sales decreased \$613.2 million, or 17%, in the nine months ended September 30, 2016 compared to the nine months ended October 2, 2015. The net decrease is primarily attributable to:

- Businesses sold as part of the restructuring and divestiture programs of \$156.5 million
- Unfavorable copper and aluminum price changes of \$259.5 million
- Unfavorable foreign currency exchange rate changes on the translation of reported revenues of \$93.6 million
- Unfavorable selling price and product mix of \$79.7 million
- Decreased volume of \$23.9 million

Volume, as measured by metal pounds sold, decreased 51.3 million pounds, or 6%, in the nine months ended September 30, 2016 compared to the nine months ended October 2, 2015.

[Table of Contents](#)

North America

Net sales in the North America segment decreased \$254.3 million, or 14% in the nine months ended September 30, 2016 compared to the nine months ended October 2, 2015. The net decrease is primarily attributable to:

- Businesses sold as part of the restructuring program of \$29.9 million
- Unfavorable copper and aluminum price changes of \$118.6 million
- Unfavorable foreign currency exchange rate changes on the translation of reported revenues of \$14.7 million
- Unfavorable selling price and product mix of \$78.4 million
- Decreased volume of \$12.7 million

Volume, as measured by metal pounds sold, decreased 8.2 million pounds, or 2%, in the nine months ended September 30, 2016 compared to the nine months ended October 2, 2015. The decrease was primarily attributable to unfavorable market demand for specialty products, particularly those used in oil and gas applications, coupled with weak market demand for electric utility distribution products in the nine months ended September 30, 2016, which benefited from a very strong first half of 2015. The decrease was partially offset by favorable market demand for the North American construction cable businesses.

Europe

Net sales in the Europe segment decreased \$80.2 million, or 11% in the nine months ended September 30, 2016 compared to the nine months ended October 2, 2015. The net decrease is primarily attributable to:

- Unfavorable copper and aluminum price changes of \$37.7 million
- Unfavorable foreign currency exchange rate changes on the translation of reported revenues of \$0.6 million
- Unfavorable product mix of \$36.9 million
- Decreased volume of \$5.0 million

Volume, as measured by metal pounds sold, decreased by 3.2 million pounds, or 3%, for the nine months ended September 30, 2016 compared to the nine months ended October 2, 2015. The decrease in volume sold was primarily attributable to the exiting of certain businesses as a result of the Company's July 2014 restructuring program in the nine months ended September 30, 2016 compared to the nine months ended October 2, 2015.

Latin America

Net sales in the Latin America segment decreased \$82.1 million, or 15% in the nine months ended September 30, 2016 compared to the nine months ended October 2, 2015. The net decrease was primarily attributable to:

- Sale of Venezuela of \$5.6 million
- Unfavorable copper and aluminum price changes of \$62.7 million
- Unfavorable foreign currency exchange rate changes on the translation of reported revenues of \$37.4 million
- Decreased volume of \$2.3 million
- Favorable selling price and product mix of \$25.9 million

Volume, as measured by metal pounds sold, decreased by 5.4 million pounds, or 3%, in the nine months ended September 30, 2016 compared to the nine months ended October 2, 2015. The decrease in volume sold was primarily attributable to the deconsolidation of the Venezuelan subsidiary as of October 2, 2015 and end market demand pressure throughout the region due to ongoing difficult economic conditions and reduced government spending.

Africa/Asia Pacific

Net sales in the Africa/Asia Pacific segment decreased \$196.6 million, or 45% in the nine months ended September 30, 2016 compared to the nine months ended October 2, 2015. The net decrease is primarily attributable to:

- Businesses sold as part of the divestiture program of \$121.0 million
- Unfavorable copper and aluminum price changes of \$40.5 million
- Unfavorable foreign currency exchange rate changes on the translation of reported revenues of \$40.9 million
- Decreased volume of \$3.9 million
- Favorable product mix of approximately \$9.7 million

Volume, as measured by metal pounds sold, decreased by 34.5 million pounds, or 32%, in the nine months ended September 30, 2016 compared to the nine months ended October 2, 2015. The decrease in volume sold is primarily attributable to the sale of the Company's Thailand and India businesses in the third quarter of 2015 and first quarter of 2016 respectively.

Cost of Sales

Cost of sales decreased \$578.7 million to \$2,615.4 million in the nine months ended September 30, 2016 from \$3,194.1 million in the nine months ended October 2, 2015. The percentage decrease in cost of sales is consistent with the percentage decrease in sales. As previously noted, cost of sales is raw material intensive with copper and aluminum comprising the major cost components for cable products. At current metal prices, material costs are approximately 85% of total product costs with copper and aluminum metal costs comprising approximately 45% of total product cost.

Gross Profit

Gross profit decreased \$34.5 million for the nine months ended September 30, 2016 as compared to the nine months ended October 2, 2015. Gross profit as a percentage of sales was 11% and 10% for the nine months ended September 30, 2016 and October 2, 2015, respectively.

SG&A Expenses

SG&A expenses decreased \$73.0 million, or 23% for the nine months ended September 30, 2016 as compared to the nine months ended October 2, 2015. The net favorable impact to SG&A expense is primarily attributable to:

- Favorable impact of the \$53.2 million pre-tax gain on the disposition of the North American Automotive Ignition Wire business recognized in the nine months ended September 30, 2016
- Favorable impact of the benefit of restructuring initiatives in the nine months ended September 30, 2016
- Favorable impact due to the \$5.9 million gain on the sale of Venezuela in the nine months ended September 30, 2016
- Favorable foreign currency exchange gain of \$8.0 million in the nine months ended September 30, 2016
- Favorable current year impact due to businesses sold as part of the divestiture program of \$12.7 million
- Favorable current year impact due to the deconsolidation of the Company's Venezuelan subsidiary resulting in a charge of \$12.0 million in the nine months ended October 2, 2015
- Favorable current year impact of the SG&A expenses incurred as part of the global restructuring plans of \$24.6 million in the nine months ended October 2, 2015
- Favorable current year impact due to divestiture actions in the nine months ended October 2, 2015
- Unfavorable impact of the \$14.4 million pre-tax loss from the disposition of Zambia in the nine months ended September 30, 2016
- Unfavorable impact of the \$8.4 million pre-tax loss from the disposition of Egypt in the nine months ended September 30, 2016
- Unfavorable impact of the SG&A expenses incurred as part of the global restructuring plans of \$34.2 million in the nine months ended September 30, 2016
- Unfavorable current year impact of the pre-tax gain recognized from the disposition of Thailand of \$16.1 million in the nine months ended October 2, 2015

SG&A expenses as a percentage of net sales was approximately 8% and 9% for the nine months ended September 30, 2016 and October 2, 2015, respectively.

Operating Income (Loss)

The following table sets forth operating income (loss) by segment, in millions of dollars.

	Operating Income (Loss)			
	Nine Fiscal Months Ended			
	September 30, 2016		October 2, 2015	
	Amount	%	Amount	%
North America	\$ 101.5	129 %	\$ 78.4	152 %
Europe	17.0	22 %	7.9	15 %
Latin America	(10.4)	(13)%	(19.6)	(38)%
Africa/Asia Pacific	(29.6)	(38)%	(15.1)	(29)%
Total operating income (loss)	\$ 78.5	100 %	\$ 51.6	100 %

[Table of Contents](#)

North America

The increase in operating income for the North America segment was \$23.1 million in the nine months ended September 30, 2016 compared to the nine months ended October 2, 2015. The net increase in operating income was primarily attributable to:

- Favorable impact of the \$53.2 million pre-tax gain on the disposition of the North American Automotive Ignition Wire business recognized in the nine months ended September 30, 2016
- Favorable impact of the benefit of restructuring initiatives in the nine months ended September 30, 2016
- Favorable current year impact of restructuring costs of \$9.9 million recognized in the nine months ended October 2, 2015
- Unfavorable impact of restructuring costs of \$41.5 million recognized in the nine months ended September 30, 2016
- Unfavorable impact of decreased demand as noted above
- Unfavorable impact of the additional accrual related to the FCPA investigation of \$5.0 million recognized in the nine months ended September 30, 2016

Europe

The increase in operating income for the Europe segment was \$9.1 million in the nine months ended September 30, 2016 compared to the nine months ended October 2, 2015. The net increase in operating income was primarily attributable to:

- Favorable impact of the benefit of restructuring initiatives in the nine months ended September 30, 2016
- Favorable current year impact of restructuring costs of \$21.5 million in the nine months ended October 2, 2015
- Favorable current year impact due to the deconsolidation of the Company's Venezuelan subsidiary resulting in a charge of \$12.0 million in the nine months ended October 2, 2015
- Unfavorable impact of the \$8.4 million pre-tax loss from the disposition of Egypt in the nine months ended September 30, 2016
- Unfavorable impact of restructuring costs of \$5.7 million in the nine months ended September 30, 2016
- Unfavorable impact of lower subsea project activity in the nine months ended September 30, 2016 compared the nine months ended October 2, 2015

Latin America

The decrease in operating loss for the Latin America segment was \$9.2 million in the nine months ended September 30, 2016 compared to the nine months ended October 2, 2015. The net decrease in operating loss was primarily attributable to:

- Favorable impact of the benefit of restructuring initiatives in the nine months ended September 30, 2016
- Favorable current year impact due to the deconsolidation of its Venezuelan subsidiary effective October 2, 2015, that resulted in a \$3.7 million operating loss in the nine months ended October 2, 2015.

Asia Pacific

The increase in operating loss for the Africa/Asia Pacific segment was \$14.5 million in the nine months ended September 30, 2016 compared to the nine months ended October 2, 2015. The net increase in operating loss was primarily attributable to:

- Unfavorable impact of the \$14.4 million pre-tax loss from the disposition of Zambia in the nine months ended September 30, 2016
- Unfavorable current year impact of the pre-tax gain recognized from the disposition of Thailand of \$16.1 million in the nine months ended October 2, 2015
- Favorable current year impact of the \$13.6 million long-lived asset impairment loss recognized in India in the nine months ended October 2, 2015

Other Income (Expense)

Other income (expense) includes foreign currency transaction gains or losses, which result from changes in exchange rates between the designated functional currency and the currency in which a transaction is denominated, as well as gains and losses on derivative instruments that are not designated as cash flow hedges. During the nine months ended September 30, 2016 and October 2, 2015, the Company recorded other income of \$4.7 million and other expense of \$61.9 million, respectively. For the nine months ended September 30, 2016, other income was primarily attributable to \$0.9 million related to foreign currency transaction gains and \$3.8 million related to gains on derivative instruments that were not designated as cash flow hedges. For the nine months ended October 2, 2015, other expense was primarily attributable to the adoption of the SIMADI currency exchange system in Venezuela and ongoing remeasurement of the local balance sheet which resulted in an expense of \$22.9 million, \$39.7 million related to other foreign currency transaction losses and \$0.7 million related to gains on derivative instruments that were not designated as cash flow hedges.

[Table of Contents](#)

Refer to Note 1 - Basis of Presentation and Principles of Consolidation for more information regarding the Company's Venezuelan operations.

Interest Expense

Net interest expense decreased to \$66.0 million for the nine months ended September 30, 2016 from \$72.0 million for the nine months ended October 2, 2015 primarily due to cash proceeds from divestitures which were utilized to pay down debt and the efficient management of working capital in the nine months ended September 30, 2016 as well as the incremental interest expense on the Company's Senior Floating Rate Notes recognized in the nine months ended October 2, 2015.

Tax Provision

The Company's effective tax rate for the nine months ended September 30, 2016 and October 2, 2015 was 44.8% and 1.1%, respectively. The effective tax rate on the Company's pre-tax income for the nine months ended September 30, 2016 was favorably impacted by the use of U.S. capital losses for which no tax benefit was previously recognized. This resulted in the recognition of only \$2.4 million of income tax expense on \$53.2 million of pre-tax gain associated with the sale of the North American Automotive Ignition Wire business. This favorable factor was largely offset by recognizing no tax benefit on \$44.2 million of operational losses incurred in jurisdictions where valuation allowances are recorded against net deferred tax assets.

The relatively low effective tax rate on the Company's pre-tax loss for the nine months ended October 2, 2015 was primarily due to no tax benefit being available for the \$22.9 million currency devaluation loss and foreign currency loss in Venezuela, no tax benefit being recognized on \$95.0 million of operational losses incurred in jurisdictions where valuation allowances are recorded against net deferred tax assets, and no tax benefit being recognized on the \$12.0 million Venezuelan deconsolidation loss. These unfavorable factors were partially offset by \$5.4 million of tax benefits associated with the net release of uncertain tax position reserves, \$4.3 million of tax benefits associated with valuation allowance releases, and \$11.5 million of tax benefits associated with tax deductions connected to the exiting of the business in India.

Liquidity and Capital Resources

Cash flows from operations as well as borrowings under the Company's Revolving Credit Facility provide the primary source for financing operating expenses and other short term liquidity needs. As necessary the Company incurs additional borrowings to fund working capital needs, debt and interest payments, as well as discretionary investment in internal product development, acquisitions, cash dividends and to fund tax payments. The overall cash position of the Company reflects the business results and a global cash management strategy that incorporates liquidity management, economic factors, and tax considerations.

The Company's short term borrowings vary by period based on the Company's working capital requirements which is dependent on incremental demand for products and changes in the price of copper, aluminum, and other raw material cost inputs. At September 30, 2016, current assets exceeded current liabilities by \$843.5 million. Based upon historical experience, the cash on its balance sheet and the expected availability of funds under its credit facilities, the Company believes its sources of liquidity will be sufficient to enable it to meet funding requirements for cash dividends, working capital, capital expenditures, debt repayment, salaries and related benefits, restructuring activities, and interest and taxes for the next twelve months and foreseeable future. The Company maintains approximately \$446.3 million of excess availability under its various credit facilities around the world.

The Company's North American and principal European operations generally borrow and repay under its Revolving Credit Facility multiple times per week for working capital needs; borrowing on a short term basis is the most effective method to reduce interest costs based on the terms of the agreement. The Company's European operations also participate in accounts payable confirming arrangements with several European financial institutions to address working capital requirements in the business. At September 30, 2016, the arrangements had a maximum availability limit of the equivalent of approximately \$167.7 million. The Company utilized \$151.8 million as of September 30, 2016. The Company's Latin America and Africa/Asia Pacific operations utilize various short term credit facilities for working capital purposes.

General Cable Corporation is a holding company with no operations of its own. All of the Company's operations are conducted, and net sales are generated, by its subsidiaries and investments. Accordingly, the Company's cash flow comes from the cash flows of its global operations. The Company's ability to use cash flow from its international operations, if necessary, has historically been adversely affected by limitations on the Company's ability to repatriate such earnings tax efficiently. As of September 30, 2016 and December 31, 2015, approximately 98% and 99% of cash and cash equivalents were held outside of the U.S. by the Company's foreign subsidiaries, respectively. If these funds are needed for the Company's operations in the U.S., repatriation of the funds would generally result in foreign withholding taxes and the recognition of U.S. taxable income. However, the Company does not foresee a need to repatriate this cash to fund U.S. operations. In addition, the Company's Revolving Credit Facility provides the Company flexibility in financing operating expenses and any other short term liquidity needs of the Company's North American and European operations.

Subsequent to September 30, 2016, the Minority Shareholders elected to exercise the Put Option to sell their entire 40% interest in Procables to the Company. The Put Option will be paid by the Company based on the final per share purchase price, and is expected to be approximately \$18 million.

Summary of Cash Flows

Operating cash inflow of \$65.9 million for the nine months ended September 30, 2016 reflects a net working capital source of \$5.8 million as compared to a net working capital source of \$40.8 million in the nine months ended October 2, 2015. The net working capital source in the nine months ended September 30, 2016 is primarily due to a decrease in inventories of \$58.5 million as the Company has continued to tightly manage inventory levels partially offset by an increase in receivables of \$29.1 million due to the elevated amount of sales that occurred in the months prior to September 30, 2016, particularly in September, as compared to December 31, 2015 where sales declined over the final months of the year as well as a decrease in accounts payables, accrued and other liabilities of \$24.0 million due to management of inventory levels and decreased working capital needs. In addition, the operating cash inflow of \$65.9 million for the nine months ended September 30, 2016 reflects a source of \$60.1 million related to net income (loss) adjusted for depreciation and amortization, foreign currency exchange (gains) losses, deferred income taxes, non-cash asset impairment charges, Venezuela deconsolidation charge, non-cash interest charges, (gain) loss on disposal of subsidiaries and losses on disposal of property.

The cash inflow from investing activities was \$27.8 million in the nine fiscal months ended September 30, 2016, primarily reflecting \$80.0 million of proceeds from the disposal of subsidiaries, partially offset by \$53.5 million of capital expenditures. The Company anticipates capital spending to be approximately \$90 million to \$110 million in 2016.

Financing activities resulted in \$89.0 million and \$203.4 million of cash outflows in the nine months ended September 30, 2016 and October 2, 2015, respectively. In the nine months ended October 2, 2015, the Company repaid its \$125.0 million of Senior Floating Rate Notes at maturity by utilizing availability under its Revolving Credit Facility. During the nine months ended September 30, 2016 and October 2, 2015, the Company paid dividends in total of approximately \$26.7 million and \$26.5 million to all common shareholders of record, respectively. Future declarations of dividends and the establishment of future record dates and payment dates are subject to the final determination of our Board of Directors. In determining dividends, the Board of Directors

[Table of Contents](#)

takes into consideration items such as general business conditions, financial performance, projected cash flows and anticipated financing needs. Future payments of dividends are also subject to the Company's Revolving Credit Facility, the indentures governing the Subordinated Convertible Notes and 5.75% Senior Notes, and the requirements of the Delaware General Corporation law. The Company evaluates various factors such as future operating cash flow requirements, other cash flow expectations, investment and financing strategic plans and the overall cost of capital to determine the appropriate levels of short and long-term debt to maintain. Refer to "Debt and Other Contractual Obligations" below for details.

Debt and Other Contractual Obligations

The Company's outstanding debt obligations were \$993.0 million as of September 30, 2016 and the Company maintained approximately \$446.3 million of excess availability under its various credit facilities around the world. The Company utilizes short and long-term debt to address working capital needs, restructuring payments, debt repayments and interest payments as well as discretionary investments in internal product development, acquisitions, payment of dividends, repurchase of common stock and taxes. Short-term liquidity and working capital needs are generally supported through operating cash flows. The Company maintains ratings on its public debt; therefore, the Company has and expects to continue to obtain market rates on any new borrowings.

On July 21, 2011, the Company entered into a \$400 million Revolving Credit Facility, which was first amended in 2012 to increase the facility size to \$700 million and then subsequently amended and restated on September 6, 2013 and further amended on October 22, 2013, May 20, 2014, September 23, 2014, October 28, 2014, and February 9, 2016 to, among other things, increase the Revolving Credit Facility to \$1.0 billion, \$630 million of which may be borrowed by the U.S. borrower, \$300 million of which may be borrowed by the European borrowers and \$70 million of which may be borrowed by the Canadian borrower. The Revolving Credit Facility contains restrictions including limitations on, among other things, distributions and dividends, acquisitions and investments, indebtedness, liens and affiliate transactions. The Revolving Credit Facility provides the Company with flexibility and the restrictions in the Revolving Credit Facility generally only apply in the event that the Company's availability under the Revolving Credit Facility falls below certain specific thresholds.

The Revolving Credit Facility has a maturity date of September 6, 2018. The commitment amount under the Revolving Credit Facility may be increased by an additional \$250 million, subject to certain conditions and approvals as set forth in the Revolving Credit Facility. The Revolving Credit Facility requires maintenance of a minimum fixed charge coverage ratio of 1.00 to 1.00 if availability under the Revolving Credit Facility is less than the greater of \$100 million or 10% of the then existing aggregate lender commitment under the Revolving Credit Facility. As of September 30, 2016, the availability under the Revolving Credit Facility is greater than \$100 million.

Failure to comply with any of the covenants, financial tests and ratios required by the Company's existing or future debt obligations could result in a default under those agreements and under other agreements containing cross-default provisions, as defined in the Company's Revolving Credit Facility, Subordinated Convertible Notes, 5.75% Senior Notes and various other credit facilities maintained by the Company's subsidiaries. A default would permit lenders to cease making further extensions of credit, accelerate the maturity of the debt under these agreements and foreclose upon any collateral securing that debt. Indebtedness under the Company's Revolving Credit Facility is secured by: (a) for US borrowings under the Revolving Credit Facility, a first priority security interest in substantially all of the Company's domestic assets and, (b) for Canadian and European borrowings under the Revolving Credit Facility, a first priority security interest in substantially all of the Company's domestic and Canadian assets and certain assets of the Company's Spanish, French and German subsidiaries party to the Revolving Credit Facility. In addition, the lenders under the Company's Revolving Credit Facility have received a pledge of (i) 100% of the equity interests in substantially all of the Company's domestic subsidiaries, and (ii) 65% of the voting equity interests in and 100% of the non-voting equity interests in certain of the Company's foreign subsidiaries, including the Company's Canadian subsidiaries and the Company's Spanish, French and German subsidiaries party to the Revolving Credit Facility. The Company also has incurred secured debt in connection with some of its European operations. The lenders under these European secured credit facilities also have liens on assets of certain of our European subsidiaries. As a result of these pledges and liens, if the Company fails to meet its payment or other obligations under any of its secured indebtedness, the lenders under the applicable credit agreement would be entitled to foreclose and liquidate substantially all of the Company's assets. Broadly, cross-default provisions would permit lenders to cause such indebtedness to become due prior to its stated maturity in the event a default is not cured for a period of time under the terms of one or more financing agreements, or a change in control or a fundamental change occurs.

As of September 30, 2016 and December 31, 2015, the Company was in compliance with all material debt covenants.

The Company's defined benefit plans at December 31, 2015 were underfunded by \$121.0 million. Pension expense for the Company's defined benefit pension plans for the nine fiscal months ended September 30, 2016 was \$9.3 million and cash contributions were approximately \$3.9 million.

The Company anticipates being able to meet its obligations as they come due based on historical operating and financing experience and the expected availability of funds under its current credit facilities. At September 30, 2016, maturities of long-term debt during

[Table of Contents](#)

the twelve month periods beginning September 30, 2016 through October 1, 2021 and thereafter are \$96.1 million, \$112.5 million, \$10.8 million, \$0.8 million and \$1.6 million, respectively, and \$771.2 million thereafter.

Off Balance Sheet Assets and Obligations

The Company has entered into various operating lease agreements related principally to certain administrative, manufacturing and distribution facilities and transportation equipment. At September 30, 2016, future minimum rental payments required under non-cancelable lease agreements during the twelve month periods beginning September 30, 2016 through October 1, 2021 and thereafter are \$17.9 million, \$11.3 million, \$8.0 million, \$6.2 million and \$5.1 million, respectively, and \$12.7 million thereafter.

As of September 30, 2016, the Company had \$22.3 million in letters of credit, \$223.8 million in various performance bonds and \$77.0 million in other guarantees. Other guarantees include bank guarantees and advance payment bonds. These letters of credit, performance bonds and guarantees are periodically renewed and are generally related to risk associated with self-insurance claims, defined benefit plan obligations, contract performance, quality and other various bank and financing guarantees. Advance payment bonds are often required by customers when the Company obtains advance payments to secure the production of cable for long-term contracts. The advance payment bonds provide the customer protection on their deposit in the event that the Company does not perform under the contract.

Environmental Matters

The Company's expenditures for environmental compliance and remediation amounted to approximately \$2.4 million and \$1.8 million for the nine months ended September 30, 2016 and October 2, 2015, respectively. In addition, certain General Cable subsidiaries have been named as potentially responsible parties in proceedings that involve environmental remediation. The Company has accrued \$4.6 million and \$3.6 million at September 30, 2016, and at December 31, 2015, respectively, for all environmental liabilities. Environmental matters are further described in Note 18 - Commitments and Contingencies. While it is difficult to estimate future environmental liabilities, the Company does not currently anticipate any material adverse effect on results of operations, cash flows or financial position as a result of compliance with federal, state, local or foreign environmental laws or regulations or remediation costs.

Critical Accounting Policies and Estimates

The Company's significant accounting policies are described in Note 2 - Summary of Significant Accounting Policies to the audited annual consolidated financial statements in the Company's 2015 Annual Report on Form 10-K. In the nine months ended September 30, 2016, there have been no significant changes to these policies. The application of these policies requires management to make estimates and judgments that affect the amounts reflected in the condensed consolidated financial statements. Management bases its estimates and judgments on historical experience, information that is available to management about current events and actions the Company may take in the future and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates under different assumptions or conditions. In addition, significant estimates and judgments include allowances for accounts receivable and deferred income taxes; legal, environmental, and asbestos liabilities; inventory costing and valuation; uncertain tax positions; assets and obligations related to pension and other postretirement benefits; intangible and long-lived asset valuations; financial instruments; and revenue recognized under the percentage-of-completion method. There can be no assurance that actual results will not differ from these estimates.

New Accounting Standards

A discussion of recently issued accounting pronouncements is described in Note 2 - Accounting Standards, Item 1 - Condensed Consolidated Financial Statements of this report, and we incorporate such discussion in this MD&A by reference and make it a part hereof.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company is exposed to various market risks, including changes in interest rates, foreign currency exchange rates and raw material (commodity) prices. To manage risk associated with the volatility of these natural business exposures, the Company enters into interest rate, commodity and foreign currency derivative agreements as well as copper and aluminum forward pricing agreements. The Company does not purchase or sell derivative instruments for trading purposes. The Company does not engage in trading activities involving commodity contracts for which a lack of marketplace quotations would necessitate the use of fair value estimation techniques.

As of September 30, 2016 and December 31, 2015, there were no derivatives that were designated as cash flow hedges.

ITEM 4. CONTROLS AND PROCEDURES

The Company maintains disclosure controls and procedures that are designed to provide reasonable assurance that information required to be disclosed in the Company's reports under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to management, including the Company's Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), as appropriate, to allow timely decisions regarding required disclosure. A control system, no matter how well conceived and operated, can provide only reasonable, but not absolute, assurance that the objectives of the control system are met.

In connection with the preparation of this Quarterly Report on Form 10-Q an evaluation was performed, as of September 30, 2016, under the supervision and with the participation of the Company's management, including the CEO and CFO, of the effectiveness of the design and operation of the Company's disclosure controls and procedures (as defined in Rule 13a-15(e) and 15d-15(e) under the Exchange Act). Based on that evaluation, the Company's CEO and CFO concluded that the Company's disclosure controls and procedures were effective at a reasonable assurance level as of September 30, 2016.

Changes in Internal Control over Financial Reporting

There have been no changes in the Company's internal control over financial reporting, as such item is defined in Exchange Act Rules 13a-15(f) and 15d-15(f), during the fiscal quarter ended September 30, 2016, that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

No legal proceedings were initiated during the fiscal quarter ended September 30, 2016 that are reportable and, as of the date of this filing there were no material developments in the legal proceedings previously disclosed in the Company's 2015 Annual Report on Form 10-K, except as discussed in Note 18 - Commitments and Contingencies.

ITEM 1A. RISK FACTORS

For information regarding factors that could affect the Company's results of operations, financial condition and liquidity, see (i) the risk factors discussion provided under Part I, Item 1A of the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2015, and (ii) the "Disclosure Regarding Forward-Looking Statements" included in Part I, Item 2 of this Quarterly Report on Form 10-Q.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Purchases of Equity Securities by the Issuer and Affiliated Purchasers

The following table summarizes purchases of equity securities by the Company during the quarter ended September 30, 2016:

Period	Total number of shares purchased ^{(1),(2)}	Average price paid per share
July 2, 2016 through July 29, 2016	153	\$ 13.20
July 30, 2016 through August 26, 2016	297	\$ 15.05
August 27, 2016 through September 30, 2016	2,354	\$ 15.11
Total	2,804	\$ 15.00

⁽¹⁾Includes 1,879 shares of common stock that were withheld for taxes on the vesting of restricted stock issued pursuant to the Company's equity compensation plans, and the average price paid per share was \$15.08 during the three months ended September 30, 2016.

⁽²⁾Includes 925 shares of common stock that were purchased through a rabbi trust as investments of participants in the Company's deferred compensation plan, and the average price paid per share was \$14.85 in the three months ended September 30, 2016. A Rabbi Trust has been established in connection with the Deferred Compensation Plan, and the Trust assets are available to satisfy the claims of the Company's creditors in the event of bankruptcy or insolvency of the Company.

ITEM 6. EXHIBITS

See the Exhibit Index immediately following the signature page of this Quarterly Report on Form 10-Q, which is incorporated herein by reference.

Signatures

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

General Cable Corporation

Signed: November 3, 2016

By: /s/ ROBERT C. KREIDLER

Robert C. Kreidler
Interim Principal Financial Officer

Signed: November 3, 2016

By: /s/ LEONARD R. TEXTER

Leonard R. Texter
Senior Vice President of Finance, Principal
Accounting Officer and Global Controller

Exhibit Index

Exhibit No.	Description
3.1	Amended and Restated Certificate of Incorporation (incorporated by reference to Exhibit 3.1 of the Company's Current Report on Form 8-K as filed with the Commission on May 14, 2010)
3.2	Amended and Restated By-Laws (incorporated by reference to Exhibit 3.2 of the Company's Quarterly Report on Form 10-Q for the quarter ended October 2, 2015)
10.1+	CFO Consulting Agreement, dated as of August 3, 2016, by and between the Company and Kreidler Advisory Services LLC
12.1	Computation of Ratio of Earnings to Fixed Charges
31.1	Certification of Chief Executive Officer pursuant to Rule 13a – 14(a) or 15d – 14
31.2	Certification of Chief Financial Officer pursuant to Rule 13a – 14(a) or 15d – 14
32.1	Certification pursuant to 18 U.S.C. § 1350, as adopted under Section 906 of the Sarbanes-Oxley Act of 2002
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

+ Indicates a management contract or compensatory plan.

CFO CONSULTING AGREEMENT

THIS CFO CONSULTING AGREEMENT (the "Agreement") is made and effective as of August 3, 2016 (the "Effective Date"), by and between General Cable Corporation (the "Company"), and Kreidler Advisory Services LLC ("Consultant").

WHEREAS, the Company desires to retain Consultant to act as the Company's interim principal financial officer (as defined in the rules under the Securities Exchange Act of 1934), and Consultant desires to serve in that capacity;

WHEREAS, in that role Consultant will serve as the Company's Interim Chief Financial Officer and will perform all functions related thereto;

NOW, THEREFORE, in consideration of the mutual promises and obligations herein, and other valuable consideration, the receipt and sufficiency of which are acknowledged, the parties agree as follows:

1. **Consulting Services.**

(a) During the term of this Agreement, Consultant will provide the Services (as defined below), as the Company's Interim Chief Financial Officer. The Services under this Agreement will all be performed by Robert C. Kreidler and may not be delegated to other persons, including other employees of Consultant. Consultant will provide the Services a minimum of three (3) full business days per week, working at least three (3) business days per work week at the Company's headquarters in Highland Heights, KY, or occasionally at such other locations designated by Company as business needs may dictate. Consultant's exact schedule and the days on which he works will be mutually agreed upon by him and the Company's President and Chief Executive Officer ("CEO"). The Consultant will perform all duties and fulfill the responsibilities typically completed or required of a Chief Financial Officer of a public company in the United States, including, but not limited to, oversight of the Company's accounting and finance organization (including Treasury and Tax functions), financial and accounting compliance functions, preparing the Company's financial statements and signing the Company's reports to be filed with the Securities and Exchange Commission (for instance on Forms 10-Q, 10-K and 8-K), communicating with shareholders, assisting in financing or other strategic transactions, coordinating with the Company's independent public accountants with respect to quarterly reviews and annual audits, coordinating with the Chairman of the Audit Committee and providing all information necessary, appropriate or required for the Audit Committee, and such other duties reasonably requested by the Company's corporate officers or Board of Directors, consistent with the position of Chief Financial Officer (the "Services"). Consultant shall exercise reasonable skill and care in providing the Services hereunder, and shall perform the Services in a professional manner, consistent with industry standards.

(b) If and to the extent requested by the Company's CEO or Board of Directors, following the termination of this Agreement, Consultant will provide such assistance and certifications as may be requested or necessary in order to enable the Company to make timely filing of its next succeeding quarterly or annual report on Form 10-Q or 10-K, respectively, required to be filed by the Company following the termination of this Agreement. To the extent that Consultant is requested to provide such assistance and certifications, Consultant shall be compensated at the same rate as for the Services as described herein, pro-rated based on the time spent in so doing, and for purposes of this Agreement, such additional assistance and services shall be deemed to be part of the Services hereunder.

(c) Consultant will report directly to the CEO, and/or to any other party designated by the CEO. Consultant's Services will begin the week of August 8, 2016.

2. **Consultant's Fees and Expenses.**

(a) During the term of this Agreement, the Company shall pay Consultant a fee of \$25,000 for each full week that Consultant provides Services. Payments for Services shall be made to Consultant on a bi-weekly basis within

one week after the receipt of an invoice from the Consultant. With regard to any partial weeks, Consultant shall be paid a pro-rata fee based on a 24-hour work week.

(b) During the term of this Agreement, Consultant shall bill and the Company shall reimburse the Consultant for all reasonable and approved out-of-pocket expenses which are incurred in connection with the performance of the Services hereunder, including, but not limited to, commuting and housing costs each week, consistent with the Company's expense reimbursement policy.

(c) The Consultant is solely responsible for the payment of all income, social security, employment-related, or other taxes incurred as a result of the performance of the Services by Consultant under this Agreement and for all obligations, reports, and timely notifications relating to such taxes. The Company shall have no obligation to pay or withhold any sums for such taxes.

3. **Term & Termination.** This Agreement shall commence on the Effective Date and shall continue until terminated as set forth below.

(a) **Termination for Convenience.** Consultant may terminate this Agreement at any time for any or for no reason by giving the Company thirty (30) days' prior written notice of termination; the Company may terminate this Agreement at any time for any or for no reason by giving Consultant five (5) days' prior written notice of termination.

(b) **Termination for Cause.** The Company may immediately terminate Consultant's engagement for Cause upon written notice of termination to Consultant, with the particular Cause being specified in such notice. "Cause" means any of the following in the Company's judgment: (a) Consultant's conduct, failure or omission which has, or may have, an adverse effect on the Company; (b) Consultant's act or acts amounting to gross negligence or willful misconduct to the detriment of the Company; (c) Consultant's fraud or embezzlement of funds or property; or (d) Consultant's breach of any covenant or agreement in Section 4 or 5 of this Agreement.

4. **Work Product.** All Work Product (defined below) shall be work made for hire by Consultant and owned by the Company. If any of the Work Product may not, by operation of law or otherwise, be considered work made for hire by Consultant for the Company, or if ownership of all right, title, and interest to the legal rights therein shall not otherwise vest exclusively in the Company, Consultant hereby assigns to the Company, and upon the future creation thereof automatically assign to the Company, without further consideration, the ownership of all Work Product. The Company shall have the right to obtain and hold in its own name copyrights, patents, registrations, and any other protection available in the Work Product. Consultant agrees to perform, during or after termination of Consultant's engagement, such further acts as may be necessary or desirable to transfer, perfect, and defend the Company's ownership of the Work Product as requested by the Company. For purposes of this letter, "Work Product" means the data, materials, formulas, research, documentation, computer programs, communication systems, audio systems, system designs, inventions (whether or not patentable), and all works of authorship, including all worldwide rights therein under patent, copyright, trade secret, confidential information, moral rights and other property rights, created or developed in whole or in part by Consultant, while engaged by the Company and its affiliates, within the scope of Consultant's engagement or that otherwise relates in any manner to the business or projected business of the Company and its affiliates.

5. **Confidentiality/ Non-Disparagement/ Non-Solicitation/ Non-Competition/ Company Policies.**

(a) The Consultant acknowledges that during the engagement he will have access to and become acquainted with various confidential or proprietary information, including pending or potential transactions, financial information concerning the Company, its business plans, personnel and strategies, trade secrets, inventions, innovations, processes, information, records and specifications owned or licensed by the Company and/or used by the Company in connection with the operation of its business including, without limitation, the Company's business and product processes, methods, customer lists, accounts and procedures. The Consultant agrees that Consultant will not disclose any of the aforesaid confidential or proprietary information, directly or indirectly, or use any of them in any manner, either during the term of this Agreement or at any time thereafter, except as required in the course of this engagement with the Company. To the extent permitted by law and subject to Section 10 below, upon receipt of any subpoena,

court order, or other legal process compelling the disclosure of confidential or proprietary information, Consultant agrees to give prompt written notice to the Company so as to permit the Company to protect its interests in confidentiality to the fullest extent possible. All files, records, documents, blueprints, specifications, information, letters, notes, media lists, original artwork/creative, notebooks, and similar items relating to the business of the Company, whether prepared by the Consultant or otherwise coming into Consultant's possession, shall remain the exclusive property of the Company. Consultant shall not retain any copies of the foregoing without the Company's prior written permission. Upon the termination of this Agreement, or whenever requested by the Company, Consultant shall immediately deliver to the Company all such files, records, documents, specifications, information, and other items in Consultant's possession or under Consultant's control.

(b) Consultant agrees that for so long as Consultant is engaged by the Company or any of its affiliates hereunder and for a period of three years after the date Consultant ceases to be engaged by the Company and its affiliates for any reason, Consultant will not disparage the Company or its officers, directors, or affiliates in any way, or through any medium. Consultant agrees to provide full cooperation and assistance in assisting the Company to investigate such statements if the Company reasonably believes that Consultant is the source of any such statements. The foregoing shall not apply to statutorily privileged statements made to governmental or law enforcement agencies.

(c) Consultant agrees that for so long as Consultant is engaged by the Company or any of its affiliates hereunder and for a period of 12 months after the date Consultant ceases to be engaged by the Company and its affiliates for any reason, neither Consultant nor any company or other entity controlled by Consultant (whether currently existing or hereafter acquired or formed) shall, directly or indirectly, in any capacity, (i) solicit or induce, or attempt to solicit or induce, any person who accepts employment with the Company and its affiliates to leave the employ of the Company or any of its affiliates for any reason whatsoever, or (ii) hire or employ any person who accepts employment with the Company and its affiliates.

(d) Consultant agrees that for so long as Consultant is engaged by the Company or any of its affiliates hereunder, neither Consultant nor any company or other entity controlled by Consultant (whether currently existing or hereafter acquired or formed) shall, directly or indirectly, in any capacity, engage in any employment or business activity for a company that competes with the business of the Company and its affiliates, in any country in which the Company or any of its affiliates does business. Consultant agrees that, given the nature of the business of the Company and its affiliates and Consultant's position, the foregoing geographic scope is appropriate and reasonable.

(e) Consultant agrees that Consultant will comply with the Company's Code of Ethics and Business Conduct and Insider Trading Policy, and Consultant will comply with all applicable laws, rules and regulations in the performance of the Services.

6. **Conflicts of Interest.** The Consultant represents that Consultant is free to enter into this Agreement and that this engagement does not violate the terms of any agreement between the Consultant and any third party. Further, the Consultant, in rendering Consultant's duties, shall not utilize any invention, discovery, development, improvement, innovation, or trade secret in which Consultant does not have a proprietary interest.

7. **Indemnification and D&O Insurance.** The Company agrees to defend, indemnify (including, without limitation, by providing for the advancement of expenses and reasonable attorneys' fees) and hold harmless Consultant for any and all acts taken or omitted to be taken by Consultant hereunder (except for bad faith, gross negligence or willful misconduct) as if Consultant was an officer of the Company to the extent provided in the charter and bylaws of the Company in accordance with the same terms, conditions, limitations, standards, duties, rights and obligations as are applicable to an officer. The provisions of this Section shall survive any termination of this Agreement.

8. **Independent Consultant.** This Agreement shall not render Consultant an employee, partner, agent of, or joint venturer with the Company for any purpose. Consultant is and will remain an independent contractor in his relationship to the Company. The Company shall not be responsible for withholding taxes with respect to the Consultant's compensation hereunder. Consultant shall have no claim against the Company hereunder or otherwise for vacation pay, sick leave, retirement benefits, social security, worker's compensation, health or disability benefits, unemployment insurance benefits, or employee benefits of any kind.

9 . **Remedies.** Consultant acknowledges that breach of the provisions of Sections 4 and 5 would result in irreparable injury and permanent damage to the Company and its affiliates, which prohibitions or restrictions Consultant acknowledges are both reasonable and necessary under the circumstances, singularly and in the aggregate, to protect the interests of the Company and its affiliates. Consultant recognizes and agrees that the ascertainment of damages in the event of a breach of Sections 4 and 5 would be difficult, and that money damages alone would be an inadequate remedy for the injuries and damages that would be suffered by the Company and its affiliates from breach by Consultant. Consultant therefore agrees: (i) that, in the event of a breach of Sections 4 or 5, the Company, in addition to and without limiting any of the remedies or rights that it may have at law or in equity or pursuant to this Agreement, shall have the right to injunctive relief or other similar remedy to specifically enforce the provisions hereof; and (ii) to waive and not to (A) assert any defense to the effect that the Company has an adequate remedy at law with respect to any such breach, (B) require that the Company submit proof of the economic value of any trade secret, or (C) require that the Company post a bond or any other security. Nothing contained herein shall preclude the Company from seeking monetary damages of any kind, including reasonable fees and expenses of counsel and other expenses, in a court of law. Consultant and the Company agree to the exclusive jurisdiction of the courts located in Campbell County, KY for all matters arising under this Agreement.

10. **Reports to Government Entities.** Nothing in this Agreement shall restrict or prohibit Consultant from initiating communications directly with, responding to any inquiries from, providing testimony before, providing confidential information to, reporting possible violations of law or regulation to, or from filing a claim or assisting with an investigation directly with a self-regulatory authority or a government agency or entity, including the U.S. Equal Employment Opportunity Commission, the Department of Labor, the National Labor Relations Board, the Department of Justice, the Securities and Exchange Commission, the Congress, and any agency Inspector General (collectively, the “Regulators”), or from making other disclosures that are protected under the whistleblower provisions of state or federal law or regulation. Please take notice that federal law provides criminal and civil immunity to federal and state claims for trade secret misappropriation to individuals who disclose a trade secret to their attorney, a court, or a government official in certain, confidential circumstances that are set forth at 18 U.S.C. §§ 1833(b)(1) and 1833(b)(2), related to the reporting or investigation of a suspected violation of the law, or in connection with a lawsuit for retaliation for reporting a suspected violation of the law. Consultant does not need the prior authorization of the Company to engage in such communications with the Regulators, respond to such inquiries from the Regulators, provide confidential information or documents to the Regulators, or make any such reports or disclosures to the Regulators. Consultant is not required to notify the Company that Consultant has engaged in such communications with the Regulators.

11. **Successors and Assigns.** All of the provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, if any, successors, and permitted assigns.

12. **Choice of Law.** The laws of the state of Kentucky shall govern the validity of this Agreement, the construction of its terms and the interpretation of the rights and duties of the parties hereto.

13. **Arbitration.** Except as provided in Section 9, any controversies arising out of the terms of this Agreement or its interpretation shall be settled in Campbell County, KY in accordance with the rules of the American Arbitration Association, and the judgment upon award may be entered in any court having jurisdiction thereof.

14. **Headings.** Section headings are not to be considered a part of this Agreement and are not intended to be a full and accurate description of the contents hereof.

15. **Waiver.** Waiver by one party hereto of breach of any provision of this Agreement by the other shall not operate or be construed as a continuing waiver.

16. **Assignment.** The Consultant shall not assign any of his rights under this Agreement, or delegate the performance of any of his duties hereunder, without the prior written consent of the Company.

17. **Notices.** Any and all notices, demands, or other communications required or desired to be given hereunder by any party shall be in writing and shall be validly given or made to another party if personally served, or if deposited

in the United States mail, certified or registered, postage prepaid, return receipt requested. If such notice or demand is served personally, notice shall be deemed constructively made at the time of such personal service. If such notice, demand or other communication is given by mail, such notice shall be conclusively deemed given five days after deposit thereof in the United States mail addressed to the party to whom such notice, demand or other communication is to be given as follows:

If to the Consultant: Kreidler Advisory Services
 Robert C. Kreidler
 1760 Tamarack Trail
 Skaneateles, NY 13152

If to the Company: General Cable Corporation
 Attention: SVP & General Counsel
 4 Tesseneer Rd.
 Highland Heights, KY 41076

Any party hereto may change its address for purposes of this paragraph by written notice given in the manner provided above.

18. **Modification or Amendment**. No amendment, change or modification of this Agreement shall be valid unless in writing signed by the parties hereto.

19. **Entire Understanding**. This document and any exhibit attached constitute the entire understanding and agreement of the parties, and any and all prior agreements, understandings, and representations are hereby terminated and canceled in their entirety and are of no further force and effect.

20. **Unenforceability of Provisions**. If any provision of this Agreement, or any portion thereof, is held to be invalid and unenforceable, then the remainder of this Agreement shall nevertheless remain in full force and effect.

21. **Survival**. The covenants and agreements of the Consultant contained Sections 4, 5, 7, 8, 9, 12, and 13 above shall survive the termination of this Agreement.

IN WITNESS WHEREOF the undersigned have executed this Agreement as of the day and year first written above. The parties hereto agree that facsimile signatures shall be as effective as if originals.

General Cable Corporation		Kreidler Advisory Services	
By: <u> /s/ Michael T. McDonnell </u>		By: <u> /s/ Robert C. Kreidler </u>	
Michael T. McDonnell		Robert C. Kreidler	
Title: President and CEO		Title: Principal	

ACKNOWLEDGEMENT AND ACCEPTANCE BY ROBERT C. KREIDLER

The undersigned acknowledges that he will be performing the Services described in the foregoing Agreement for Kreidler Advisory Services LLC and, as a result, he hereby agrees, in his individual capacity, to all of the covenants and agreements contained in the Agreement, and all references to covenants and agreements by “Consultant” in the Agreement shall include the undersigned individually.

/s/ Robert C. Kreidler

Robert C. Kreidler

GENERAL CABLE CORPORATION AND SUBSIDIARIES

Computation of Ratio of Earnings to Fixed Charges
(in millions)

	Nine months ended September 30, 2016	Year ended December 31,				
		2015	2014	2013	2012	2011
EARNINGS AS DEFINED						
Earnings (loss) from operations before income taxes and before adjustments for minority interests in consolidated subsidiaries and after eliminating undistributed earnings of equity method investees	\$ 17.2	\$ (151.1)	\$ (636.1)	\$ 27.0	\$ 86.9	\$ 91.4
Preferred stock dividend (pre-tax equivalent)	—	—	—	(0.3)	(0.3)	(0.3)
Fixed charges	72.0	108.1	127.6	137.0	114.6	104.7
TOTAL EARNINGS, AS DEFINED	\$ 89.2	\$ (43.0)	\$ (508.5)	\$ 163.7	\$ 201.2	\$ 195.8
FIXED CHARGES, AS DEFINED						
Interest expense	\$ 64.2	\$ 92.9	\$ 112.5	\$ 121.0	\$ 103.5	\$ 94.8
Amortization of capitalized expenses related to debt	3.0	4.1	3.8	3.9	3.3	4.4
Preferred stock dividend (pre-tax equivalent)	—	—	—	0.3	0.3	0.3
Interest component of rent expense	4.8	11.1	11.3	11.8	7.5	5.2
TOTAL FIXED CHARGES, AS DEFINED	\$ 72.0	\$ 108.1	\$ 127.6	\$ 137.0	\$ 114.6	\$ 104.7
RATIO OF EARNINGS TO FIXED CHARGES	1.2	(0.4)	(4.0)	1.2	1.8	1.9

CERTIFICATION OF CHIEF EXECUTIVE OFFICER

I, Michael T. McDonnell, certify that:

- 1) I have reviewed this Form 10-Q of General Cable Corporation;
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4) The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)), for the registrant and have:
 - a) Designed such disclosure controls and procedures or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and;
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and;
- 5) The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 3, 2016

/s/ MICHAEL T. MCDONNELL

Michael T. McDonnell
President and Chief Executive Officer

CERTIFICATION OF CHIEF FINANCIAL OFFICER

I, Robert C. Kreidler, certify that:

- 1) I have reviewed this Form 10-Q of General Cable Corporation;
- 2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4) The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)), for the registrant and have:
 - a) Designed such disclosure controls and procedures or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and;
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and;
- 5) The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 3, 2016

/s/ ROBERT C. KREIDLER

Robert C. Kreidler

Interim Principal Financial Officer

**GENERAL CABLE CORPORATION
CERTIFICATION OF CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER
PURSUANT TO 18 U.S.C. § 1350,
AS ADOPTED UNDER
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (Section 1350 of Chapter 63 of Title 18 of the United States Code), each of the undersigned officers of General Cable Corporation (the "Company") individually hereby certify with respect to the Quarterly Report of the Company on Form 10-Q for the quarter ended September 30, 2016 (the "Report") that:

- 1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- 2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 3, 2016

/s/ MICHAEL T. MCDONNELL

Michael T. McDonnell
President and Chief Executive Officer

Date: November 3, 2016

/s/ ROBERT C. KREIDLER

Robert C. Kreidler
Interim Principal Financial Officer

The foregoing certification is being furnished solely pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (Section 1350 of Chapter 63 of Title 18 of the United States Code) and is not being filed as part of the Report or as a separate disclosure document.

