GENERAL CABLE CORP /DE/
Form 10-Q
November 03, 2016
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)
x 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 x 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 x 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 x Accelerated filer ¨
Non-accelerated filer ¨ Smaller reporting company ¨
Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ¨ No x
Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date:

Class	Outstanding at October 28, 2016
Common Stock, $0.01 par value	49,296,741

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ON FORM 10-Q

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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)
Earnings (loss) per share - Net income (loss) attributable to Company common shareholders per common share				
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.

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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.

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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	65.9			125.1		
Cash flows of investing activities:						
Capital expenditures	(53.5		)	(48.1		)
	1.1			1.7		

Proceeds from properties sold						
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	27.8			24.0		
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	(89.0		)	(203.4		)
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	$	120.2		$	109.7	
Supplemental Information						
Cash paid during the period for:						
Income tax payments, net of refunds	$	12.7		$	10.9	
Interest paid	$	65.9		$	70.6	
Non-cash investing and financing activities:						
Capital expenditures included in accounts payable	$	18.8		$	8.6	

See accompanying Notes to Condensed Consolidated Financial Statements.

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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	$277.0	$0.6	$ 714.1	$(171.6)	$ 11.3	$ (292.2)	$ 14.8

		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	$316.0	$0.6	$ 716.5	$(180.6)	$83.9	$ (326.5)	$ 22.1

See accompanying Notes to Condensed Consolidated Financial Statements.

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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.

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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

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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.

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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).

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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

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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.

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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.

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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	$ 779.6	$ 846.4

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	1,050.3	1,068.6
Less accumulated depreciation	(506.2)	(505.4)
Total net book value	$ 544.1	$ 563.2

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.

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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.

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9. Long-Term Debt

(in millions)	September 30, 2016	December 31, 2015
North America		
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
Europe		
Revolving Credit Facility	34.8	8.7
Other	9.2	23.4
Latin America credit facilities	103.6	113.8
Africa/Asia Pacific credit facilities	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

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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:

	Subordinated Convertible Notes	
(in millions)	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

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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.

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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
		$3.6	$ 3.0		$0.9	$ 12.3

(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.

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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.

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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.

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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)

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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 September 30, 2016 Amount reclassified from accumulated other comprehensive income (loss)	Nine Fiscal Months Ended September 30, 2016 Amount reclassified from accumulated other comprehensive income (loss)	Affected line item in the Condensed Consolidated Statement of Operations and 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 October 2, 2015 Amount reclassified from accumulated other comprehensive income (loss)	Nine Fiscal Months Ended October 2, 2015 Amount reclassified from accumulated other comprehensive income (loss)	Affected line item in the Condensed Consolidated Statement of Operations and 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	

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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.

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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.

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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:

	Three Fiscal Months Ended		Nine Fiscal Months Ended	
(in millions)	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	$924.5	$1,096.4	$2,948.4	$3,561.6
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	$4.7	$24.8	$78.5	$51.6

(in millions)	September 30, 2016	December 31, 2015
Total Assets:		