

CommScope Holding Company, Inc.
Condensed Consolidated Statements of Operations
(Unaudited -- In thousands, except per share amounts)

	Three Months Ended	
	March 31,	
	2015	2014
Net sales	\$ 825,400	\$ 935,036
Operating costs and expenses:		
Cost of sales	532,196	597,325
Selling, general and administrative	125,671	113,028
Research and development	27,736	31,870
Amortization of purchased intangible assets	44,786	44,298
Restructuring costs, net	1,871	1,980
Total operating costs and expenses	732,260	788,501
Operating income	93,140	146,535
Other income (expense), net	2,627	(3,195)
Interest expense	(36,329)	(42,280)
Interest income	1,029	1,104
Income before income taxes	60,467	102,164
Income tax expense	(20,991)	(37,677)
Net income	\$ 39,476	\$ 64,487
Earnings per share:		
Basic	\$ 0.21	\$ 0.35
Diluted (a)	\$ 0.20	\$ 0.34
Weighted average shares outstanding:		
Basic	188,480	185,942
Diluted (a)	193,137	190,922
(a) Calculation of diluted earnings per share:		
Net income (basic)	\$ 39,476	\$ 64,487
Weighted average shares (basic)	188,480	185,942
Dilutive effect of stock options	4,657	4,980
Denominator (diluted)	193,137	190,922

See notes to unaudited condensed consolidated financial statements included in our Form 10-Q.

CommScope Holding Company, Inc.
Condensed Consolidated Balance Sheets
(Unaudited -- In thousands, except share amounts)

	<u>March 31,</u> <u>2015</u>	<u>December 31,</u> <u>2014</u>
Assets		
Cash and cash equivalents	\$ 735,142	\$ 729,321
Accounts receivable, less allowance for doubtful accounts of \$8,410 and \$8,797, respectively	689,574	612,007
Inventories, net	353,060	367,185
Prepaid expenses and other current assets	65,152	67,875
Deferred income taxes	45,017	51,230
Total current assets	1,887,945	1,827,618
Property, plant and equipment, net of accumulated depreciation of \$213,355 and \$207,342, respectively	282,244	289,371
Goodwill	1,449,822	1,451,887
Other intangible assets, net	1,214,832	1,260,927
Other noncurrent assets	123,597	126,082
Total assets	\$ 4,958,440	\$ 4,955,885
Liabilities and Stockholders' Equity		
Accounts payable	\$ 234,032	\$ 177,806
Other accrued liabilities	236,385	289,006
Current portion of long-term debt	8,972	9,001
Total current liabilities	479,389	475,813
Long-term debt	2,697,173	2,698,724
Deferred income taxes	318,214	339,945
Pension and other postretirement benefit liabilities	23,211	29,478
Other noncurrent liabilities	101,099	104,306
Total liabilities	3,619,086	3,648,266
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, \$.01 par value: Authorized shares: 200,000,000; Issued and outstanding shares: None at March 31, 2015 or December 31, 2014	—	—
Common stock, \$.01 par value: Authorized shares: 1,300,000,000; Issued and outstanding shares: 189,409,474 and 187,831,389 at March 31, 2015 and December 31, 2014, respectively	1,904	1,888
Additional paid-in capital	2,167,740	2,141,433
Retained earnings (accumulated deficit)	(702,043)	(741,519)
Accumulated other comprehensive loss	(117,612)	(83,548)
Treasury stock, at cost: 961,566 shares at March 31, 2015 and December 31, 2014	(10,635)	(10,635)
Total stockholders' equity	1,339,354	1,307,619
Total liabilities and stockholders' equity	\$ 4,958,440	\$ 4,955,885

See notes to unaudited condensed consolidated financial statements included in our Form 10-Q.

CommScope Holding Company, Inc.
Condensed Consolidated Statements of Cash Flows
(Unaudited -- In thousands)

	Three Months Ended	
	March 31,	
	2015	2014
Operating Activities:		
Net income	\$ 39,476	\$ 64,487
Adjustments to reconcile net income to net cash generated by (used in) operating activities:		
Depreciation and amortization	59,454	59,461
Equity-based compensation	5,253	3,676
Deferred income taxes	(13,623)	7,343
Excess tax benefits from equity-based compensation	(10,414)	(1,542)
Changes in assets and liabilities:		
Accounts receivable	(95,317)	(101,793)
Inventories	5,792	(38,636)
Prepaid expenses and other assets	(1,134)	4,341
Accounts payable and other liabilities	12,682	(31,063)
Other	(929)	(1,763)
Net cash generated by (used in) operating activities	1,240	(35,489)
Investing Activities:		
Additions to property, plant and equipment	(8,213)	(6,675)
Proceeds from sale of property, plant and equipment	125	1,183
Other	2,633	46
Net cash used in investing activities	(5,455)	(5,446)
Financing Activities:		
Long-term debt repaid	(2,199)	(17,558)
Long-term debt proceeds	—	15,000
Proceeds from the issuance of common shares under equity-based compensation plans	11,999	1,957
Excess tax benefits from equity-based compensation	10,414	1,542
Net cash generated by financing activities	20,214	941
Effect of exchange rate changes on cash and cash equivalents	(10,178)	(1,138)
Change in cash and cash equivalents	5,821	(41,132)
Cash and cash equivalents, beginning of period	729,321	346,320
Cash and cash equivalents, end of period	\$ 735,142	\$ 305,188

See notes to unaudited condensed consolidated financial statements included in our Form 10-Q.

CommScope Holding Company, Inc.
Reconciliation of GAAP Measures to Non-GAAP Adjusted Measures
(Unaudited -- In millions, except per share amounts)

	Three Months Ended	
	March 31,	
	<u>2015</u>	<u>2014</u>
Operating income, as reported	\$ 93.1	\$ 146.5
Adjustments:		
Amortization of purchased intangible assets	44.8	44.3
Restructuring costs, net	1.9	2.0
Equity-based compensation	5.3	3.7
Transaction and integration costs	11.4	0.9
Purchase accounting adjustments	-	(5.4)
Total adjustments to operating income	<u>63.4</u>	<u>45.5</u>
Non-GAAP adjusted operating income	\$ 156.5	\$ 192.0
Income before income taxes, as reported	\$ 60.5	\$ 102.2
Income tax expense, as reported	<u>(21.0)</u>	<u>(37.7)</u>
Net income, as reported	\$ 39.5	\$ 64.5
Adjustments:		
Total pretax adjustments to operating income	63.4	45.5
Pretax amortization of deferred financing costs & OID ⁽¹⁾	3.1	3.4
Pretax gain on sale of equity investment ⁽²⁾	(2.4)	-
Tax effects of adjustments and other tax items ⁽³⁾	<u>(22.2)</u>	<u>(18.1)</u>
Non-GAAP adjusted net income	\$ 81.4	\$ 95.3
Diluted EPS, as reported	\$ 0.20	\$ 0.34
Non-GAAP adjusted diluted EPS	\$ 0.42	\$ 0.50

(1) Included in interest expense.

(2) Included in other income (expense), net.

(3) The tax rates applied to adjustments reflect the tax expense or benefit based on the tax jurisdiction of the entity generating the adjustment. There are certain items for which we expect little or no tax effect.

Note: Components may not sum to total due to rounding.

See Description of Non-GAAP Financial Measures

CommScope Holding Company, Inc.
Segment Information
(Unaudited -- In millions)

Sales by Segment

	Q1 2015	Q4 2014	Q1 2014	% Change	
				Sequential	YOY
Wireless	\$ 496.3	\$ 484.8	\$ 627.2	2.4 %	(20.9) %
Enterprise	211.3	212.5	201.5	(0.6) %	4.9 %
Broadband	118.0	130.6	107.5	(9.6) %	9.8 %
Inter-segment eliminations	(0.2)	(0.1)	(1.2)	N/A	N/A
Total Net Sales	\$ 825.4	\$ 827.9	\$ 935.0	(0.3) %	(11.7) %

Non-GAAP Adjusted Operating Income by Segment

	Q1 2015	Q4 2014	Q1 2014	% Change	
				Sequential	YOY
Wireless	\$ 98.1	\$ 84.0	\$ 153.9	16.8 %	(36.3) %
Enterprise	49.0	42.5	36.1	15.3 %	35.7 %
Broadband	9.4	12.9	1.9	(27.1) %	394.7 %
Total Non-GAAP Adjusted Operating Income	\$ 156.5	\$ 139.4	\$ 192.0	12.3 %	(18.5) %

Components may not sum to total due to rounding

See Description of Non-GAAP Financial Measures

CommScope Holding Company, Inc.
Reconciliation of GAAP to Non-GAAP Adjusted Operating Income by Segment
(Unaudited -- In millions)

First Quarter 2015 Non-GAAP Adjusted Operating Income Reconciliation by Segment

	Wireless	Enterprise	Broadband	Total
Operating income, as reported	\$ 64.4	\$ 26.9	\$ 1.8	\$ 93.1
Amortization of purchased intangible assets	23.1	17.4	4.3	44.8
Restructuring costs, net	1.8	-	0.1	1.9
Equity-based compensation	2.9	1.7	0.6	5.3
Transaction and integration costs	6.0	3.0	2.4	11.4
Non-GAAP adjusted operating income	\$ 98.1	\$ 49.0	\$ 9.4	\$ 156.5
Non-GAAP adjusted operating margin %	19.8%	23.2%	8.0%	19.0%

Fourth Quarter 2014 Non-GAAP Adjusted Operating Income Reconciliation by Segment

	Wireless	Enterprise	Broadband	Total
Operating income, as reported	\$ 47.8	\$ 21.5	\$ 6.9	\$ 76.2
Amortization of purchased intangible assets	23.1	17.4	4.4	44.8
Restructuring costs, net	7.5	-	0.1	7.6
Equity-based compensation	3.0	1.7	0.7	5.4
Asset impairments	(2.1)	-	-	(2.1)
Transaction and integration costs	4.7	1.9	0.9	7.5
Non-GAAP adjusted operating income	\$ 84.0	\$ 42.5	\$ 12.9	\$ 139.4
Non-GAAP adjusted operating margin %	17.3%	20.0%	9.9%	16.8%

First Quarter 2014 Non-GAAP Adjusted Operating Income Reconciliation by Segment

	Wireless	Enterprise	Broadband	Total
Operating income (loss), as reported	\$ 127.6	\$ 22.6	\$ (3.7)	\$ 146.5
Amortization of purchased intangible assets	22.5	17.4	4.4	44.3
Restructuring costs, net	1.2	0.2	0.5	2.0
Equity-based compensation	2.0	1.2	0.5	3.7
Transaction and integration costs	0.6	0.2	0.1	0.9
Purchase accounting adjustments	-	(5.4)	-	(5.4)
Non-GAAP adjusted operating income	\$ 153.9	\$ 36.1	\$ 1.9	\$ 192.0
Non-GAAP adjusted operating margin %	24.5%	17.9%	1.8%	20.5%

Components may not sum to total due to rounding

See Description of Non-GAAP Financial Measures

CommScope Holding Company, Inc.
Adjusted Free Cash Flow
(Unaudited -- In millions)

Adjusted Free Cash Flow

	<u>Q1 2015</u>	<u>Q1 2014</u>
Cash flow from operations	\$ 1.2	\$ (35.5)
Transaction and integration costs	6.6	*
Capital expenditures	(8.2)	(6.7)
Adjusted Free Cash Flow	<u>\$ (0.4)</u>	<u>\$ (42.2)</u>

* Not significant

CommScope Holding Company, Inc.
Quarterly Adjusted Operating Income and Adjusted EBITDA
(Unaudited -- In millions)

GAAP to Non-GAAP Adjusted Operating Income and Adjusted EBITDA Reconciliation

	<u>Q1 2015</u>	<u>Q4 2014</u>	<u>Q3 2014</u>	<u>Q2 2014</u>	<u>Q1 2014</u>
Operating income, as reported	\$ 93.1	\$ 76.2	\$ 151.0	\$ 203.7	\$ 146.5
Amortization of purchased intangible assets	44.8	44.8	44.8	44.3	44.3
Restructuring costs, net	1.9	7.6	7.4	2.3	2.0
Equity-based compensation	5.3	5.4	5.6	6.5	3.7
Asset impairments	-	(2.1)	7.0	7.2	-
Transaction and integration costs	11.4	7.5	2.7	1.0	0.9
Purchase accounting adjustments	-	-	-	(6.4)	(5.4)
Non-GAAP adjusted operating income	<u>\$ 156.5</u>	<u>\$ 139.4</u>	<u>\$ 218.5</u>	<u>\$ 258.5</u>	<u>\$ 192.0</u>
Non-GAAP adjusted operating margin %	<u>19.0%</u>	<u>16.8%</u>	<u>21.8%</u>	<u>24.2%</u>	<u>20.5%</u>
Depreciation	11.6	12.7	12.4	12.1	11.7
Non-GAAP adjusted EBITDA	<u>\$ 168.1</u>	<u>\$ 152.0</u>	<u>\$ 230.9</u>	<u>\$ 270.6</u>	<u>\$ 203.7</u>

Components may not sum to total due to rounding

See Description of Non-GAAP Financial Measures