

GENERAL CABLE CORP /DE/

Form 10-Q/A

August 29, 2003

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SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q/A
Amendment No. 1

Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the Quarterly Period Ended March 31, 2003
Commission File No. 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 41076-9753
(Address of principal executive offices)

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

Securities Registered Pursuant to Section 12(g) of the Act: None

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant is an accelerated filer (as defined in rule 12b-2 of the Exchange Act).

Yes No

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

<u>Class</u>	<u>Outstanding at May 1, 2003</u>
Common Stock, \$0.01 Par Value	33,178,977

Explanatory Note:

This Amendment No. 1 to the Company's Form 10-Q for the period ended March 31, 2003 is being filed to revise the Company's disclosure in Part I, Item 4 in response to a comment received from the Staff of the Division of Corporation Finance of the Securities and Exchange Commission. In addition, the Company has made a balance sheet reclassification from current liabilities to short term debt to conform to the Company's current presentation. This amendment does not reflect events occurring subsequent to the original filing date of May 7, 2003.

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GENERAL CABLE CORPORATION

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GENERAL CABLE CORPORATION AND SUBSIDIARIES
Consolidated Statements of Operations
(in millions, except per share data)
(unaudited)

	Three Months Ended March 31,	
	<u>2003</u>	<u>2002</u>
Net sales	\$ 352.6	\$ 361.4
Cost of sales	<u>310.2</u>	<u>313.3</u>
Gross profit	42.4	48.1
Selling, general and administrative expenses	<u>31.0</u>	<u>30.4</u>
Operating income	11.4	17.7
Interest income (expense):		
Interest expense	(11.4)	(10.4)
Interest income	<u>0.1</u>	<u>0.3</u>
	<u>(11.3)</u>	<u>(10.1)</u>
Earnings before income taxes	0.1	7.6
Income tax expense		<u>(2.7)</u>
Net income	<u>\$ 0.1</u>	<u>\$ 4.9</u>
<u>Earnings per share</u>		
Earnings per common share	<u>\$</u>	<u>\$ 0.15</u>
Weighted average common shares	<u>33.1</u>	<u>32.9</u>
Earnings per common share-assuming dilution	<u>\$</u>	<u>\$ 0.15</u>
Weighted average common shares-assuming dilution	<u>33.1</u>	<u>33.2</u>

See accompanying Notes to Consolidated Financial Statements.

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

<u>ASSETS</u>	March 31, 2003	December 31, 2002
	_____	_____
Current Assets:	(unaudited)	
Cash	\$ 16.2	\$ 29.1
Receivables, net of allowances of \$13.4 million at March 31, 2003 and \$11.6 million at December 31, 2002	129.6	105.9
Retained interest in accounts receivable	78.0	84.8
Inventories	264.9	258.3
Deferred income taxes	12.3	12.2
Prepaid expenses and other	30.1	42.6
	_____	_____
Total current assets	531.1	532.9
Property, plant and equipment, net	323.4	323.3
Deferred income taxes	71.7	68.3
Other non-current assets	46.9	48.8
	_____	_____
Total assets	\$973.1	\$ 973.3
	_____	_____
<u>LIABILITIES AND SHAREHOLDERS EQUITY</u>		
Current Liabilities:		
Accounts payable	\$257.8	\$ 242.1
Accrued liabilities	102.4	99.2
Current portion of long-term debt	38.1	40.8
	_____	_____
Total current liabilities	398.3	382.1
Long-term debt	384.7	411.1
Deferred income taxes	2.9	2.1
Other liabilities	121.8	117.1
	_____	_____
Total liabilities	907.7	912.4
	_____	_____
Shareholders Equity:		
Common stock, \$0.01 par value:		
Issued and outstanding shares:		
March 31, 2003 33,143,303 (net of 4,754,425 treasury shares)		
December 31, 2002 33,135,002 (net of 4,754,425 treasury shares)	0.4	0.4
Additional paid-in capital	100.2	100.0
Treasury stock	(50.0)	(50.0)
Retained earnings	60.0	59.9
Accumulated other comprehensive loss	(40.4)	(44.6)
Other shareholders equity	(4.8)	(4.8)
	_____	_____
Total shareholders equity	65.4	60.9

	—	—
Total liabilities and shareholders' equity	\$973.1	\$ 973.3
	—	—

See accompanying Notes to Consolidated Financial Statements.

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

	Three Months Ended March 31,	
	2003	2002
Cash flows of operating activities:		
Net income	\$ 0.1	\$ 4.9
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	8.2	8.0
Deferred income taxes	(2.7)	(0.5)
Changes in operating assets and liabilities:		
(Increase) decrease in receivables	(12.9)	13.5
Increase in inventories	(3.2)	(11.4)
Decrease in other assets	13.9	3.9
Increase (decrease) in accounts payable, accrued and other liabilities	16.3	(7.2)
	<u>19.7</u>	<u>11.2</u>
Cash flows of investing activities:		
Proceeds from properties sold	0.3	0.2
Capital expenditures	(3.3)	(6.3)
Other, net	0.9	(0.9)
	<u>(2.1)</u>	<u>(7.0)</u>
Cash flows of financing activities:		
Dividends paid		(1.6)
Net change in revolving credit borrowings	(21.2)	(0.8)
Net change in other debt	(6.7)	5.2
Repayment of long-term debt	(2.6)	(5.3)
Proceeds from exercise of stock options		0.5
	<u>(30.5)</u>	<u>(2.0)</u>
Increase (decrease) in cash	(12.9)	2.2
Cash-beginning of period	29.1	16.6
	<u>\$ 16.2</u>	<u>\$ 18.8</u>
SUPPLEMENTAL INFORMATION		
Income taxes paid, net of (refunds)	\$(13.9)	\$ 0.6
	<u>\$ 6.7</u>	<u>\$ 8.3</u>

See accompanying Notes to Consolidated Financial Statements.

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GENERAL CABLE CORPORATION AND SUBSIDIARIES
Consolidated Statements of Changes in Shareholders' Equity
(in millions, except share amounts)
(unaudited)

	<u>Common Stock</u>		Additional			Accumulated		
	Shares	Amount	Paid-In	Treasury	Retained	Other	Other	Total
			Capital	Stock	Earnings	Income(Loss)	Shareholders'	
							Equity	
Balance, December 31, 2001	32,838,227	\$ 0.4	\$ 96.4	\$(50.0)	\$ 88.9	\$ (25.7)	\$ (5.1)	\$ 104.9
Comprehensive income:								
Net income					4.9			4.9
Foreign currency translation adjustment						0.8		0.8
Gain on change in fair value of financial instruments, net of tax						1.7		1.7
Comprehensive income								7.4
Dividends					(1.6)			(1.6)
Amortization of restricted stock and other			0.2				0.2	0.4
Exercise of stock options	66,707		0.5					0.5
Other	33,349		(0.1)		(0.2)			(0.3)
Balance, March 31, 2002	32,938,283	\$ 0.4	\$ 97.0	\$(50.0)	\$ 92.0	\$ (23.2)	\$ (4.9)	\$ 111.3
Balance, December 31, 2002	33,135,002	\$ 0.4	\$ 100.0	\$(50.0)	\$ 59.9	\$ (44.6)	\$ (4.8)	\$ 60.9
Comprehensive income:								
Net income					0.1			0.1
Foreign currency translation adjustment						4.6		4.6
Loss on change in fair value of financial instruments, net of tax						(0.4)		(0.4)
Comprehensive income								4.3
Amortization of restricted stock and other			0.2					0.2
Other	8,301							
Balance, March 31, 2003	33,143,303	\$ 0.4	\$ 100.2	\$(50.0)	\$ 60.0	\$ (40.4)	\$ (4.8)	\$ 65.4

See accompanying Notes to Consolidated Financial Statements.

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**GENERAL CABLE CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

1. Summary of Accounting Policies

Principles of Consolidation The consolidated financial statements include the accounts of General Cable Corporation and its wholly-owned subsidiaries. Investments in 50% or less owned joint ventures are accounted for under the equity method of accounting. Other non-current assets included an investment in joint ventures of \$3.9 million and \$3.8 million at March 31, 2003 and December 31, 2002, respectively. All transactions and balances among the consolidated companies have been eliminated. Certain reclassifications have been made to the prior year to conform to the current year's presentation.

Basis of Presentation The accompanying unaudited consolidated financial statements of General Cable Corporation and Subsidiaries have been prepared in accordance with accounting principles generally accepted in the United States of America 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 accounting principles generally accepted in the United States of America 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 three months ended March 31, 2003 are not necessarily indicative of results that may be expected for the full year. These financial statements should be read in conjunction with the audited financial statements and notes thereto in General Cable's 2002 Annual Report on Form 10-K filed with the Securities and Exchange Commission on March 28, 2003.

Revenue Recognition Revenue is recognized when goods are shipped and title passes to the customer.

Earnings Per Share Earnings per common share are computed based on the weighted average number of common shares outstanding. Earnings per common share assuming dilution are computed based on the weighted average number of common shares outstanding and the dilutive effect of stock options and restricted stock units outstanding.

Inventories Inventories are stated at the lower of cost or market value. The Company determines whether a lower of cost or market provision is required on a quarterly basis by computing whether inventory on hand, on a last-in first-out (LIFO) basis, can be sold at a profit based upon current selling prices less variable selling costs. No provision was required for the first three months of 2003 or 2002. In the event that a provision is required in some future period, the Company will determine the amount of the provision by writing down the value of the inventory to the level where its sales, using current selling prices less variable selling costs, will result in a profit.

Property, Plant and Equipment Property, plant and equipment are stated at cost. Costs assigned to property, plant and equipment relating to acquisitions are based on estimated fair values at the date of acquisition. Depreciation is provided using the straight-line method over the estimated useful lives of the assets: new buildings, from 15 to 50 years; and machinery, equipment and office furnishings, from 3 to 15 years. Leasehold improvements are depreciated over the life of the lease.

Fair Value of Financial Instruments Financial instruments are defined as cash or contracts relating to the receipt, delivery or exchange of financial instruments. Except as otherwise noted, fair value approximates the carrying value of such instruments.

Forward Pricing Agreements for Purchases of Copper and Aluminum In the normal course of business, General Cable enters into forward pricing agreements for purchases of copper and aluminum to match certain sale transactions. General Cable expects to recover the cost of copper and aluminum under these agreements as a result of firm sales price commitments with customers.

Use of Estimates The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

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**GENERAL CABLE CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

Concentration of Credit Risk General Cable sells a broad range of products primarily throughout the United States, Canada, Europe and Asia Pacific. Concentrations of credit risk with respect to trade receivables are limited due to the large number of customers, including members of buying groups, composing General Cable's customer base. Ongoing credit evaluations of customers' financial condition are performed, and generally, no collateral is required. General Cable maintains reserves for potential credit losses and such losses, in the aggregate, have not exceeded management's estimates. Certain subsidiaries also maintain credit insurance for certain customer balances.

Derivative Financial Instruments Derivative financial instruments are utilized to manage interest rates, commodity and foreign currency risk. General Cable does not hold or issue derivative financial instruments for trading purposes.

Statement of Financial Accounting Standards (SFAS) No. 133, Accounting For Derivative Instruments and Hedging Activities, as amended, requires that all derivatives be recorded on the balance sheet at fair value. Accounting for changes in the fair value of the derivative depends on the intended use of the derivative and whether it qualifies for hedge accounting.

SFAS No. 133, as applied to General Cable's risk management strategies, may increase or decrease reported net income and shareholders' equity prospectively depending on changes in interest rates and other variables affecting the fair value of derivative instruments and hedged items, but will have no effect on cash flows or economic risk. See further discussion in Note 7.

Foreign currency and commodity contracts are used to hedge future sales and purchase commitments. Unrealized gains and losses on such contracts are recorded in other comprehensive income until the underlying transaction occurs and is recorded in the income statement at which point such amounts included in other comprehensive income are recorded into income which generally will occur over periods less than one year.

Accounts Receivable Securitization The Company accounts for the securitization of accounts receivable in accordance with SFAS No. 140, Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities, a replacement of FASB Statement No. 125. At the time the receivables are sold, the balances are removed from the Consolidated Balance Sheet. Costs associated with the transaction, primarily related to the discount, are included in interest income (expense) in the Consolidated Statement of Operations. See further discussion in Note 3.

Stock-Based Compensation SFAS No. 123, Accounting for Stock-Based Compensation, encourages, but does not require, companies to record compensation cost for stock-based employee compensation plans at fair value. General Cable has chosen to continue to account for stock-based compensation using the intrinsic value method prescribed in Accounting Principles Board Opinion No. 25, Accounting for Stock Issued to Employees, and related interpretations. Accordingly, compensation cost for stock options is measured as the excess, if any, of the quoted market price of the Company's stock at the date of the grant over the amount an employee must pay to acquire the stock. No compensation cost for stock options is reflected in net income, as all options granted had an exercise price equal to the market value of the underlying common stock on the date of grant. The following table illustrates the effect on net income and earnings per share if the Company had applied the fair value recognition provisions of SFAS No. 123 to stock-based employee compensation.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

	Three Months Ended March 31,	
	<u>2003</u>	<u>2002</u>
Net income as reported	\$ 0.1	\$ 4.8
Deduct: Total stock-based employee compensation expense under fair value based method for all awards, net of related tax effects	(0.4)	(0.4)
Pro forma net income (loss)	\$ (0.3)	\$ 4.4
Earnings (loss) per share:		
Basic as reported	\$	\$ 0.15
Basic pro forma	\$ (0.01)	\$ 0.13
Diluted as reported	\$	\$ 0.15
Diluted pro forma	\$ (0.01)	\$ 0.13

New Standards In December 2002, SFAS No. 148 Accounting for Stock-Based Compensation Transition and Disclosure an amendment of FASB No. 123 was issued. SFAS No. 148 provides alternative methods of transition for a voluntary change to the fair value based method of accounting for stock-based employee compensation. SFAS No. 148 also requires additional disclosure about the method of accounting for stock-based employee compensation and the effect of the method used on reported results. General Cable has elected to not implement the voluntary change to the fair value based method of accounting for stock-based employee compensation, however, the disclosure requirements have been implemented as required.

In November 2002, FASB Interpretation (FIN) No. 45 Guarantor's Accounting Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others was issued. FIN 45 requires that as a company issues a guarantee, it must recognize a liability for the fair value of the obligations it assumes under that guarantee. Application of FIN 45 is required for guarantees issued or modified after December 31, 2002. The Company does not believe that the adoption of FIN 45 will have a material affect on its financial position, results of operations or cash flows.

In January 2003, FIN No. 46 Consolidation of Variable Interest Entities was issued. FIN 46 is intended to achieve more consistent application of consolidation policies to variable interest entities. FIN 46 applies to all variable interest entities created after January 31, 2003 and it applies in the first fiscal period beginning after June 15, 2003 to variable interest entities acquired or created before February 1, 2003. The Company does not believe that the adoption of FIN 46 will have a material affect on its financial position, results of operations or cash flows.

2. Acquisitions and Divestitures

In March 2001, the Company sold the shares of its Pyrotenax business unit to Raychem HTS Canada, Inc., a business unit of Tyco International, Ltd., for \$60 million, subject to closing adjustments. The business unit, with operations in Canada and the United Kingdom, principally produced mineral insulated high-temperature cables. During the second quarter of 2002, the final post-closing adjusted purchase price was agreed and resulted in a payment to Tyco International, Ltd. of approximately \$2 million during the third quarter of 2002. This payment plus other costs associated with settling the final purchase price was equal to the amount provided for in the Company's balance sheet. The proceeds from the transaction were used to reduce the Company's debt.

During the second quarter of 2002, General Cable formed a joint venture company to manufacture and market fiber optic cables. General Cable contributed assets, primarily inventory and machinery and equipment, to a subsidiary company which was then contributed to the joint venture in exchange for a \$10.2 million note receivable which resulted in a \$5.6 million deferred gain on the transaction. The Company will recognize the gain as the note is repaid. At December 31, 2002 and March 31, 2003, other non-current assets included an investment in the joint venture of \$3.8 million and \$3.9 million, respectively. The December 31, 2002 and March 31, 2003 balance sheets included a \$10.2 million note receivable from the joint venture in other non-current assets and a deferred gain from the initial joint venture formation of \$5.6 million in other liabilities.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****3. Accounts Receivable Asset Backed Securitization**

In May 2001, the Company completed an Accounts Receivable Asset Backed Securitization Financing transaction (Securitization Financing). The Securitization Financing provides for certain domestic trade receivables to be transferred to a wholly-owned, special purpose bankruptcy-remote subsidiary without recourse. This subsidiary in turn transferred the receivables to a trust, which issued, via private placement, floating rate five-year certificates in an initial amount of \$145 million. In addition, a variable certificate component of up to \$45 million for seasonal borrowings was also established as a part of the Securitization Financing. This variable certificate component will fluctuate based on the amount of eligible receivables. As a result of the building wire asset sale and the exit from the retail cordsets business, the Securitization Financing program was downsized to \$80 million in the first quarter of 2002, through the repayment of a portion of the outstanding certificates. The repayment of the certificates was funded by the collection of the outstanding building wire and retail cordsets accounts receivable. The \$45 million seasonal borrowing component was unaffected.

Transfers of receivables under this program are treated as a sale and result in a reduction of total accounts receivable reported on the Company's consolidated balance sheet. In conjunction with the initial transaction, the Company incurred one-time charges of \$4.2 million in the second quarter of 2001. The Company continues to service the transferred receivables and receives annual servicing fees from the special purpose subsidiary of approximately 1% of the average receivable balance. The market cost of servicing the receivables offset the servicing fee income and results in a servicing asset equal to zero. The Company's retained interest in the receivables are carried at their fair value which is estimated as the net realizable value. The net realizable value considers the relatively short liquidation period and an estimated provision for credit losses. The provision for credit losses is determined based on specific identification of uncollectible accounts and the application of historical collection percentages by aging category. The receivables are not subject to prepayment risk. The key assumptions used in measuring the fair value of retained interests at the time of securitization were receivables days sales outstanding of 54 and interest rates on LIBOR based on borrowings of 4.92%. At March 31, 2003 and December 31, 2002, key assumptions were receivables days outstanding of 53 and 49, respectively, and interest rates on LIBOR based borrowings of 1.8% and 2.0%, respectively.

At March 31, 2003 and December 31, 2002, the Company's retained interest in accounts receivable and off balance sheet financing, net of cash held in the trust, was \$78.0 million and \$58.2 million; and \$84.8 million and \$48.5 million, respectively. The effective interest rate in the Securitization Financing was approximately 1.8% and 2.0% at March 31, 2003 and December 31, 2002, respectively.

4. Inventories

Inventories consisted of the following (in millions):

	March 31, 2003	December 31, 2002
Raw materials	\$ 23.2	\$ 26.1
Work in process	31.5	33.2
Finished goods	210.2	199.0
	<u> </u>	<u> </u>
Total	\$264.9	\$258.3
	<u> </u>	<u> </u>

At March 31, 2003 and December 31, 2002, \$219.0 million and \$214.3 million, respectively, of inventories were valued using the LIFO method. Approximate replacement cost of inventories valued using the LIFO method totaled \$206.2 million at March 31, 2003 and \$198.7 million at December 31, 2002.

If in some future period, the Company were not able to recover the LIFO value of its inventory at a profit when replacement costs were lower than the LIFO value of the inventory, the Company would be required to take a charge to recognize in its income statement all or a portion of the higher LIFO value of the inventory.

Table of Contents**GENERAL CABLE CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****5. Restructuring Charges**

During 2001 and 2002, provisions were recorded for various restructuring activities. These provisions related to costs for the closure of manufacturing facilities, worldwide headcount reductions, the elimination of regional distribution centers and certain other costs. The balance of these accrued restructuring costs were \$15.2 million at December 31, 2002. During the first quarter of 2003, no additional provisions were recorded and \$2.2 million of these provisions were utilized.

Changes in accrued restructuring costs were as follows (in millions):

		Severance and Related Costs	Facility Closing Costs	Total
		<u> </u>	<u> </u>	<u> </u>
Balance	December 31, 2002	\$ 4.4	\$10.8	\$15.2
Provision				
Utilization		(1.0)	(1.2)	(2.2)
		<u> </u>	<u> </u>	<u> </u>
Balance	March 31, 2003	\$ 3.4	\$ 9.6	\$13.0
		<u> </u>	<u> </u>	<u> </u>

6. Long-term Debt

Long-term debt consisted of the following (in millions):

	March 31, 2003	December 31, 2002
	<u> </u>	<u> </u>
Term loans	\$335.7	\$337.4
Revolving loans	57.0	78.2
Other	30.1	36.3
	<u> </u>	<u> </u>
	422.8	451.9
Less current maturities	38.1	40.8
	<u> </u>	<u> </u>
	\$384.7	\$411.1
	<u> </u>	<u> </u>

The Company's current credit facility was entered into in 1999 with one lead bank as administrative agent, and a syndicate of lenders. The facility, as amended and reduced by prepayments, consists of: 1) term loans in Dollars in an aggregate amount up to \$304.9 million, 2) term loans in Dollars and foreign currencies in an aggregate amount up to \$30.8 million and 3) revolving loans and letters of credit in Dollars and foreign currencies in an aggregate amount up to \$200.0 million. Borrowings are secured by assets of the Company's North American operations and a portion of the stock of its non-North American subsidiaries and are also guaranteed by the Company's principal operating subsidiaries. The credit facility, as amended, restricts certain corporate acts and contains required financial ratios and other covenants.

Loans under the credit facility bear interest, at the Company's option, at (i) a spread over LIBOR or (ii) a spread over the Alternate Base Rate, which is defined as the higher of (a) the agent's Prime Rate, (b) the secondary market rate for certificates of deposit (adjusted for reserve requirements) plus 1% or (c) the Federal Funds Effective Rate plus 1/2 of 1%. A commitment fee accrues on the unused portion of the credit facility. The commitment fee is 50 basis points per annum and the spread over LIBOR on all loans under the facility ranges between 450 and 500 basis points per annum. Both the commitment fee and the spread over LIBOR are fixed for the life of the facility as a result of the October 2002 amendment (discussed below).

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In April 2002, the Company amended the credit facility to permit increased financial flexibility through March 2003. As a result of the amendment, the Company's spread over LIBOR increased by 25 basis points across all levels of its leverage-based pricing grid and a new leverage level was added to the pricing grid. One time fees and expenses associated with the amendment were \$2.0 million and were being amortized over the one year period of the amendment.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

In October 2002, the Company further amended its credit facility through March 2004. The amendment substantially relaxed the Company's financial covenants primarily in response to the ongoing weakness in the Communications segment. Among other provisions, the amendment adjusted the size of the Company's revolving credit facility to \$200 million from \$250 million, added a new financial covenant tied to minimum quarterly earnings levels and established a contingent payment of approximately \$5.5 million to lenders if the total facility commitments are not reduced by at least \$100 million by December 15, 2003. As part of the amendment, the Company suspended its quarterly cash dividend of \$0.05 per common share for the term of the amendment. One time costs of approximately \$4 million were incurred for the amendment and will be amortized over the life of the amendment. The Company will also incur incremental annualized interest costs of approximately \$4 million during the amendment period as a result of increased credit spreads. Future compliance with financial covenants will be dependent upon a number of factors, including overall economic activity, future conditions in the Company's principal end markets and the Company's future borrowing requirements.

Scheduled repayments of the term loans began in December 2000 with final maturity in June 2007.

7. Financial Instruments

General Cable is exposed to various market risks, including changes in interest rates, foreign currency and commodity prices. To manage risk associated with the volatility of these natural business exposures, General Cable enters into interest rate, commodity and foreign currency derivative agreements as well as copper and aluminum forward purchase agreements. General Cable does not purchase or sell derivative instruments for trading purposes.

General Cable has utilized interest rate swaps and interest rate collars to manage its interest expense exposure by fixing its interest rate on a portion of the Company's floating rate debt. Under the swap agreements, General Cable will typically pay a fixed rate while the counterparty pays to General Cable the difference between the fixed rate and the three-month LIBOR rate.

During 2001, the Company entered into several interests rate swaps which effectively fixed interest rates for borrowings under the credit facility and other debt. The swaps outstanding as of March 31, 2003 were as follows (dollars in millions):

Interest Rate Derivatives	Period	Notional Amounts	Interest Rate Range
Interest Rate Swaps	December 2001 to October 2011	9.0	4.49%
Interest Rate Swaps	January 2003 to December 2003	200.0	4.60 - 4.74%

The Company does not provide or receive any collateral specifically for these contracts. However, all counterparties are members of the lending group and as such participate in the collateral of the credit agreement and are significant financial institutions.

The Company enters into forward exchange contracts principally to hedge the currency fluctuations in certain transactions denominated in foreign currencies, thereby limiting 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.

Outside of North America, General Cable enters into commodity futures for the purchase of copper and aluminum for delivery in a future month to match certain sales transactions. In North America, General Cable enters into forward pricing agreements for the purchase of copper and aluminum for delivery in a future month to match certain sales transactions. General Cable expects to recover the unrealized loss under these agreements as a result of firm sale price commitments with customers.

Table of Contents**GENERAL CABLE CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****8. Other Shareholders Equity**

Other shareholders equity consisted of the following (in millions):

	March 31, 2003	December 31, 2002
Loans to shareholders	\$(4.3)	\$(4.3)
Restricted stock	(0.5)	(0.5)
	<u>\$(4.8)</u>	<u>\$(4.8)</u>

In November 1998, General Cable entered into a Stock Loan Incentive Plan (SLIP) with executive officers and key employees. Under the SLIP, the Company loaned \$6.0 million to facilitate open market purchases of General Cable Common Stock. The loans are evidenced by notes that bear interest at 5.12% and mature in November 2003. A matching restricted stock unit (MRSU) was issued for each share of stock purchased under the SLIP. The MRSUs generally vest after five years of continuous employment. If the vesting requirements are met, one share of General Cable Common Stock will be issued in exchange for each MRSU. The fair value of the MRSUs at the grant date of \$6.0 million, adjusted for subsequent forfeitures, is being amortized to expense over the five-year vesting period.

9. Earnings Per Common Share

A reconciliation of the numerator and denominator of earnings per common share to earnings per common share assuming dilution is as follows (in millions):

	Three Months Ended March 31,					
	2003			2002		
	Income ⁽¹⁾	Shares ⁽²⁾	Per share Amount	Income ⁽¹⁾	Shares ⁽²⁾	Per Share Amount
Earnings per common share	\$0.1	33.1	\$	\$4.9	32.9	\$0.15
Dilutive effect of stock options	—	—		—	0.3	
Earnings per common share - assuming dilution	\$0.1	33.1	\$	\$4.9	33.2	\$0.15

⁽¹⁾Numerator

⁽²⁾ Denominator

The earnings per common share-assuming dilution computation excludes the impact of 3.9 million and 1.1 million stock options and restricted stock units in the first quarter of 2003 and 2002, respectively, because their impact was anti-dilutive.

10. Segment Information

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The Communications Group manufactures and sells wire and cable products which transmit low-voltage signals for voice, data, video and control applications. The Energy Group manufactures and sells wire and cable products which include low-, medium- and high-voltage power distribution and power transmission products. The Industrial and Specialty Group is comprised of application specific cables for uses such as electrical power generation (traditional fuels, alternative and renewable sources, and distributed generation), the oil, gas and petrochemical industries, mining, industrial automation, marine, military and aerospace applications, power applications in the telecommunications industry and other key industrial segments. Corporate assets included cash, deferred income taxes, property, certain prepaid expenses and other non-current assets.

Table of Contents**GENERAL CABLE CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

Summarized financial information for the Company's operating segments for the three months ended March 31, is as follows (in millions). Certain reclassifications have been made to the prior year to conform to the current year segment presentation.

	Three Months Ended March 31,				Total
	Communications Group	Energy Group	Industrial & Specialty Group	Corporate	
Net Sales:					
2003	\$ 90.4	\$ 132.8	\$ 129.4		\$ 352.6
2002	105.8	134.5	121.1		361.4
Operating Income:					
2003	0.6	8.6	2.2		11.4
2002	4.6	10.3	2.8		17.7
Identifiable Assets:					
March 31, 2003	318.8	249.3	306.6	\$ 98.4	973.1
December 31, 2002	318.3	229.1	289.9	136.0	973.3

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GENERAL CABLE CORPORATION AND SUBSIDIARIES

ITEM 2

Management's Discussion and Analysis of Financial Condition and Results of Operations

General

General Cable Corporation is a leader in the development, design, manufacture, marketing and distribution of copper, aluminum and fiber optic wire and cable products for the communications, energy, industrial and specialty markets. Communications wire and cable products transmit low-voltage signals for voice, data, video and control applications. Energy cables include low-, medium- and high-voltage power distribution and power transmission products. Industrial and specialty wire and cable products conduct electrical current for industrial and commercial power and control applications.

Statements in this report, including without limitation statements regarding future financial results, performance and earnings growth and trends, future product demand, market, industry and customer spending upturn, market size and outlook, future expectations or operational results, industry inventory situations, cost savings, litigation exposure, debt reduction and future orders and their size, are considered forward-looking statements. Readers should take notice and be aware of these forward-looking statements as they are not statements of historical fact or event which will probably or certainly occur. We call your attention in this regard to important factors that could cause actual results to differ materially from those discussed in the forward-looking statements. These include: economic and political consequences resulting from the September 2001 terrorist attack and the war with Iraq, domestic and local country price competition, particularly in certain segments of the industrial and specialty markets, and other competitive pressures; general economic conditions, particularly in construction; changes in customer purchase patterns in our business segments; the Company's ability to retain key customers and distributors; the Company's ability to increase manufacturing capacity and productivity; the Company's ability to successfully complete and integrate acquisitions and divestitures; the Company's ability to obtain credit facilities and changes to facilities as market conditions warrant; interest rate changes; the cost of raw materials, including copper and aluminum; foreign currency exchange rate fluctuations; the level of demand, product mix and capital spending for products serving various segments of the communications markets; the Company's ability to successfully introduce new or enhanced products; the impact of technological changes and the impact or threat of competing technologies; the Company's ability to achieve productivity improvements; the impact of changes in industry standards and the regulatory environment; and the effects and impacts of acts of terrorism carried out in domestic and foreign countries, which relate to our personnel, facilities and businesses.

General Cable operates its businesses in three main geographic regions: 1) North America, 2) Europe and 3) Oceania. Net sales and operating income of the European business represented approximately 26% and 54%, and 22% and 31% of total Company consolidated results for the three months ended March 31, 2003 and 2002, respectively. Over ninety percent of net sales in Europe are derived from Energy and Industrial and Specialty cable sales. As a result, the European business has not been significantly impacted by the global telecommunications spending downturn and is currently benefiting from medium voltage energy cable capacity shortage in Europe and a shift towards environmentally friendly cables.

General Cable's reported net sales are directly influenced by the price of copper and to a lesser extent aluminum. The price of copper and aluminum has historically been subject to considerable volatility, with the daily selling price of copper cathode on the COMEX averaging \$0.80 per pound in the first quarter of 2003 and \$0.76 per pound in the first quarter of 2002 and the daily selling price of aluminum rod averaging \$0.80 per pound in the first quarter of 2003 and \$0.78 per pound in first quarter of 2002. However, as a result of a number of practices intended to match copper and aluminum purchases with sales, General Cable's profitability has generally not been significantly affected by changes in copper and aluminum prices. General Cable generally passes changes in copper and aluminum prices along to its customers, although there are timing delays of varying lengths depending upon the type of product, competitive conditions and particular customer arrangements. General Cable does not engage in speculative metals trading or other speculative activities. Also, the Company does not engage in activities to hedge the underlying value of its copper and aluminum inventory.

General Cable generally experiences certain seasonal trends in sales and cash flow. Larger amounts of cash are generally required during the first and second quarters of the year to build inventories in anticipation of higher demand during the spring and summer months, when construction activity increases. In general, receivables related to higher sales activity during the spring and summer months are collected during the third and fourth quarters of the year.

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Acquisitions and Divestitures

In March 2001, the Company sold the shares of its Pyrotenax business unit to Raychem HTS Canada, Inc., a business unit of Tyco International, Ltd., for \$60 million, subject to closing adjustments. The business unit, with operations in Canada and the United Kingdom, principally produced mineral insulated high-temperature cables. During the second quarter of 2002, the final post-closing adjusted purchase price was agreed and resulted in a payment to Tyco International, Ltd. of approximately \$2 million during the third quarter of 2002. This payment plus other costs associated with settling the final purchase price was equal to the amount provided for in the Company's balance sheet. The proceeds from the transaction were used to reduce the Company's debt.

During the second quarter of 2002, General Cable formed a joint venture company to manufacture and market fiber optic cables. General Cable contributed assets, primarily inventory and machinery and equipment, to a subsidiary company which was then contributed to the joint venture in exchange for a \$10.2 million note receivable which resulted in a \$5.6 million deferred gain on the transaction. The Company will recognize the gain as the note is repaid. At December 31, 2002 and March 31, 2003, other non-current assets included an investment in the joint venture of \$3.8 million and \$3.9 million, respectively. The December 31, 2002 and March 31, 2003 balance sheets included a \$10.2 million note receivable from the joint venture in other non-current assets and a deferred gain from the initial joint venture formation of \$5.6 million in other liabilities.

Significant Accounting Policies

Management's Discussion and Analysis of the Financial Condition and Results of Operations are based on the Company's consolidated financial statements, which have been prepared in accordance with accounting principals generally accepted in the United States of America. Significant accounting policies are summarized in Note 1 to the Consolidated Financial Statements. The application of these policies requires management to make estimates and judgements that affect the amounts reflected in the financial statements. Management based its estimates and judgements on historical experience and on various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates under different assumptions or conditions. The critical judgments impacting the financial statements include determinations with respect to inventory valuation, pension accounting and valuation allowances for deferred income taxes.

General Cable utilizes the last-in first-out (LIFO) method of inventory accounting for its metals inventory. The Company's use of the LIFO method results in its income statement reflecting the current costs of metals, while metals inventories in the balance sheet are valued at historical costs as the LIFO layers were created. As a result of declining copper prices, the historic LIFO cost of the Company's copper inventory exceeded its replacement c