Live Oak Bancshares, Inc.
Form 4
May 09, 2016

FORM 4

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

OMB APPROVAL

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STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
Cameron William Henderson

(Last) (First) (Middle)

1741 TIBURON DRIVE

(Street)

WILMINGTON, NC 28403

(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading Symbol
Live Oak Bancshares, Inc. [LOB]

3. Date of Earliest Transaction (Month/Day/Year)
05/05/2016

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

__X__ Director _____ 10% Owner
_____ Officer (give title below) _____ Other (specify below)

6. Individual or Joint/Group Filing(Check Applicable Line)
_X_ Form filed by One Reporting Person
___ Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1.Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)		4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			
Voting Common Stock	05/05/2016		G	V	4,250	D	$ 0	15,000 (1)	D	
Voting Common Stock								154,725 (1)	I	By William H. Cameron Revocable Trust
Voting Common Stock								470	I	By GST-Exempt Trust

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

SEC 1474 (9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(*e.g.*, puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)		5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)		6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount of Underlying Securities (Instr. 3 and 4)		8. Price Derivat Securit (Instr.
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares	
Stock Option (right to buy)	$ 4.4							(2)	03/26/2024	Voting Common Stock	30,000	

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
Cameron William Henderson 1741 TIBURON DRIVE WILMINGTON, NC 28403	X			

Signatures

/s/ Jonathan A. Greene, by Power of Attorney	05/09/2016
**Signature of Reporting Person	Date

Explanation of Responses:

* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

(1) On May 5, 2016, the reporting person disposed of 4,250 shares of voting common stock by gift. On the same date, the reporting person transferred 150,725 shares of voting common stock to his revocable trust. These shares were previously reported as directly beneficially owned.

(2) The shares subject to this option vest and become exercisable yearly in seven installments beginning on March 26, 2015, as follows: 10% of the shares subject to the option vest on each of March 26, 2015, 2016, 2017, 2018, and 2019; and 25% of the shares subject to the option vest on each of March 26, 2020 and 2021.

 $25,455 $(70,392) $42,150

	Three Months Ended June 24, 2007				
	Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Total
	(In thousands)				
Revenues	$	$ 270,815	$ 346,479	$ (67,351)	$ 549,943
Cost of sales		(196,017)	(270,077)	67,351	(398,743)
Gross profit		74,798	76,402		151,200
Selling, general and administrative expenses	(386)	(40,401)	(51,688)		(92,475)
Research and development		(146)	(4,980)		(5,126)
Asset impairment			(1,870)		(1,870)
Operating income (loss)	(386)	34,251	17,864		51,729
Interest expense	(8,593)	223	(312)		(8,682)
Interest income		439	1,301		1,740
Other income			571		571
Intercompany income (expense)	4,599	(1,405)	(3,194)		
Income (loss) from equity investment in subsidiaries	33,887	12,540		(46,427)	
Income (loss) before taxes	29,507	46,048	16,230	(46,427)	45,358
Income tax benefit (expense)	597	(12,161)	(3,690)		(15,254)
Net income (loss)	$ 30,104	$ 33,887	$ 12,540	$ (46,427)	$ 30,104

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	Six Months Ended June 29, 2008				
	Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Total
			(In thousands)		
Revenues	$	$ 496,226	$ 678,824	$ (106,921)	$ 1,068,129
Cost of sales		(358,720)	(504,040)	106,921	(755,839)
Gross profit		137,506	174,784		312,290
Selling, general and administrative expenses	(33)	(79,606)	(107,598)		(187,237)
Research and development		(3,363)	(16,801)		(20,164)
Loss on sale of assets			(884)		(884)
Asset impairment		(11,549)			(11,549)
Operating income (loss)	(33)	42,988	49,501		92,456
Interest expense	(16,445)	39	(1,941)		(18,347)
Interest income		187	2,645		2,832
Other income			3,154		3,154
Intercompany income (expense)	6,852	(9,285)	2,433		
Income (loss) from equity investment in subsidiaries	60,971	37,676		(98,647)	
Income (loss) before taxes	51,345	71,605	55,792	(98,647)	80,095
Income tax benefit (expense)	4,025	(10,634)	(18,116)		(24,725)
Net income (loss)	$ 55,370	$ 60,971	$ 37,676	$ (98,647)	$ 55,370

	Six Months Ended June 24, 2007				
	Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Total
			(In thousands)		
Revenues	$	$ 498,746	$ 500,800	$ (112,900)	$ 886,646
Cost of sales		(364,176)	(393,481)	112,900	(644,757)
Gross profit		134,570	107,319		241,889
Selling, general and administrative expenses	(415)	(73,919)	(70,044)		(144,378)
Research and development		(292)	(4,980)		(5,272)
Asset impairment			(3,262)		(3,262)
Operating income (loss)	(415)	60,359	29,033		88,977
Interest expense	(10,528)	(370)	(310)		(11,208)
Interest income		2,526	1,957		4,483
Other income (expense)		(2,016)	571		(1,445)
Intercompany income (expense)	6,080	(2,344)	(3,736)		

Income (loss) from equity investment in subsidiaries	55,278	19,868		(75,146)	
Income (loss) before taxes	50,415	78,023	27,515	(75,146)	80,807
Income tax benefit (expense)	1,703	(22,745)	(7,647)		(28,689)
Net income (loss)	$ 52,118	$ 55,278	$ 19,868	$ (75,146)	$ 52,118

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Supplemental Condensed Consolidating Statements of Cash Flows

	Six Months Ended June 29, 2008				
	Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Total
			(In thousands)		
Net cash provided by (used in) operating activities	$ 196,734	$ (107,789)	$ (14,370)	$	$ 74,575
Cash flows from investing activities:					
Cash used to invest in and acquire businesses		(2,500)	(5,391)		(7,891)
Proceeds from disposal of tangible assets		30	40,219		40,249
Capital expenditures		(4,608)	(13,577)		(18,185)
Net cash provided by (used for) investing activities		(7,078)	21,251		14,173
Cash flows from financing activities:					
Proceeds from exercises of stock options	5,171				5,171
Excess tax benefits related to share-based compensation	1,141				1,141
Payments under share repurchase program	(68,336)				(68,336)
Cash dividends paid	(4,458)				(4,458)
Intercompany capital contributions	(130,242)	130,242			
Net cash provided by (used for) financing activities	(196,724)	130,242			(66,482)
Effect of currency exchange rate changes on cash and cash equivalents			7,436		7,436
Increase in cash and cash equivalents	10	15,375	14,317		29,702
Cash and cash equivalents, beginning of period		13,947	146,017		159,964
Cash and cash equivalents, end of period	$ 10	$ 29,322	$ 160,334	$	$ 189,666

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	Six Months Ended June 24, 2007				
	Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Total
			(In thousands)		
Net cash provided by (used in) operating activities	$ (259,200)	$ 215,998	$ 159,546	$	$ 116,344
Cash flows from investing activities:					
Proceeds from disposal of tangible assets		6,964	644		7,608
Capital expenditures		(21,099)	(7,033)		(28,132)
Cash used to invest in or acquire businesses			(571,356)		(571,356)
Net cash used for investing activities		(14,135)	(577,745)		(591,880)
Cash flows from financing activities:					
Payments under borrowing arrangements	(180,000)	(62,000)			(242,000)
Borrowings under credit arrangements	530,000				530,000
Cash dividends paid	(4,626)				(4,626)
Debt issuance costs	(10,212)				(10,212)
Proceeds from exercises of stock options	28,994				28,994
Excess tax benefits related to share-based compensation	6,914				6,914
Intercompany capital contributions	(111,870)	(259,647)	371,517		
Net cash provided by (used for) financing activities	259,200	(321,647)	371,517		309,070
Effect of currency exchange rate changes on cash and cash equivalents			2,411		2,411
Decrease in cash and cash equivalents		(119,784)	(44,271)		(164,055)
Cash and cash equivalents, beginning of period		136,613	117,538		254,151
Cash and cash equivalents, end of period	$	$ 16,829	$ 73,267	$	$ 90,096

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Item 2: Management s Discussion and Analysis of Financial Condition and Results of Operations

Overview

We design, manufacture, and market signal transmission solutions, including cable, connectivity and active components for mission-critical applications in markets ranging from industrial automation to data centers, broadcast studios, and aerospace.

We consider revenue growth, operating margin, cash flows, return on invested capital, and working capital management metrics to be our key operating performance indicators.

Trends and Events

The following trends and events arising during 2008 have had varying effects on our financial condition, results of operations and cash flows.

Capitalization

In 2007, the Board of Directors authorized the Company to repurchase up to $100.0 million of common stock in the open market or in privately negotiated transactions. During the six months ended June 29, 2008, we completed the share repurchase program and repurchased 1,753,794 shares of our common stock at an aggregate cost of $68.3 million, an average price per share of $38.96. From the inception of the share repurchase program in August 2007 through its completion, we repurchased a total of 2,430,594 shares of our common stock at an aggregate cost of $100.0 million, an average price per share of $41.14.

On July 14, 2008, we called for redemption on July 31, 2008, all of our $110.0 million aggregate principal convertible subordinated debentures. As a result of the call for redemption, holders of the debentures have the option to convert each $1,000 principal amount of their debentures and receive value in a combination of cash and shares equal to 56.8246 shares of Belden s common stock (a conversion price of approximately $17.598). All holders of the debentures elected to convert their debentures. We expect to pay the amount of principal and accrued interest with a combination of cash on-hand and borrowings under our revolving credit facility. We expect to complete the conversion during the third quarter of 2008.

Acquisition

On July 16, 2008, we acquired Trapeze Networks, Inc. (Trapeze) for approximately $133 million cash. We financed the total purchase price with borrowings under our revolving credit facility. California-based Trapeze is a leading provider of wireless local area networking equipment and management software and had annual revenues of approximately $56 million in 2007. In the third quarter of 2008, we expect to recognize certain non-recurring expenses from the effects of purchase accounting.

Restructuring Activities

In 2008, we finalized certain plans to realign our EMEA operations in order to consolidate manufacturing capacity. We recognized $28.9 million of restructuring costs related to these realignment plans, including $23.9 million that was accounted for through purchase accounting and $5.0 million that was charged to the statement of operations. We expect to incur additional restructuring charges of $0.5 million related to these realignment plans.

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At the end of 2007, we initiated a voluntary separation program primarily for associates in the United States who were at least 50 years of age and had 10 years of service with the Company. As a result of the voluntary separation program, we recognized severance costs in 2008 of $6.5 million. We do not expect to recognize additional costs related to this program.

Beginning in 2006, we identified certain positions throughout the organization for elimination in an effort to reduce production, selling, and administration costs. In 2008, we recognized severance costs totaling $0.6 million related to North America position eliminations in the Specialty Products segment. We do not expect to recognize additional costs related to this program.

Share-Based Compensation

We provide certain employees with share-based compensation in the form of stock options, stock appreciation rights, restricted stock shares, restricted stock units with service vesting conditions, and restricted stock units with performance vesting conditions. At June 29, 2008, the total unrecognized compensation cost related to all nonvested awards was $28.0 million. That cost is expected to be recognized over a weighted-average period of 2.2 years.

Off-Balance Sheet Arrangements

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

Adoption of Recent Accounting Pronouncements

Discussion regarding our adoption of recent accounting pronouncements is included in Note 1 to the Consolidated Financial Statements.

Critical Accounting Policies

During the six months ended June 29, 2008:

- We did not change any of our existing critical accounting policies from those listed in our 2007 Annual Report on Form 10-K;

- No existing accounting policies became critical accounting policies because of an increase in the materiality of associated transactions or changes in the circumstances to which associated judgments and estimates relate; and

- There were no significant changes in the manner in which critical accounting policies were applied or in which related judgments and estimates were developed.

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Results of Operations

Consolidated Continuing Operations

	Three Months Ended		%	Six Months Ended		%
	June 29, 2008	June 24, 2007	Change	June 29, 2008	June 24, 2007	Change
	(in thousands, except percentages)					
Revenues	$556,303	$549,943	1.2%	$1,068,129	$886,646	20.5%
Gross profit	166,473	151,200	10.1%	312,290	241,889	29.1%
Selling, general and administrative expenses	89,522	92,475	-3.2%	187,237	144,378	29.7%
Research and development	11,093	5,126	116.4%	20,164	5,272	282.5%
Operating income	65,858	51,729	27.3%	92,456	88,977	3.9%
Income before taxes	59,191	45,358	30.5%	80,095	80,807	-0.9%
Net income	42,150	30,104	40.0%	55,370	52,118	6.2%

Revenues increased in the three- and six-month periods ended June 29, 2008 from the comparable periods in 2007 primarily for the following reasons:

For the three- and six-month periods ended June 29, 2008, acquired revenues contributed approximately 2 and 20 percentage points, respectively, to the revenue increases. Lost sales from the disposal of our assembly and telecommunications cable operations in the Czech Republic represented a 3 percentage point decrease for each of the three- and six-month periods ended June 29, 2008.

Favorable currency translation contributed approximately 5 percentage points to the revenue increases in each of the three- and six-month periods ended June 29, 2008.

Gross profit increased in the three- and six-month periods ended June 29, 2008 from the comparable periods in 2007 for the following reasons:

The increases in revenues as discussed above, including $2.7 million and $60.4 million of gross profit associated with the acquired revenues in the respective three- and six-month periods ended June 29, 2008.

Improved product mix that resulted from deemphasizing certain lower-margin products as part of our product portfolio management initiatives.

Cost reductions from our efforts in lean enterprise and manufacturing footprint initiatives.

The three- and six-month periods ended June 24, 2007 include $8.3 million of additional cost of sales due to the effects of purchase accounting, primarily inventory cost step-up related to the 2007 acquisitions.

Selling, general and administrative (SG&A) expenses in the three-month period ended June 29, 2008 were relatively consistent with the prior year period, excluding $3.9 million of non-recurring amortization related to the 2007 acquisitions that was recognized in the second quarter of 2007.

SG&A expenses increased in the six-month period ended June 29, 2008 primarily for the following reasons:

We incurred expenses from the prior year acquisitions for the entire six-month period in 2008, which contributed $33.5 million to the SG&A increase.

We recognized $8.4 million more severance and other restructuring costs in the six-month period ended June 29, 2008 compared to the same period of 2007. Costs recognized in the six-month period ended June 29, 2008 primarily related to the voluntary separation program and EMEA restructuring.

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Beginning in 2008, we are separately disclosing research and development costs, which increased in the three- and six-month periods ended June 29, 2008. These increases are primarily due to the prior year acquisitions, all of which have increased their research and development spending year over year as we continue to invest in new product development.

During the six-month period ended June 29, 2008, we recognized an impairment loss of $7.3 million in the operating results of our Specialty Products segment due to the decision to close our manufacturing facility in Manchester, Connecticut. We also recognized impairment losses of $3.8 million and $0.4 million in the operating results of our Specialty Products and Belden Americas segments, respectively, related to our decision to consolidate capacity and dispose of excess machinery and equipment.

The effective tax rate was lower in the three- and six-month periods ended June 29, 2008 from the comparable periods in 2007 due to the geographic mix of pretax income, partially offset by a discrete tax charge resulting from the enactment of tax rate changes affecting certain foreign subsidiaries. Our effective tax rate in future periods will be dependent upon the geographic mix of taxable income and changes in our deferred tax asset valuation allowances related to net operating loss carryforwards.

Belden Americas Segment

	Three Months Ended		%	Six Months Ended		%
	June 29, 2008	June 24, 2007	Change	June 29, 2008	June 24, 2007	Change
	(in thousands, except percentages)					
Total revenues	$219,467	$240,157	-8.6%	$425,573	$437,733	-2.8%
Operating income	40,283	42,353	-4.9%	71,564	76,661	-6.6%
as a percent of total revenues	*18.4%*	*17.6%*		*16.8%*	*17.5%*	

Belden Americas total revenues, which include affiliate revenues, decreased in the three- and six-month periods ended June 29, 2008 from the comparable periods in 2007 primarily due to lower volume across most product lines. Lower demand in the United States contributed to the lower volume as approximately 75% of the segment s revenues are generated from customers in the United States. The lower volume was partially offset by higher selling prices and favorable currency translation, which in total increased revenues by $12.8 million and $20.4 million in the three- and six-month periods ended June 29, 2008, respectively. Operating income decreased in the three- and six-month periods ended June 29, 2008 from the comparable periods in 2007 primarily due to the decreases in revenues. Operating margin decreased in the six-month period ended June 29, 2008 from the comparable period in 2007 due to a $2.5 million increase in severance costs driven by the voluntary separation program.

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Specialty Products Segment

	Three Months Ended		%	Six Months Ended		%
	June 29, 2008	June 24, 2007	Change	June 29, 2008	June 24, 2007	Change
	(in thousands, except percentages)					
Total revenues	$77,890	$87,795	-11.3%	$149,667	$156,871	-4.6%
Operating income	10,171	16,090	-36.8%	3,089	26,405	-88.3%
as a percent of total revenues	*13.1%*	*18.3%*		*2.1%*	*16.8%*	

Specialty Products total revenues, which include affiliate revenues, decreased in the three- and six-month periods ended June 29, 2008 from the comparable periods in 2007 due to lower volume, primarily from lower bandwidth category cable. Similar to Belden Americas, lower demand in the United States affected the revenues of Specialty Products as approximately 95% of the segment s revenues are generated from customers in the United States. Operating income decreased in the three- and six-month periods ended June 29, 2008 from the comparable periods in 2007 due to the decreases in revenues and certain non-recurring charges. In the second quarter of 2008, Specialty Products incurred restructuring charges totaling $1.6 million related to the closing of our manufacturing facility in Manchester, Connecticut. In the six-month period ended June 29, 2008, the segment recognized asset impairment charges totaling $11.2 million and severance costs of $3.9 million primarily related to the voluntary separation program. The asset impairment charges are due to the decision to close our Connecticut facility and our decision to consolidate capacity and dispose of excess machinery and equipment.

EMEA Segment

	Three Months Ended		%	Six Months Ended		%
	June 29, 2008	June 24, 2007	Change	June 29, 2008	June 24, 2007	Change
	(in thousands, except percentages)					
Total revenues	$204,904	$181,372	13.0%	$395,523	$266,028	48.7%
Operating income (loss)	26,318	5,953	342.1%	43,227	9,755	343.1%
as a percent of total revenues	*12.8%*	*3.3%*		*10.9%*	*3.7%*	

EMEA total revenues, which include affiliate revenues, increased in the three-month period ended June 29, 2008 from the comparable period in 2007 due to several factors. Favorable foreign currency translation contributed $20.6 million to the revenue increase as the euro continued to strengthen against the U.S. dollar. Acquired revenues, which represent one month of revenues from Lumberg Automation, contributed $8.8 million to the revenue increase. Higher volume, primarily in the industrial market, contributed $9.7 million to the revenue increase, and higher selling prices and increased affiliate sales contributed $1.9 million in total. These revenue increases were partially offset by $17.5 million of lost revenues from the disposal of our assembly and telecommunications cable operations in the Czech Republic.

EMEA total revenues increased in the six-month period ended June 29, 2008 from the comparable period in 2007 due to several factors. Acquired revenues contributed $109.9 million to the revenue increase and favorable foreign currency translation contributed $30.4 million. Acquired revenues represent Hirschmann s revenues from the first quarter of 2008 and Lumberg Automation s revenues from January through April 2008. Higher volume, primarily in the industrial market, contributed $10.8 million to the revenue increase, and higher selling prices and increased affiliate sales contributed $6.0 million in total. These revenue increases were partially offset by $27.6 million of lost revenues from the disposal of our assembly and telecommunications cable operations in the Czech Republic.

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Operating income increased in the three- and six-month periods ended June 29, 2008 primarily due to the acquisitions of Hirschmann and Lumberg Automation, which accounted for $22.1 million and $35.1 million, respectively, of the operating income increases. These increases were partially due to $10.2 million of non-recurring expenses from the effects of purchase accounting recognized in each of the three- and six-month periods ended June 24, 2007.

Asia Pacific Segment

	Three Months Ended		%	Six Months Ended		%
	June 29, 2008	June 24, 2007	Change	June 29, 2008	June 24, 2007	Change
	(in thousands, except percentages)					
Total revenues	$97,434	$87,286	11.6%	$184,987	$99,090	86.7%
Operating income	11,314	6,793	66.6%	20,211	8,320	142.9%
as a percent of total revenues	*11.6%*	*7.8%*		*10.9%*	*8.4%*	

Asia Pacific total revenues increased in the three-month period ended June 29, 2008 from the comparable period of 2007 due to higher selling prices and favorable foreign currency translation, which contributed $6.8 million and $4.4 million to the revenue increase, respectively. These increases were partially offset by lower volume, which resulted from our strategic initiative in product portfolio management at LTK that involved price increases on many lower-margin products to reposition them or to reduce less profitable revenues. Asia Pacific total revenues increased in the six-month period ended June 29, 2008 from the comparable period of 2007 primarily due to $66.0 million of acquired revenues, $7.7 million from higher volume, $7.1 million from higher selling prices, and $5.0 million from favorable foreign currency translation. Acquired revenues represent LTK s revenues from the first quarter of 2008. Higher volume was primarily due to strong demand for Belden branded products in the industrial and video, sound and security markets.

Operating income increased in the three- and six-month periods ended June 29, 2008 primarily due to the acquisition of LTK, which accounted for $3.0 million and $9.4 million, respectively, of the operating income increases. These increases were partially due to $2.0 million of non-recurring expenses from the effects of purchase accounting recognized in each of the three- and six-month periods ended June 24, 2007. Operating income also increased due to the increases in revenues from Belden branded products.

Finance and Administration

	Three Months Ended		%	Six Months Ended		%
	June 29, 2008	June 24, 2007	Change	June 29, 2008	June 24, 2007	Change
	(in thousands, except percentages)					
Total expenses	$(12,327)	$(11,252)	9.6%	$(26,223)	$(19,192)	36.6%

Finance & Administration total expenses increased in the three-month period ended June 29, 2008 from the comparable period in 2007 due principally to a $0.6 million increase in share-based compensation expense, which is a result of the incremental expense associated with the annual grant of equity awards made each February. The remaining increase is primarily due to corporate expenses associated with new corporate programs including talent management and global sales and marketing as well as our strategic initiatives such as lean enterprise.

Finance & Administration total expenses increased in the six-month period ended June 29, 2008 from the comparable period in 2007 due to a $2.9 million increase in salaries, wages and benefits. This $2.9 million increase includes a $0.6 million severance charge in 2008 related to the voluntary separation

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program and an increase in share-based compensation expense of $1.1 million, which is due to the incremental expense associated with the annual grant of equity awards made each February. The remaining increase in salaries, wages and benefits resulted from additional headcount needed to support new corporate programs and strategic initiatives. Total expenses also increased due to a $3.5 million increase in various consulting, advisory, and other professional fees including costs related to information technology initiatives.

Liquidity and Capital Resources

Significant factors affecting our cash include (1) cash provided by operating activities, (2) disposals of tangible assets, (3) exercises of stock options, (4) cash used for business acquisitions, capital expenditures, share repurchases and dividends, and (5) our available credit facilities and other borrowing arrangements. We believe our sources of liquidity are sufficient to fund current working capital requirements, planned capital expenditures, scheduled contributions for our retirement plans, quarterly dividend payments, and our short-term operating strategies. Customer demand, competitive market forces, commodities pricing, customer acceptance of our product mix and economic conditions worldwide could affect our ability to continue to fund our future needs from business operations.

The following table is derived from our Consolidated Cash Flow Statements:

	Six Months Ended	
	June 29, 2008	June 24, 2007
	(In thousands)	
Net cash provided by (used for):		
Operating activities	$ 74,575	$ 116,344
Investing activities	14,173	(591,880)
Financing activities	(66,482)	309,070
Effects of foreign currency exchange rate changes on cash and cash equivalents	7,436	2,411
Increase (decrease) in cash and cash equivalents	29,702	(164,055)
Cash and cash equivalents, beginning of period	159,964	254,151
Cash and cash equivalents, end of period	$ 189,666	$ 90,096

Net cash provided by operating activities, a key source of our liquidity, decreased by $41.8 million in the six-month period ended June 29, 2008 from the comparable period in 2007 predominantly due to an unfavorable change in accounts payable and accrued liabilities.

Cash flow related to changes in outstanding accounts payable and accrued liabilities declined to a $0.5 million source of cash in the first six months of 2008 from a $64.4 million source of cash in the first six months of 2007. The source of cash in 2007 was primarily the result of extending payment terms with our suppliers. Days payables outstanding (defined as accounts payable and accrued liabilities divided by the average daily cost of sales and selling, general and administrative expenses recognized during the period) was 78 days at June 24, 2007 compared to 55 days at December 31, 2006. Payment terms have remained relatively consistent in 2008 as days payables outstanding was 72 days at June 29, 2008 compared to 67 days at December 31, 2007.

The decline in cash flow related to changes in outstanding accounts payable and accrued liabilities was partially offset by an increase in earnings and improvements in other working capital areas including accounts receivable. Cash flow related to changes in outstanding receivables improved to a $21.8 million use of cash in the first six months of 2008 from a $28.7 million use of cash in the first six months of 2007.

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The use of cash in 2007 was the result of longer collection cycles with our customers. Days sales outstanding in receivables (defined as receivables divided by average daily revenues recognized during the period) was 66 days at June 24, 2007 compared to 56 days at December 31, 2006. This increase in days sales outstanding was partially due to relatively longer collection cycles from the three businesses that we acquired in the second quarter of 2007. Collection cycles have remained more constant in 2008 as days sales outstanding was 64 days at June 29, 2008 compared to 63 days at December 31, 2007.

Net cash provided by investing activities totaled $14.2 million in the first six months of 2008 compared to net cash used for investing activities of $591.9 million in the first six months of 2007. The change in cash from investing activities resulted predominantly from $571.4 million of cash used in the first six months of 2007 to acquire Hirschmann, LTK, and Lumberg Automation. In addition, proceeds from disposal of tangible assets increased in 2008 as we received $24.4 million of net proceeds from the sale of certain real estate in Mexico, $15.0 million from the sale and collection of a receivable related to our assembly and telecommunications cable operations in the Czech Republic, and $0.7 million from the collection of a receivable related to the sale of certain real estate in the Netherlands. The change in cash provided by investing activities is also due to a $9.9 million decrease in capital expenditures in the first six months of 2008 compared to the first six months of 2007 primarily due to completing construction of a plant in Mexico during 2007. Planned capital expenditures for 2008 include the completion of construction of a new manufacturing facility in China. We anticipate that our capital expenditures will be funded with available cash. Investing activities in 2008 will also include approximately $133 million of cash used to acquire Trapeze Networks, Inc. We financed the total purchase price of this acquisition, which closed in the third quarter of 2008, with borrowings under our revolving credit facility.

Net cash used for financing activities in the first six months of 2008 totaled $66.5 million compared to cash provided by financing activities of $309.1 million in the first six months of 2007. The change in cash from financing activities was predominantly from $68.3 million of cash used to repurchase our common stock in 2008 compared to $350.0 million of cash received in 2007 from the issuance of 7.0% senior subordinated notes. We completed the previously announced $100.0 million share repurchase program in the second quarter of 2008.

Our outstanding debt obligations as of June 29, 2008 consisted of $350.0 million aggregate principal of 7.0% senior subordinated notes due 2017 and $110.0 million aggregate principal of 4.0% convertible subordinated debentures due 2023. On July 14, 2008, we called for redemption on July 31, 2008, all of our convertible subordinated debentures. Additional discussion regarding these debentures and our other borrowing arrangements is included in Note 8 to the Consolidated Financial Statements.

Forward-Looking Statements

Statements in this report other than historical facts are forward-looking statements made in reliance upon the safe harbor of the Private Securities Litigation Reform Act of 1995. These forward-looking statements are based on forecasts and projections about the industries which we serve and about general economic conditions. They reflect management s beliefs and assumptions. They are not guarantees of future performance and they involve risk and uncertainty. Our actual results may differ materially from these expectations. Some of the factors that may cause actual results to differ from our expectations include:

- Demand and acceptance of our products by customers and end users;

- Worldwide economic conditions, which could impact demand for our products;

- Changes in the cost and availability of raw materials (specifically, copper, commodities derived from petrochemical feedstocks, and other materials);

- The degree to which we will be able to respond to raw materials cost fluctuations through the pricing of our products;

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Our ability to meet customer demand successfully as we also reduce working capital;

Our ability to implement successfully our announced restructuring plans (for which we may incur additional costs);

Our ability to integrate successfully acquired businesses; and

Other factors noted in this report and our other Securities Exchange Act of 1934 filings.

For a more complete discussion of risk factors, please see our 2007 Annual Report on Form 10-K filed with the Securities and Exchange Commission on February 29, 2008. We disclaim any duty to update any forward-looking statements as a result of new information, future developments, or otherwise.

Item 3: Quantitative and Qualitative Disclosures about Market Risks

Item 7A of our 2007 Annual Report on Form 10-K provides more information as to the practices and instruments that we use to manage market risks. There were no material changes in our exposure to market risks since December 31, 2007.

Item 4: Controls and Procedures

As of the end of the period covered by this report, we conducted an evaluation, under the supervision and with the participation of the principal executive officer and principal financial officer, of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934). Based on this evaluation, the principal executive officer and principal financial officer concluded that our disclosure controls and procedures were effective as of the end of the period covered by this report.

There was no change in our internal control over financial reporting during our most recently completed fiscal quarter that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

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PART II OTHER INFORMATION

Item 1: Legal Proceedings

We are a party to various legal proceedings and administrative actions that are incidental to our operations. These proceedings include personal injury cases, about 136 of which we were aware at July 28, 2008, in which we are one of many defendants, 29 of which are scheduled for trial during 2008. Electricians have filed a majority of these cases, primarily in New Jersey and Pennsylvania, generally seeking compensatory, special and punitive damages. Typically in these cases, the claimant alleges injury from alleged exposure to heat-resistant asbestos fiber. Our alleged predecessors had a small number of products that contained the fiber, but ceased production of such products more than 20 years ago. Through July 28, 2008, we have been dismissed, or reached agreement to be dismissed, in approximately 235 similar cases without any going to trial, and with only 22 of these involving any payment to the claimant. We have insurance that we believe should cover a significant portion of any defense or settlement costs borne by us in these types of cases. In our opinion, the proceedings and actions in which we are involved should not, individually or in the aggregate, have a material adverse effect on our financial condition, operating results, or cash flows.

Item 1A: Risk Factors

There have been no material changes with respect to risk factors as previously disclosed in our 2007 Annual Report on Form 10-K.

Item 2: Unregistered Sales of Equity Securities and Use of Proceeds

(c) Issuer Purchases of Equity Securities

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs [1]	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs
March 31, 2008 through April 27, 2008		$		$ 32,038,000
April 28, 2008 through May 25, 2008	600,000	$ 36.36	600,000	$ 10,221,000
May 26, 2008 through June 29, 2008	254,080	$ 40.21	254,080	$
Total	854,080	$ 37.51	854,080	$

(1) On August 16, 2007, the Board of Directors authorized the Company to repurchase up to $100.0 million of common stock in the open market or in privately

negotiated
transactions.
The program
was announced
via news release
on August 17,
2007.

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Item 4: Submission of Matters to a Vote of Security Holders

On May 22, 2008, the Company held its regular Annual Meeting of Stockholders. The stockholders considered one proposal, which was approved.

Proposal 1: Election of 11 directors for a one-year term.

	Shares Voted For	Shares Withheld
David Aldrich	36,364,198	5,225,360
Lorne D. Bain	35,644,964	5,944,594
Lance C. Balk	36,540,886	5,048,672
Judy Brown	35,943,474	5,646,084
Bryan C. Cressey	36,352,993	5,236,565
Michael F.O. Harris	35,643,862	5,945,696
Glenn Kalnasy	36,148,209	5,441,349
Mary S. McLeod	36,450,284	5,139,274
John M. Monter	36,370,992	5,218,566
Bernard G. Rethore	34,177,270	7,412,288
John S. Stroup	36,349,372	5,240,186

Item 6: Exhibits

Exhibits

Exhibit 31.1 Certificate of the Chief Executive Officer pursuant to § 302 of the Sarbanes-Oxley Act of 2002.

Exhibit 31.2 Certificate of the Chief Financial Officer pursuant to § 302 of the Sarbanes-Oxley Act of 2002.

Exhibit 32.1 Certificate of the Chief Executive Officer pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002.

Exhibit 32.2 Certificate of the Chief Financial Officer pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002.

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

	BELDEN INC.
Date: August 7, 2008	By: /s/ John S. Stroup John S. Stroup President, Chief Executive Officer and Director
Date: August 7, 2008	By: /s/ Gray G. Benoist Gray G. Benoist Vice President, Finance and Chief Financial Officer
Date: August 7, 2008	By: /s/ John S. Norman John S. Norman Controller and Chief Accounting Officer

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