During 2003, our revenue increased to $826.5 million, slightly better than in 2002, but only because our non-U.S. revenue was translated at higher exchange rates than a year ago and because of a late 2002 acquisition. The underlying demand in the markets we serve was actually lower than in the previous year. The Company also posted a net loss in 2003 of $61 million, or $2.41 per share, primarily as a result of a $92.4 million (pre-tax) non-cash asset impairment charge related to the underperforming North American communications business.

Even in an environment of disappointing earnings, Belden continued to be a strong cash generator in 2003. The Company generated $73 million in free cash flow (that is cash from operations, less capital spending and dividends), ending the year with $95 million in cash on the balance sheet. We plan to use approximately $64 million to retire outstanding debt when it becomes due in September 2004. We further assured our future access to capital by negotiating a new credit agreement with our bank group in 2003. Our strong financial position enables the Company to have an enviable degree of flexibility to address new opportunities that may arise.

Some of our markets remained flat in 2003 compared with 2002, and other markets continued to weaken. The data networking market, parts of the communication cable market and certain other end-use markets were subject to pricing pressures. Where volume has stabilized, we have adjusted our costs to achieve reasonable levels of operating profit, although not yet our target levels.

In the Communications Segment, we took several actions in both 2002 and 2003 designed to improve profitability and capacity utilization. We captured a larger share of the North American market by aggressively addressing the smaller customers who buy telecom cable through distributors. Production relating to the Norcom business we acquired in late 2002 was shifted to our existing U.S. plant, and the old Norcom plant was closed.

Most of our communications segment volume is under long-term contracts with telecom service providers. No major United States contracts were re-bid, and we did not lose any contract business this past year. Nevertheless, the level of demand declined further in 2003. Pricing is stable within the contract business, but has been under much pressure in non-contract sales. In our outlook, we expect little to no improvement in demand in this market in 2004.

What happened to the demand for communications cable? A year ago, we believed that the downturn was temporary, due in part to financial and regulatory concerns among the major telecommunications service providers. We believed that these customers would increase spending levels in due time, simply to