

Toronto

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Our Matter No. 1132794

Montréal

Ottawa

Calgary

New York

Ontario Securities Commission
20 Queen Street West
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Attention: Secretary of the Commission

Dear Sirs/Mesdames:

Offer of Belden CDT (Canada) Inc. dated December 20, 2011 to Purchase All of the Outstanding Common Shares of RuggedCom Inc. (the “Offer”)

Application for a Cease Trade Order Pursuant to Section 127 of the *Securities Act* (Ontario) (the “Act”)

We are counsel to Belden CDT (Canada) Inc. (“Belden Canada”). Belden Canada hereby applies for an order pursuant to section 127 of the Act in connection with the Offer and the tactical shareholder rights plan adopted by RuggedCom Inc. (“RuggedCom”) as of December 23, 2011 (the “Rights Plan”) in response to the Offer.

In this application, Belden Canada seeks the following relief:

- (a) a permanent order pursuant to section 127 of the Act that all trading cease in respect of any securities issued, or that are proposed to be issued, in connection with the Rights Plan, including, without limitation, in respect of any rights issued or to be issued under the Rights Plan (“Rights”) and any common shares of RuggedCom to be issued upon the exercise of such Rights;
- (b) a permanent order removing prospectus exemptions in respect of the distribution of Rights issued under or in connection with the Rights Plan and in respect of the exercise of such Rights; and
- (c) such further and other relief as the Commission deems appropriate.

The Rights Plan constitutes an improper defensive tactic implemented by the board of directors of RuggedCom without the approval of RuggedCom shareholders. The object and effect of the Rights Plan is to deprive RuggedCom shareholders of their fundamental right as shareholders to each decide for themselves whether to tender their shares to the Offer. The Offer is in no way coercive or otherwise improper, and ought to be put before

the RuggedCom shareholders for them to consider. Accordingly, the continued operation of the Rights Plan is contrary to the public interest.

Belden Canada therefore requests that the Commission convene a hearing in respect of this matter. For the reasons set out herein, Belden Canada respectfully requests that the hearing of this matter be held by no later than January 23, 2012. The Offer expires on January 25, 2012. Belden Canada does not presently intend to extend the Offer in the face of the continued operation of the Rights Plan for an indefinite period. It is therefore in the public interest that a hearing be held in advance of this date.

SUMMARY OF MATERIAL FACTS

Belden Canada

1. Belden Canada is an indirect wholly-owned subsidiary of Belden Inc., a company incorporated under the laws of Delaware which designs, manufactures and markets cable, connectivity and networking products in various markets, including industrial, enterprise, broadcast and consumer electronics.
2. Belden Canada is a corporation existing under the laws of Ontario, with its registered office located in Toronto, Ontario. Since 1993, Belden Canada has conducted various activities, including sales and administrative functions, operation of a wire and cable manufacturing facility, and housing a research centre for Belden Inc.'s connectivity products.

RuggedCom¹

3. RuggedCom is a provider of rugged communications networking solutions for harsh environments, including those found in electrical power substations, oil refineries, military applications, roadside traffic control cabinets and metals and minerals processing. RuggedCom's principal operations are conducted in a facility located in Concord, Ontario.
4. RuggedCom's registered and head office is located in Concord, Ontario, and its common shares are listed on the TSX under the symbol "RCM".
5. RuggedCom is a reporting issuer under the Act.
6. The authorized capital of RuggedCom consists of an unlimited number of common shares ("Common Shares"). As of November 8, 2011, RuggedCom disclosed

¹ All information set out in this application concerning RuggedCom is derived exclusively from RuggedCom's public securities filings.

that there were 12,382,622 Common Shares issued and outstanding. In addition, based on information contained in RuggedCom's management proxy circular dated August 9, 2011, there were options to acquire an aggregate of 972,823 Common Shares under RuggedCom's stock option plan ("Options") as of July 2, 2011.

7. On December 16, 2011, being the last trading day on the TSX prior to Belden Canada's announcement of the intended Offer, the closing price of the Common Shares on the TSX was \$13.61.

The Offer

8. After a number of unsuccessful prior attempts (dating back to July, 2010) to contact members of RuggedCom management to discuss a potential combination of the two companies, Belden Inc. sent letters to RuggedCom on November 17 and November 25, 2011 expressing its interest in negotiating an acquisition transaction involving RuggedCom. The parties were unable to arrive at mutually satisfactory standstill arrangements in respect of a potential negotiated transaction.

9. On December 19, 2011, Belden Inc. publicly announced its intention to make the Offer to RuggedCom shareholders through Belden Canada. The Offer was commenced on December 20, 2011, at which time the Offer to Purchase (**TAB 1**) and the corresponding take-over bid circular (**TAB 2**) were delivered to RuggedCom and filed with the Canadian securities regulatory authorities on SEDAR. An advertisement containing a summary of the Offer was also published in *The Globe and Mail* and *La Presse* (**TAB 3**).

10. The Offer consists of an offer to purchase all of the issued and outstanding Common Shares, as well as any Common Shares that may become issued and outstanding prior to January 25, 2012 by virtue of the exercise, exchange or conversion of RuggedCom convertible securities, for a price of \$22.00 per Common Share. The Offer represents a 62% premium over the closing price of the Common Shares on the TSX on the last trading day prior to the public announcement by Belden Inc. of Belden Canada's intention to make the Offer.

11. The Offer is a fully financed cash offer that is not subject to any financing condition. It does not require any regulatory approvals, and is subject to a minimum tender condition of 66²/₃%.

12. On December 19, 2011, immediately following the press release by Belden Inc. announcing the Offer, RuggedCom announced that it had formed a special committee (the "Special Committee") to consider the adequacy of the Offer, solicit other proposals, consider alternatives to maximize shareholder value, and make a recommendation to the RuggedCom board (**TAB 4**). On December 28, 2011,

RuggedCom publicly announced its adoption of the tactical Rights Plan made as of December 23, 2011 (**TABS 5 & 6**).

13. To date, neither the Special Committee nor the RuggedCom board has publicly advised of any other alternative proposals to the Offer.

The Rights Plan

14. The Rights Plan provides that each holder of a Common Share shall acquire a “Right” which, upon the occurrence of a “Flip-in Event” (*i.e.* a transaction that would result in an entity acquiring beneficial ownership of 20% or more of the outstanding Common Shares), shall entitle the holder to purchase that number of Common Shares having an aggregate market price – as at the date of the Flip-in Event – equal to twice the “Exercise Price”, in exchange for an amount in cash equal to that Exercise Price.

15. The object and effect of the Rights Plan is to frustrate any transaction involving the acquisition of 20% or more of the Common Shares by making any such transaction prohibitively expensive.

16. The Rights Plan contains a “Permitted Bid” provision. In order to qualify as a “Permitted Bid”, an offer must, among other things, be made to all RuggedCom shareholders for all of the outstanding securities, must be irrevocable and must remain open for no less than 75 days. A Permitted Bid must also contain a provision that if more than 50% of the shareholders tender to the bid, the offering party must publicly announce this fact and extend the offer deadline by no less than ten business days.

17. The Offer does not constitute a “Permitted Bid” within the meaning of the Rights Plan. In particular, the Offer is not:

- (a) open for a period of 75 days;
- (b) the minimum tender condition of 66²/₃% is not irrevocable; and
- (c) the Offer does not provide for an additional 10 business day extension of the Offer in the event the minimum tender condition is satisfied.

18. With respect to the Permitted Bid conditions, Belden Canada notes the following:

- (a) the requirement that the Offer remain open for a period of 75 days is inconsistent with standard shareholder rights plans adopted by other reporting issuers;

- (b) although, as is common, the minimum tender condition of 66 ²/₃% in the Offer is not irrevocable, Belden Canada has no present intention of revoking the minimum tender condition; and
- (c) although the Offer does not provide for an additional 10 business day extension of the Offer in the event that the minimum tender condition is satisfied, Belden Canada has publicly disclosed its intention to complete a subsequent acquisition transaction to acquire the remaining Common Shares of RuggedCom not tendered to the Offer.

19. The Rights Plan was not approved by RuggedCom shareholders. Nor, to the knowledge of Belden Canada, does RuggedCom intend to seek the approval of shareholders.

The Directors' Response to the Offer

20. On January 4, 2012, the RuggedCom board released its circular (the "Directors' Circular") in response to the Offer (**TAB 7**). The Directors' Circular recommended that RuggedCom shareholders reject the Offer and decline to tender their Common Shares. In so recommending, the RuggedCom board expressed the view that the Offer fails to "compensate shareholders for RuggedCom's strong prospects for continued growth".

21. Although the Directors' Circular indicates that the Special Committee is "aggressively exploring and evaluating alternatives to the Belden Offer" and suggests that RuggedCom "has been solicited by and has initiated contact with numerous third parties", no details of any such alternatives – or the third parties involved – have been disclosed. As of the date of this application, no alternative transactions have been publicly communicated by the RuggedCom board or the Special Committee.

22. The Directors' Circular expressly acknowledges that there is "no assurance than any financially superior alternative will emerge".

The Expiry of the Offer

23. The Offer expires on January 25, 2012. Belden Canada does not intend to extend the Offer in the face of the continued operation of the Rights Plan for an indefinite term.

24. As indicated above, the Offer represents a significant premium over the trading price of the Common Shares on the TSX prior to the announcement of the Offer. Should the Offer expire without RuggedCom shareholders being allowed to accept the Offer, those shareholders will be deprived not only of the substantial premium available

to all RuggedCom shareholders by virtue of the Offer, but will also likely suffer a loss in shareholder value by virtue of the adverse market reaction to the expiry of the Offer.

SUMMARY OF POSITION

25. Belden Canada respectfully submits that the Rights Plan constitutes an improper defensive tactic unilaterally undertaken by RuggedCom, contrary to the public interest.

26. The Offer is fair and is in no way coercive. It is an all-cash offer made for all outstanding Common Shares, at a substantial premium over the trading price on the TSX. It treats all RuggedCom shareholders fairly and equally, and conforms to all applicable laws. The Offer requires no regulatory approvals and is not subject to financing, and only the Rights Plan now stands between shareholders and their ability to decide for themselves whether to accept the Offer

27. RuggedCom is not a particularly complex entity for market participants to understand and assess and credible potential bidders for RuggedCom are well positioned to assess the Offer and to make a decision as to whether to proceed with an alternative or competing bid within a short period of time. RuggedCom is a relatively small commercial entity, with its principal operations being conducted from a single leased head office and manufacturing facility located in Concord, Ontario. It is Belden's view that any sophisticated buyer in this relatively discrete communications market would be able to complete the necessary due diligence in short order. As expressly acknowledged in the Directors' Circular, the relevant data rooms were established for this very purpose prior to January 4, 2012.

28. RuggedCom has been expressly aware of Belden Inc.'s interest in pursuing an acquisition transaction since at least November 17, 2011. The Special Committee has publicly disclosed its efforts to find an alternative transaction to the Offer. If, by the time of the requested hearing, neither the board nor the Special Committee has been able to identify a potential alternative transaction that could be considered by RuggedCom shareholders in place of the Offer, the Rights Plan ought to be set aside.

The Protection of Shareholder Rights

29. The paramount consideration of the take-over bid provisions in Canadian securities legislation is the protection of the *bona fide* interest of the shareholders of the target company. The Canadian securities regime is premised upon the fundamental notion

that shareholders should have the ability to choose whether and how to dispose of their shares, without undue interference by management.²

30. Canadian securities commissions have repeatedly emphasized this fundamental notion that security holders should be allowed to decide for themselves whether to tender to a take-over bid:

“...[T]he public interest lies in allowing shareholders of a target company to exercise one of the fundamental rights of share ownership – the ability to dispose of shares as one wishes – without undue hindrance from, among other things, defensive tactics that may have been adopted by the target board with the best of intentions, but that are either misguided from the outset or, as here, have outlived their usefulness.”³

31. Since the Commission’s decision in *Canadian Jorex*, Canadian securities commissions have consistently held that all rights plans must, at some time, be set aside in order that shareholders may determine whether or not to tender their shares to an outstanding offer. Therefore, the central question on this application is not whether the Rights Plan should be set aside, but when. Rights plans cannot be allowed to frustrate the inherent rights of shareholders by denying them the freedom to choose whether and how to dispose of their shares.

32. In answering the question of whether the time has come for the Rights Plan to go, Canadian securities commissions have applied and considered the factors first enumerated in *Re Royal Host Real Estate Investment Trust*:⁴

- (i) whether shareholder approval of the rights plan was obtained;
- (ii) when the plan was adopted;
- (iii) whether there is broad shareholder support for the continued operation of the plan;
- (iv) the size and complexity of the target company;
- (v) the other defensive tactics, if any, implemented by the target company;

² *National Policy 62-202*, section 1.1(2). See, also, *Re Icahn Partners LP*, 2010 LNBCSC 398 at para. 37, aff’d *Lions Gate Entertainment Corp. v. Icahn Partners LP.*, [2010] B.C.J. N0. 1086 (C.A.); *Re Baffinland Iron Mines Corp.* (2010), 33 O.S.C.B. 11385 (“*Baffinland*”), paras. 22-25.

³ *Baffinland* at para. 27, citing *Re Canadian Jorex Ltd.* (1992) 15 OSCB 257 (“*Canadian Jorex*”).

⁴ (1999), 22 O.S.C.B. 7819, as affirmed and restated in *Baffinland* and *Re MOSAID Technologies Incorporated and Wi-LAN Inc.* (Order dated October 12, 2011).

- (vi) the number of potential, viable offerors;
- (vii) the steps taken by the target company to find an alternative bid or transaction that would be better for the shareholders;
- (viii) the likelihood that, if given further time, the target company will be able to find a better bid or transaction;
- (ix) the nature of the bid, including whether it is coercive or unfair to the shareholders of the target company;
- (x) the length of time since the bid was announced and made; and
- (xi) the likelihood that the bid will not be extended if the rights plan is not terminated.

33. Belden Canada notes the following with respect to the factors that are applicable to this case:

- (i) ***Shareholder Approval:*** Shareholder approval of the Rights Plan was not sought or obtained by RuggedCom, nor is there any intention on the part of RuggedCom to seek shareholder approval;
- (ii) ***Timing of Plan Adoption:*** The Plan was adopted immediately following the Offer, in direct response thereto, and is therefore a pure tactical Rights Plan;
- (iii) ***Shareholder Support for Continued Operation of the Plan:*** There is no indication that there is any support among holders of Common Shares for the continued operation of the Rights Plan;
- (iv) ***Size and Complexity of the Target:*** RuggedCom is a discrete corporate entity that can be easily valued and assessed by market participants;
- (v) ***Other Viable Bidders:*** There is no evidence at this time of other viable bidders;
- (vi) ***Steps Taken by Target to Find Alternative Transactions:*** Although RuggedCom states that it has entered into non-disclosure and standstill agreements with unnamed third parties, there is no evidence to date of any alternative transaction emerging as a result of these efforts;
- (vii) ***Likelihood of Finding a Better Bid:*** There is no evidence at this time that suggests that a better bid will be found. The Directors'

Circular acknowledges that there is “no assurance than any financially superior alternative will emerge”. If no such potential alternative transaction has been identified by the time of the hearing, the Rights Plan ought to be cease traded;

- (viii) ***Nature of the Bid:*** The Offer is fair and non-coercive;
- (ix) ***Length of Time Since Bid Announced:*** The Offer was announced on December 19, 2011 and was formally made the following day, and will have been open for 34 days as of the date of the hearing; and
- (x) ***Likelihood of Extension of the Bid:*** Belden Canada does not intend to extend the Offer beyond the January 25, 2012 expiry date in the face of the continued operation of the Rights Plan for an indefinite period. Failing to cease trade the Rights Plan would therefore deprive RuggedCom’s shareholders of their fundamental right to decide for themselves whether to accept the Offer.

34. Having regard to all of the foregoing considerations, Belden Canada respectfully submits that the circumstances of this case provide a compelling basis for the Commission’s exercise of its public interest jurisdiction, pursuant to section 127 of the Act, to cease trade the Rights Plan, after a hearing to be held shortly prior to the scheduled expiry of the Offer.

Given the urgency of this matter, we respectfully request that the Commission hold a hearing to consider and determine this application by no later than January 23, 2012. Should you have any questions or require any additional information with respect to the foregoing, please do not hesitate to contact the undersigned at (416) 862-6465 or my partner, Allan Coleman, at (416) 862-4941.

Yours very truly,

Doug Bryce

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