

BEL FUSE INC /NJ
Form 10-Q
May 11, 2009

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

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2009
or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period
from to

Commission File
Number: 0-F11676

BEL FUSE INC.
(Exact name of registrant as specified in
its charter)

NEW JERSEY
(State of other jurisdiction of incorporation or
organization)

22-1463699
(I.R.S. Employer Identification
No.)

206 Van Vorst Street Jersey City, New Jersey
(Address of principal executive offices)

07302
(Zip Code)

(201) 432-0463
(Registrant's telephone number, including area code)

(Former name, former address and former fiscal year, if changed
since last report)

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 and 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 has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such

files). Yes No Not applicable to the registrant.

Indicate by checkmark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of "large accelerated filer", "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company
(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
 Yes No

At May 8, 2009, there were 2,174,912 shares of Class A Common Stock, \$0.10 par value, outstanding and 9,355,843 shares of Class B Common Stock, \$0.10 par value, outstanding.

BEL FUSE INC.

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PART I. Financial Information

Item 1. Financial Statements (Unaudited)

Certain information and footnote disclosures required under accounting principles generally accepted in the United States of America have been condensed or omitted from the following condensed consolidated financial statements pursuant to the rules and regulations of the Securities and Exchange Commission. The following condensed consolidated financial statements should be read in conjunction with the year-end consolidated financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2008.

The results of operations for the three months ended March 31, 2009 are not necessarily indicative of the results for the entire fiscal year or for any other period.

BEL FUSE INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(dollars in thousands)

	March 31, 2009	December 31, 2008
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 90,918	\$ 74,955
Marketable securities	13,759	13,735
Short-term investments	1,712	4,013
Accounts receivable - less allowance for doubtful accounts of \$644 and \$660 at March 31, 2009 and December 31, 2008, respectively	30,943	46,047
Inventories, net	38,420	46,524
Prepaid expenses and other current assets	1,485	859
Refundable income taxes	3,024	2,498
Assets held for sale	-	236
Deferred income taxes	5,048	4,752
Total Current Assets	185,309	193,619
Property, plant and equipment - net	38,699	39,936
Restricted cash	-	2,309
Long-term investments	1,911	1,062
Deferred income taxes	3,669	5,205
Intangible assets - net	810	926
Goodwill	14,204	14,334
Other assets	4,122	4,393
TOTAL ASSETS	\$ 248,724	\$ 261,784

See notes to condensed consolidated financial statements.

BEL FUSE INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS - CONTINUED
(dollars in thousands, except per share data)

	March 31, 2009	December 31, 2008
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	\$ 10,773	\$ 14,285
Accrued expenses	6,419	9,953
Accrued restructuring costs	153	555
Income taxes payable	3,998	4,054
Dividends payable	801	787
Total Current Liabilities	22,144	29,634
Long-term Liabilities:		
Accrued restructuring costs	625	406
Deferred gain on sale of property	-	4,616
Liability for uncertain tax positions	3,477	3,445
Minimum pension obligation and unfunded pension liability	6,111	5,910
Total Long-term Liabilities	10,213	14,377
Total Liabilities	32,357	44,011
Commitments and Contingencies		
Stockholders' Equity:		
Preferred stock, no par value, authorized 1,000,000 shares; none issued	-	-
Class A common stock, par value \$.10 per share - authorized 10,000,000 shares; outstanding 2,174,912 and 2,180,982 shares, respectively (net of 1,072,770 treasury shares)	217	218
Class B common stock, par value \$.10 per share - authorized 30,000,000 shares; outstanding 9,359,693 and 9,369,893 shares, respectively (net of 3,218,310 treasury shares)	936	937
Additional paid-in capital	20,299	19,963
Retained earnings	196,497	196,467
Accumulated other comprehensive (loss) income	(1,582)	188
Total Stockholders' Equity	216,367	217,773
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 248,724	\$ 261,784

See notes to condensed consolidated financial statements.

BEL FUSE INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(dollars in thousands, except per share data)

	Three Months Ended March 31,	
	2009	2008
Net Sales	\$ 43,871	\$ 60,869
Costs and expenses:		
Cost of sales	38,211	49,638
Selling, general and administrative	7,653	8,933
Restructuring charge	413	-
Gain on sale of property, plant and equipment	(4,665)	-
	41,612	58,571
Income from operations	2,259	2,298
Other, net	8	-
Realized gain (loss/impairment charge) on investment	2	(280)
Interest income	181	913
Earnings before provision for income taxes	2,450	2,931
Income tax provision	1,634	764
Net earnings	\$ 816	\$ 2,167
Earnings per Class A common share		
Basic	\$ 0.06	\$ 0.17
Diluted	\$ 0.06	\$ 0.17
Weighted-average Class A common shares outstanding		
Basic	2,176,156	2,532,408
Diluted	2,176,156	2,532,408
Earnings per Class B common share		
Basic	\$ 0.07	\$ 0.19
Diluted	\$ 0.07	\$ 0.19
Weighted-average Class B common shares outstanding		
Basic	9,362,115	9,306,940
Diluted	9,362,115	9,313,556

See notes to condensed consolidated financial statements.

BEL FUSE INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(dollars in thousands)

	Total	Comprehensive (Loss) Income	Retained Earnings	Accumulated Other Comprehensive Income (loss)	Class A Common Stock	Class B Common Stock	Additional Paid-In Capital
Balance, January 1, 2008	\$ 244,527		\$ 214,580	\$ (344)	\$ 255	\$ 929	\$ 29,107
Exercise of stock options	312					3	309
Tax benefits arising from the disposition of non-qualified incentive stock options	39						39
Cash dividends declared on Class A common stock	(565)		(565)				
Cash dividends declared on Class B common stock	(2,619)		(2,619)				
Issuance of restricted common stock	-					6	(6)
Termination of restricted common stock	-					(1)	1
Repurchase/retirement of Class A common stock	(11,002)				(37)		(10,965)
Currency translation adjustment	(355)	\$ (355)		(355)			
Unrealized holding losses on marketable securities arising during the year, net of taxes	(4,230)	(4,230)		(4,230)			
Reclassification adjustment of unrealized holding losses for impairment charge included in net loss, net of tax	5,551	5,551		5,551			
Stock-based compensation expense	1,478						1,478
Change in unfunded SERP liability, net of taxes	(434)	(434)		(434)			
Net loss	(14,929)	(14,929)	(14,929)				
Comprehensive loss		\$ (14,397)					
Balance, December 31, 2008	\$ 217,773		\$ 196,467	\$ 188	\$ 218	\$ 937	\$ 19,963
Cash dividends declared on Class A common stock	(131)		(131)				
Cash dividends declared on Class B common stock	(655)		(655)				
	-					(1)	1

Termination of restricted common stock													
Repurchase/retirement of Class A common stock	(92)			(1)			(91)						
Currency translation adjustment	(524)	\$	(524)		(524)								
Unrealized holding losses on marketable securities arising during the year, net of taxes	(1,246)		(1,246)		(1,246)								
Stock-based compensation expense	426						426						
Net earnings	816		816		816								
Comprehensive loss		\$	(954)										
Balance, March 31, 2009	\$	216,367		\$	196,497	\$	(1,582)	\$	217	\$	936	\$	20,299

See notes to condensed consolidated financial statements.

BEL FUSE INC. AND SUBSIDIARIES
 CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
 (dollars in thousands)

	Three Months Ended March 31,	
	2009	2008
Cash flows from operating activities:		
Net earnings	\$ 816	\$ 2,167
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization	1,686	1,813
Stock-based compensation	426	254
Restructuring charges, net of cash payments	(183)	
Gain on sale of property, plant and equipment	(4,665)	-
Realized (gain) loss/impairment charge on investment	(2)	280
Unrealized foreign exchange transaction losses (gains)	176	(139)
Other, net	496	157
Deferred income taxes	1,953	(248)
Changes in operating assets and liabilities	14,624	5,752
Net Cash Provided by Operating Activities	15,327	10,036
Cash flows from investing activities:		
Purchase of property, plant and equipment	(410)	(1,659)
Purchase of intangible asset	-	(150)
Purchase of marketable securities	(2,033)	(10,124)
Proceeds from sale of property, plant and equipment	2,617	-
Redemption of investment	1,454	7,766
Net Cash Provided by (Used in) Investing Activities	1,628	(4,167)

See notes to condensed consolidated financial statements.

BEL FUSE INC. AND SUBSIDIARIES
 CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)
 (dollars in thousands)

	Three Months Ended March 31,	
	2009	2008
Cash flows from financing activities:		
Proceeds from exercise of stock options	-	49
Dividends paid to common shareholders	(772)	(765)
Purchase and retirement of Class A common stock	(92)	(394)
Net Cash Used In Financing Activities	(864)	(1,110)
Effect of exchange rate changes on cash	(128)	240
Net Increase in Cash and Cash Equivalents	15,963	4,999
Cash and Cash Equivalents - beginning of period	74,955	83,875
Cash and Cash Equivalents - end of period	\$ 90,918	\$ 88,874
Changes in operating assets and liabilities consist of:		
Decrease in accounts receivable	\$ 14,862	\$ 9,988
Decrease (increase) in inventories	7,938	(3,234)
Increase in prepaid expenses and other current assets	(634)	(453)
Increase in other assets	(6)	(161)
(Decrease) increase in accounts payable	(3,464)	981
Decrease in accrued expenses	(3,496)	(2,288)
(Decrease) increase in income taxes payable	(576)	919
	\$ 14,624	\$ 5,752
Supplementary information:		
Cash paid during the period for income taxes	\$ 207	\$ 137

See notes to condensed consolidated financial statements.

BEL FUSE INC. AND SUBSIDIARIES

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PRESENTATION AND ACCOUNTING POLICIES

The condensed consolidated balance sheet as of March 31, 2009, and the condensed consolidated statements of operations, stockholders' equity and cash flows for the periods presented herein have been prepared by Bel Fuse Inc. (the "Company" or "Bel") and are unaudited. In the opinion of management, all adjustments (consisting solely of normal recurring adjustments) necessary to present fairly the financial position, results of operations, changes in stockholders' equity and cash flows for all periods presented have been made. The results for the three months ended March 31, 2009 should not be viewed as indicative of the Company's annual results or the Company's results for any other period. The information for the condensed consolidated balance sheet as of December 31, 2008 was derived from audited financial statements. These financial statements should be read in conjunction with the consolidated financial statements and footnotes thereto included in the Bel Fuse Annual Report on Form 10-K for the year ended December 31, 2008.

2. EARNINGS PER SHARE

The Company utilizes the two-class method to report its earnings per share. The two-class method is an earnings allocation formula that determines earnings per share for each class of common stock according to dividends declared and participation rights in undistributed earnings. The Company's Certificate of Incorporation, as amended, states that Class B common shares are entitled to dividends at least 5% greater than dividends paid to Class A common shares, resulting in the two-class method of computing earnings per share. In computing earnings per share, the Company has allocated dividends declared to Class A and Class B based on amounts actually declared for each class of stock and 5% more of the undistributed earnings have been allocated to Class B shares than to the Class A shares on a per share basis. Basic earnings per common share are computed by dividing net earnings by the weighted-average number of common shares outstanding during the period. Diluted earnings per common share, for each class of common stock, are computed by dividing net earnings by the weighted-average number of common shares and potential common shares outstanding during the period. During the three months ended March 31, 2008, potential common shares used in computing diluted earnings per share relate to stock options for Class B common shares which, if exercised, would have a dilutive effect on earnings per share. There were no stock options outstanding during the three months ended March 31, 2009 which would have had a dilutive effect on earnings per share.

The earnings and weighted average shares outstanding used in the computation of basic and diluted earnings per share are as follows (dollars in thousands, except share and per share data):

	Three Months Ended March 31,	
	2009	2008
Numerator:		
Net earnings	\$ 816	\$ 2,167
Less Dividends:		
Class A	131	158
Class B	655	637
Undistributed earnings	\$ 30	\$ 1,372
Undistributed earnings allocation - basic:		
Class A undistributed earnings	5	282
Class B undistributed earnings	25	1,090
Total undistributed earnings	\$ 30	\$ 1,372
Undistributed earnings allocation - diluted:		
Class A undistributed earnings	5	282
Class B undistributed earnings	25	1,090
Total undistributed earnings	\$ 30	\$ 1,372
Net earnings allocation - basic:		
Class A allocated earnings	136	440
Class B allocated earnings	680	1,727
Net earnings	\$ 816	\$ 2,167
Net earnings allocation - diluted:		
Class A allocated earnings	136	440
Class B allocated earnings	680	1,727
Net earnings	\$ 816	\$ 2,167
Denominator:		
Weighted-average shares outstanding:		
Class A - basic and diluted	2,176,156	2,532,408
Class B - basic	9,362,115	9,306,940
Dilutive impact of stock options	-	6,616
Class B - diluted	9,362,115	9,313,556
Earnings per share:		
Class A - basic	\$ 0.06	\$ 0.17
Class A - diluted	\$ 0.06	\$ 0.17
Class B - basic	\$ 0.07	\$ 0.19
Class B - diluted	\$ 0.07	\$ 0.19

During the three months ended March 31, 2009 and 2008, 53,000 outstanding options were not included in the foregoing computations for Class B common shares because their effect would be antidilutive.

3.

MARKETABLE SECURITIES

At March 31, 2009 and December 31, 2008, marketable securities with an original cost of approximately \$24.6 million and \$22.6 million had a carrying value of \$13.8 million and \$13.7 million, respectively. During the three months ended March 31, 2008, the Company recorded realized losses/impairment charges on its investments in the amount of \$0.3 million. At March 31, 2009 and December 31, 2008, respectively, gross unrealized (losses) gains on other marketable securities of approximately (\$2.0) million and \$0.1 million are included, net of tax, in accumulated other comprehensive (loss) income.

Columbia Strategic Cash Portfolio (“Columbia Portfolio”):

At March 31, 2009, the Company’s investment securities included privately placed units of beneficial interests in the Columbia Portfolio, which is an enhanced cash fund sold as an alternative to money-market funds. In December 2007, due to adverse market conditions, the fund was overwhelmed with withdrawal requests from investors and it was closed with a restriction placed upon the cash redemption ability of its holders. At the time the liquidation was announced, the Company held 25.7 million units of the Columbia Portfolio at a book value of \$25.7 million.

As of March 31, 2009, the Company has received total cash redemptions to date of \$20.3 million (including \$1.5 million during the three months ended March 31, 2009) at a weighted-average net asset value (NAV) of \$.9547 per unit. As of March 31, 2009, the Company holds 4.4 million units with a book value of \$3.6 million and a fair market value of \$3.7 million. The information and the markets relating to these investments remain dynamic. There may be further declines in the value of these investments, in the value of the collateral held by these entities, and in the liquidity of the Company’s investments. To the extent that the Company determines that there is a further decline in fair value, the Company may recognize impairment charges in future periods up to the aggregate carrying amount of these investments.

Toko, Inc. (“Toko”):

As of March 31, 2009, the Company owned a total of 1,840,919 shares, or approximately 1.9%, of the outstanding shares, of the common stock of Toko. Toko develops, manufactures and sells power supply related components and radio frequency related components primarily in Japan. Toko had a market capitalization of approximately \$125.3 million as of March 31, 2009. These shares are reflected on the Company’s condensed consolidated balance sheets as marketable securities. These marketable securities are considered to be available for sale under Statement of Financial Accounting Standards No. (“SFAS”) 115, “Accounting for Certain Investments in Debt and Equity Securities”. At March 31, 2009 and December 31, 2008, this investment had an adjusted basis of \$2.0 million, and a fair market value of \$2.4 million and \$2.1 million, respectively. The gross unrealized gain of \$0.3 million and \$0.1 million at March 31, 2009 and December 31, 2008, respectively, is included, net of tax, in accumulated other comprehensive income (loss).

Power-One, Inc. (“Power-One”):

As of March 31, 2009, the Company owned a total of 7,338,998 shares of Power-One common stock representing, to the Company’s knowledge, 8.4% of Power-One’s outstanding common stock, at a total purchase price of \$14.1 million (\$1.92 per share). Power-One’s common stock is quoted on the NASDAQ Global Market. Power-One is a designer and manufacturer of power conversion and power management products. At March 31, 2009, this investment had an adjusted basis of \$8.7 million (\$1.19 per share) and a fair market value of \$6.5 million (\$0.88 per share). At December 31, 2008, the basis of this stock was adjusted to the fair market value of \$8.7 million, as it was determined that an other-than-temporary impairment existed. The gross unrealized loss at March 31, 2009 of \$2.3 million is included, net of income tax, in accumulated other comprehensive income (loss) in stockholders’ equity. Subsequent to March 31, 2009, the Power-One stock price recovered to levels in excess of the Company’s carrying value of this investment and, as a result, this investment was not other-than-temporarily impaired as of March 31, 2009.

CDARS:

During 2008, the Company invested a total of \$4.9 million in certificates of deposit (CDs) through Stephens, Inc., with whom the Company has an investment banking relationship. These investments are part of the Certificate of Deposit Account Registry Service (CDARS) program whereby the funds are invested with various banks in order to achieve FDIC insurance on the full invested amount. The CDs have an initial maturity of 26-weeks and an early redemption feature with a 30-day interest penalty. During December 2008, \$2.0 million of the CD’s matured and were temporarily renewed for a period of 29 days and, accordingly, were considered to be a cash equivalent as of December 31, 2008, due to the short-term nature of the investment. As these CDs were renewed in January 2009 for a period of 13 weeks, they have been classified as marketable securities in the condensed consolidated balance sheet at March 31, 2009.

4. FAIR VALUE MEASUREMENT

The Company adopted SFAS No. 157 “Fair Value Measurements”, as amended by Financial Accounting Standards Board (“FASB”) Staff Position (“FSP”) 157-1, FSP 157-2, and FSP 157-3 (collectively referred to as SFAS No. 157), on January 1, 2008, for all financial assets and liabilities that are recognized or disclosed at fair value in the condensed consolidated financial statements on a recurring basis or on a nonrecurring basis during the reporting period. While the Company adopted the provisions of SFAS No. 157 for nonfinancial assets and liabilities that are recognized or disclosed at fair value in the financial statements on a recurring basis, no such assets or liabilities existed at the balance sheet date. The Company, in accordance with FSP 157-2, delayed implementation of SFAS No. 157 for all nonfinancial assets and liabilities recognized or disclosed at fair value in the financial statements on a nonrecurring basis and adopted these provisions effective January 1, 2009.

In accordance with the provisions of SFAS No. 157, which clarifies that fair value is an exit price, representing the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, the Company utilizes market data or assumptions that market participants would use in pricing the asset or liability. SFAS No. 157 establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value. These tiers include: Level 1, defined as observable inputs such as quoted market prices in active markets; Level 2, defined as inputs other than quoted prices in active markets that are either directly or indirectly observable; and Level 3, defined as unobservable inputs about which little or no market data exists, therefore requiring an entity to develop its own assumptions.

As of March 31, 2009, the Company held certain financial assets that are measured at fair value on a recurring basis. These consisted of the Company's investments in Toko stock, Power-One stock and CDARS (categorized as available-for-sale securities). The fair value of these investments is determined based on quoted market prices in public markets and is categorized as Level 1. The Company does not have any financial assets measured at fair value on a recurring basis categorized as Level 2 or Level 3, and there were no transfers in or out of Level 2 or Level 3 during the three months ended March 31, 2009.

The following table sets forth by level, within SFAS 157's fair value hierarchy, the Company's financial assets accounted for at fair value on a recurring basis as of March 31, 2009 (dollars in thousands).

	Assets at Fair Value as of March 31, 2009			
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Available-for-sale securities	\$ 13,759	\$ 13,759	-	-
Total	\$ 13,759	\$ 13,759	-	-

The following table sets forth by level, within SFAS 157's fair value hierarchy, the Company's financial assets accounted for at fair value on a nonrecurring basis as of March 31, 2009 (dollars in thousands). These consisted of the Company's investment in the Columbia Portfolio (categorized as an other investment in the table below). The fair value of these investments is determined based on significant other observable inputs and is categorized as Level 2 (dollars in thousands).

	Assets at Fair Value as of March 31, 2009			Total Gains Three Months Ended March 31, 2009
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	
Other investments	\$ 3,653	-	\$ 3,653	-
Total	\$ 3,653	-	\$ 3,653	-

There were no changes to the Company's valuation techniques used to measure asset fair values on a recurring or nonrecurring basis during the three months ended March 31, 2009 and the Company did not have any financial liabilities as of March 31, 2009.

Nonfinancial assets and liabilities accounted for at fair value on a nonrecurring basis include items such as goodwill and long-lived assets that are measured at fair value to test for and measure an impairment charge, when necessary. There were no triggering events during the first quarter of 2009 which warranted an impairment test on the Company's goodwill or long-lived assets.

5. COMPANY-OWNED LIFE INSURANCE

Investments in company-owned life insurance policies (“COLI”) were made with the intention of utilizing them as a long-term funding source for the Company’s supplemental retirement plan obligations, which amounted to \$6.1 million at March 31, 2009. However, the cash surrender value of the COLI does not represent a committed funding source for these obligations. Any proceeds from these policies are subject to claims from creditors, and the Company can designate them to another purpose at any time. The fair market value of the COLI of \$3.6 million and \$3.8 million as of March 31, 2009 and December 31, 2008, respectively, is included in other assets in the accompanying condensed consolidated balance sheets. During the first quarter of 2009, significant declines in global equity markets had a significant effect in reducing the cash surrender value and as a result, the Company recorded a \$0.3 million charge to account for the reduction in cash surrender value. This charge was allocated between cost of sales and selling, general and administrative expenses on the Condensed Consolidated Statements of Operations for the three months ended March 31, 2009. The allocation is consistent with the costs associated with the long-term employee benefit obligations that the COLI is intended to fund.

6. INVENTORIES

The components of inventories are as follows (dollars in thousands):

	March 31, 2009	December 31, 2008
Raw materials	\$ 21,858	\$ 25,527
Work in progress	1,551	1,650
Finished goods	15,011	19,347
	\$ 38,420	\$ 46,524

Inventories are shown net of an allowance for excess and obsolete inventory of \$3.6 million and \$4.1 million as of March 31, 2009 and December 31, 2008, respectively.

7. BUSINESS SEGMENT INFORMATION

The Company operates in one industry with three reportable segments. The segments are geographic and include North America, Asia and Europe. The primary criteria by which financial performance is evaluated and resources are allocated are revenues and operating income. The following is a summary of key financial data (dollars in thousands):

	Three Months Ended March 31,	
	2009	2008
Total segment revenues		
North America	\$ 11,306	\$ 22,991
Asia	33,798	42,139
Europe	5,040	6,786
Total segment revenues	50,144	71,916
Reconciling items:		
Intersegment revenues	(6,273)	(11,047)
Net sales	\$ 43,871	\$ 60,869
Income (loss) from Operations:		
North America	\$ 2,570	\$ 1,097
Asia	(192)	841
Europe	(119)	360
	\$ 2,259	\$ 2,298

8. DEBT

Short-term debt

The Company has an unsecured credit agreement in the amount of \$20 million, which expires on September 10, 2011. There have not been any borrowings under the credit agreement and, as such, there was no balance outstanding as of March 31, 2009. At that date, the entire \$20 million line of credit was available to the Company to borrow. The credit agreement bears interest at LIBOR plus 0.75% to 1.25% based on certain financial statement ratios maintained by the Company.

The Company's Hong Kong subsidiary had an unsecured line of credit of approximately \$2 million which was unused as of March 31, 2009. The line of credit expired on January 31, 2009 and was renewed on February 10, 2009. Any borrowing on the line of credit will be guaranteed by the U.S. parent. The line of credit bears interest at a rate determined by the bank as the financing is extended.

9. INCOME TAXES

In accordance with the provisions of FASB Interpretation No. 48, "Accounting for Uncertainties in Income Taxes", as of March 31, 2009 and December 31, 2008, the Company has approximately \$7.4 million and \$7.3 million, respectively, of liabilities for uncertain tax positions (\$3.9 million and \$3.9 million, respectively, included in income tax payable and \$3.5 million and \$3.4 million, respectively, included in liability for uncertain tax positions) all of which, if recognized, would reduce the Company's effective tax rate.

The Company and its subsidiaries file income tax returns in the U.S. federal jurisdiction and various states and foreign jurisdictions. The Company is no longer subject to U.S. federal examinations by tax authorities for years before 2005 and for state examinations before 2004. Regarding foreign subsidiaries, the Company is no longer subject to examination by tax authorities for years before 2002 in the Far East and generally 2004 in Europe.

As a result of the expiration of the statute of limitations for specific jurisdictions, it is reasonably possible that the related unrecognized benefits for tax positions taken regarding previously filed tax returns may change materially from those recorded as liabilities for uncertain tax positions in the Company's condensed consolidated financial statements at March 31, 2009. A total of \$3.9 million of previously recorded liabilities for uncertain tax positions relates to the 2005 tax year. The statute of limitations related to this liability is scheduled to expire on September 15, 2009.

The Company's policy is to recognize interest and penalties related to uncertain tax positions as a component of the current provision for income taxes. During the three months ended March 31, 2009 and 2008, the Company recognized an immaterial amount and approximately \$0.1 million, respectively, in interest and penalties in the Condensed Consolidated Statements of Operations. The Company has approximately \$1.6 million and \$1.6 million accrued for the payment of interest and penalties at March 31, 2009 and December 31, 2008, respectively, which is included in both income taxes payable and liability for uncertain tax positions in the Condensed Consolidated Balance Sheets.

10. ACCRUED EXPENSES

Accrued expenses consist of the following (dollars in thousands):

	March 31, 2009	December 31, 2008
Sales commissions	\$ 1,150	\$ 1,598
Contract labor	1,429	2,939
Salaries, bonuses and related benefits	1,920	2,834
Other	1,920	2,582
	\$ 6,419	\$ 9,953

See Note 19 for discussion and details associated with restructuring accruals.

11. RETIREMENT FUND AND PROFIT SHARING PLAN

The Company maintains a domestic profit sharing plan and a contributory stock ownership and savings 401(K) plan, which combines stock ownership and individual voluntary savings provisions to provide retirement benefits for plan participants. The expense for the three months ended March 31, 2009 and 2008 amounted to approximately \$0.1 million and \$0.1 million, respectively. As of March 31, 2009, the plans owned 17,113 and 167,853 shares of Bel Fuse Inc. Class A and Class B common stock, respectively.

The Company's subsidiaries in Asia have a retirement fund covering substantially all of their Hong Kong based full-time employees. The expense for the three months ended March 31, 2009 and 2008 amounted to approximately \$0.1 million for both periods. As of March 31, 2009, the plan owned 3,323 and 17,342 shares of Bel Fuse Inc. Class A and Class B common stock, respectively.

The Supplemental Executive Retirement Plan (the "SERP" or the "Plan") is designed to provide a limited group of key management and highly compensated employees of the Company with supplemental retirement and death benefits.

The components of SERP expense are as follows (dollars in thousands):

	Three Months Ended	
	March 31,	
	2009	2008
Service cost	\$ 96	\$ 73
Interest cost	88	76
Amortization of adjustments	37	33
Total SERP expense	\$ 221	\$ 182
	March 31,	December 31,
	2009	2008
Balance sheet amounts:		
Minimum pension obligation and unfunded pension liability	\$ 6,111	\$ 5,910
Accumulated other comprehensive (loss) income	(1,588)	(1,588)

12.

SHARE-BASED COMPENSATION

The Company records compensation expense in its Condensed Consolidated Statements of Operations related to employee stock-based options and awards in accordance with SFAS No. 123(R) "Share-Based Payment". The aggregate pretax compensation cost recognized in net earnings for stock-based compensation (including incentive stock options and restricted stock, as further discussed below) amounted to approximately \$0.4 million and \$0.3 million, respectively, for the three months ended March 31, 2009 and 2008. The Company did not use any cash to settle any equity instruments granted under share-based arrangements during the three months ended March 31, 2009 and 2008.

Stock Options