



## Third Quarter 2016 Results

November 3, 2016

### **Eddie Edwards**

President and  
Chief Executive Officer

### **Mark Olson**

Executive Vice President and  
Chief Financial Officer

## Caution Regarding Forward Looking Statements

During this presentation or any other oral or written statements made by us or on our behalf may include forward-looking statements which reflect our current views with respect to future events and financial performance. These forward-looking statements are generally identified by their use of such terms and phrases as "intend," "goal," "estimate," "expect," "project," "projections," "plans," "anticipate," "should," "could," "designed to," "foreseeable future," "believe," "think," "scheduled," "outlook," "guidance" and similar expressions although not all forward-looking statements contain such terms. This list of indicative terms and phrases is not intended to be all-inclusive.

These statements are subject to various risks and uncertainties, many of which are outside our control, including, without limitation, our ability to integrate the BNS business on a timely and cost-effective manner; our reliance on TE Connectivity for transition services for the BNS business; our ability to realize expected growth opportunities and cost savings from the BNS business; our dependence on customers' capital spending on communication systems; concentration of sales among a limited number of customers and channel partners; changes in technology; industry competition and the ability to retain customers through product innovation, introduction and marketing; risks associated with our sales through channel partners; product performance issues and associated warranty claims; our ability to maintain effective information management systems and to successfully implement major systems initiatives; cyber-security incidents, including data security breaches or computer viruses; the risk our global manufacturing operations suffer production or shipping delays causing difficulty in meeting customer demands; the risk that internal production capacity and that of contract manufacturers may be insufficient to meet customer demand or quality standards for our products; changes in cost and availability of key raw materials, components and commodities and the potential effect on customer pricing; risks associated with our dependence on a limited number of key suppliers; our ability to fully realize anticipated benefits from prior or future acquisitions or equity investments; potential difficulties in realigning global manufacturing capacity and capabilities among our global manufacturing facilities, including delays or challenges related to removing, transporting or reinstalling equipment, that may affect our ability to meet customer demands for products; possible future restructuring actions; substantial indebtedness and maintaining compliance with debt covenants; our ability to incur additional indebtedness; our ability to generate cash to service our indebtedness; possible future impairment charges for fixed or intangible assets, including goodwill; income tax rate variability and ability to recover amounts recorded as value-added tax receivables; our ability to attract and retain qualified key employees; labor unrest; significant international operations expose us to economic, political and other risks, including the impact of variability in foreign exchange rates; our ability to comply with governmental anti-corruption laws and regulations and export and import controls worldwide; our ability to compete in international markets due to export and import controls to which we may be subject; cost of protecting or defending intellectual property; costs and challenges of compliance with domestic and foreign environmental laws; and other factors beyond our control. These and other factors are discussed in greater detail in our 2015 Annual Report on Form 10-K. Although the information contained in this presentation represents our best judgment as of the date of this report based on information currently available and reasonable assumptions, we can give no assurance that the expectations will be attained or that any deviation will not be material. Given these uncertainties, we caution you not to place undue reliance on these forward-looking statements, which speak only as of the date made. We are not undertaking any duty or obligation to update this information to reflect developments or information obtained after the date of this report, except as otherwise may be required by law.

## Non-GAAP Financial Measures

CommScope management believes that presenting certain non-GAAP financial measures provides meaningful information to investors in understanding operating results and may enhance investors' ability to analyze financial and business trends. Non-GAAP measures are not a substitute for GAAP measures and should be considered together with the GAAP financial measures. As calculated, our non-GAAP measures may not be comparable to other similarly titled measures of other companies. In addition, CommScope management believes that these non-GAAP financial measures allow investors to compare period to period more easily by excluding items that could have a disproportionately negative or positive impact on results in any particular period. GAAP to non-GAAP reconciliations are included in this presentation.

- Third quarter 2016 highlights
- Third quarter 2016 results
- Segment review
- Cash flow, liquidity and capital structure
- Fourth quarter and calendar year 2016 outlook

## Q3 2016 Highlights

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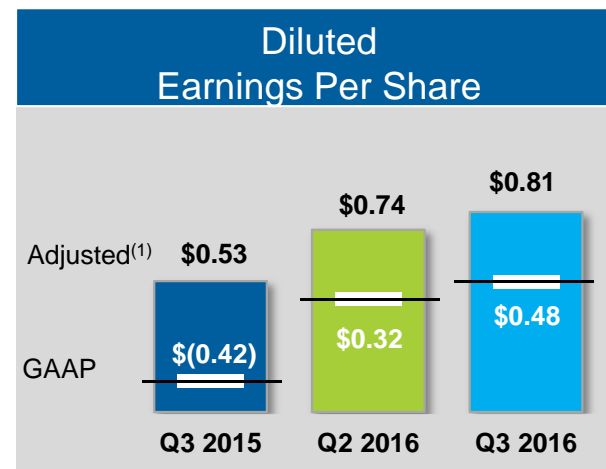
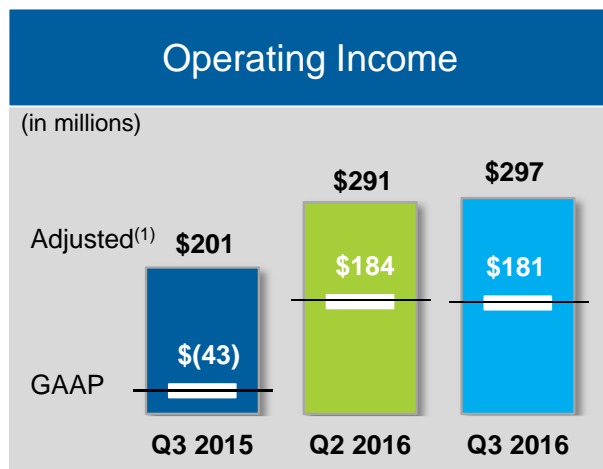
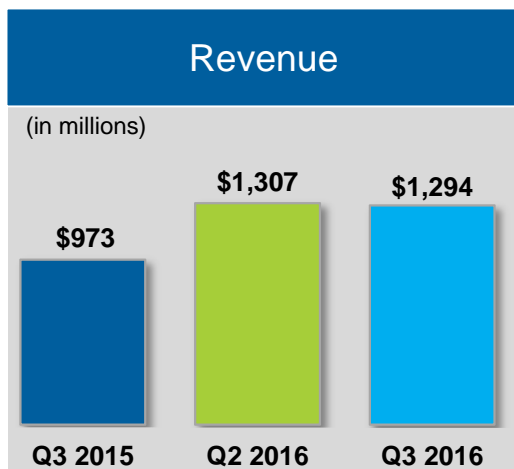
- Revenue, on a pro forma basis<sup>(1)</sup>, up 4% YOY driven by NAR FTTX strength
- Gross Margin of 42%
- Adjusted Operating Margin<sup>(2)</sup> of 23%, up 225 bps YOY
- Adjusted EPS<sup>(2)</sup> of \$0.81, up 53% YOY
- Cash Flow from Operations of \$257 million, up 128% YOY
- Net Leverage Ratio below 4x; Repaid \$650 million in debt LTM
- Increased full year Adjusted EPS<sup>(2)</sup> guidance to \$2.57 - \$2.62, up 40% YOY at the midpoint

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(1) Pro forma for the BNS acquisition. See appendix for pro forma details. Includes benefit from an extra week of BNS results in the current quarter.

(2) See appendix for reconciliation of Non-GAAP measures

# Q3 2016 Results



## Sales & Orders:

- Sales of \$1.29 billion, consistent with guidance
  - On a pro forma basis<sup>(2)</sup> for BNS, revenue up 4 percent YOY
- Orders of \$1.23 billion
  - Book-to-bill ratio of 0.95

## Operating Results:

- Gross Margin of 42%
- GAAP Operating Income of \$181 million
- Adjusted Operating Income<sup>(1)</sup> increased 48% YOY to \$297 million, or 23% of sales

## Net Income & EPS:

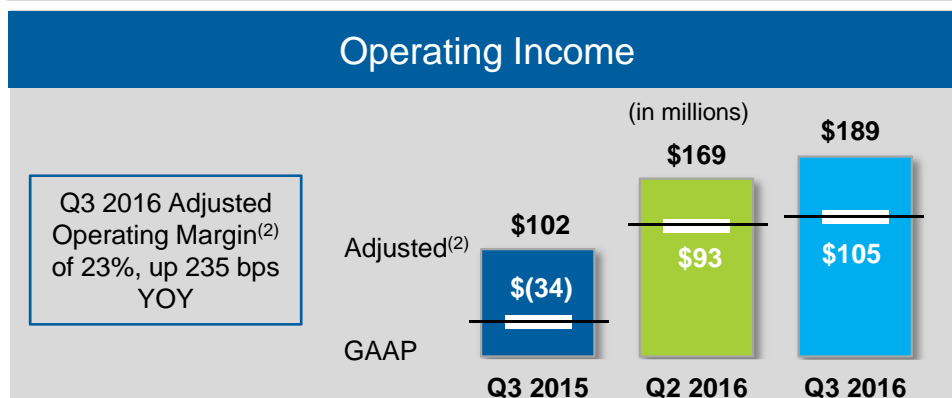
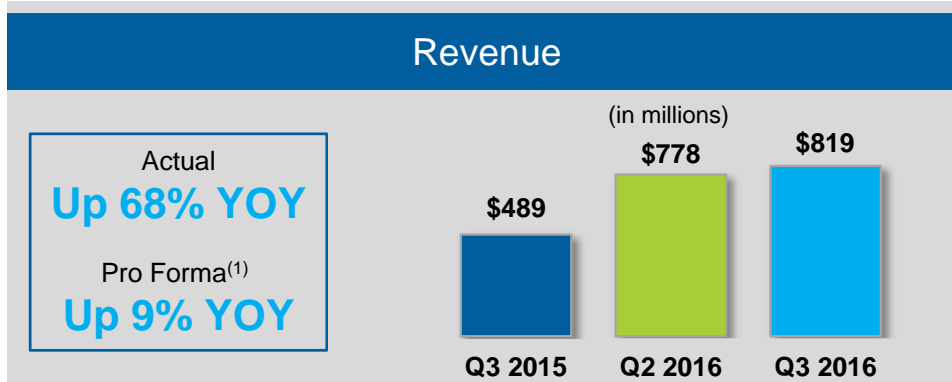
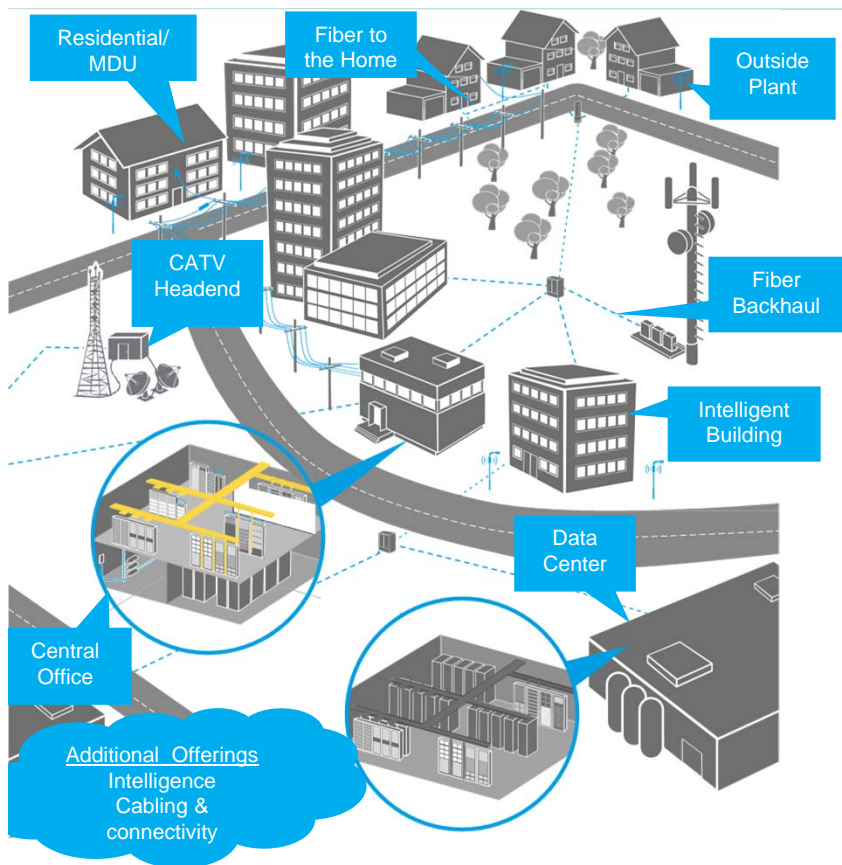
- GAAP Net Income of \$94 million, or \$0.48 per diluted share
- Adjusted Net Income<sup>(1)</sup> of \$159 million, or \$0.81 per diluted share, up 53% YOY

(1) See appendix for reconciliation of non-GAAP adjusted measures.

(2) Pro forma for the BNS acquisition. See appendix for pro forma details. Includes benefit from an extra week of BNS results in the current quarter.

BNS acquisition, cost reduction initiatives and favorable mix drove strength 5

# CommScope Connectivity Solutions (CCS)



Q3 2016 Adjusted Operating Margin<sup>(2)</sup> of 23%, up 235 bps YOY

(1) Pro forma for the BNS acquisition. See appendix for pro forma details. Includes benefit from an extra week of BNS results in the current quarter.

(2) See appendix for reconciliation of non-GAAP adjusted measures.

## Strong double-digit NAR FTTX growth

# Broad Portfolio to Support Strong FTTX Growth

COMMSCOPE®

Innovative technologies

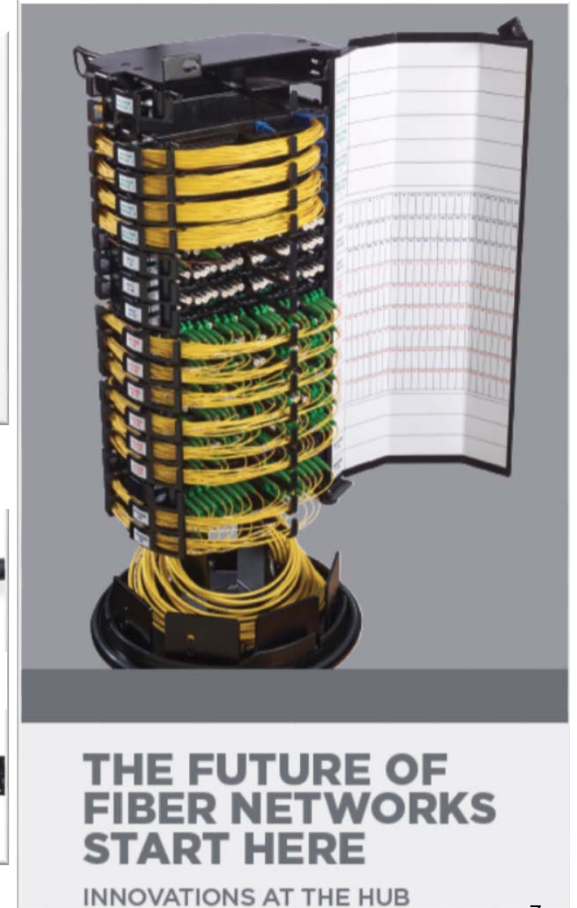
Broad product portfolio

Customer relationships

OptiTAP™ Compatible



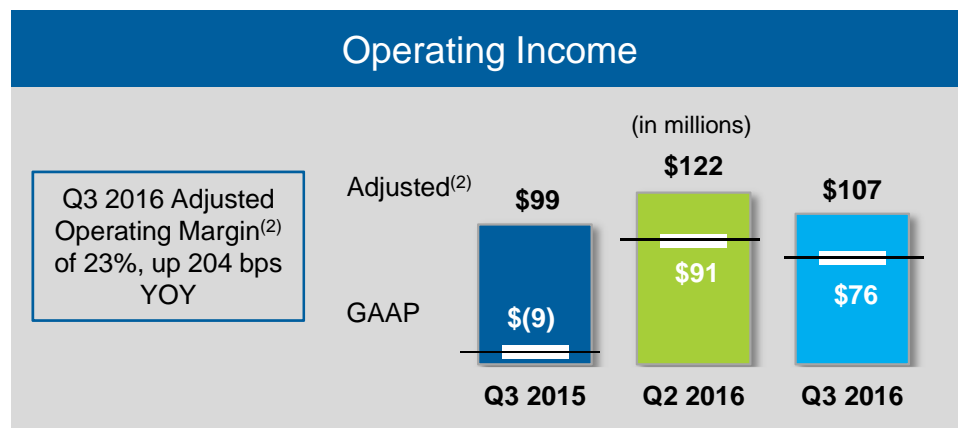
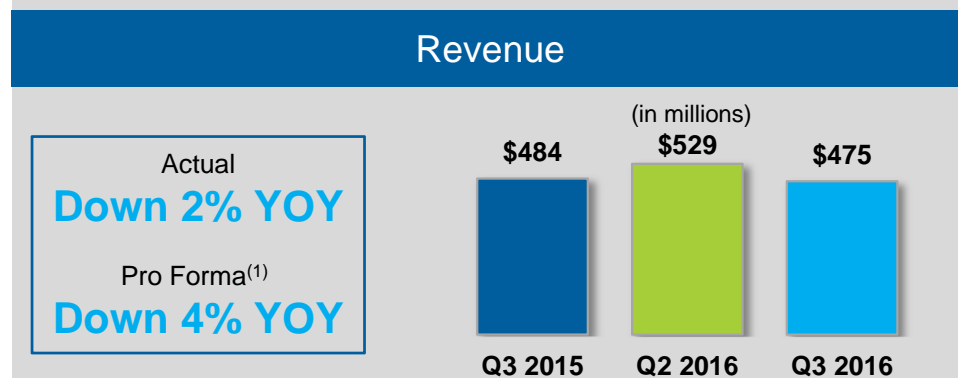
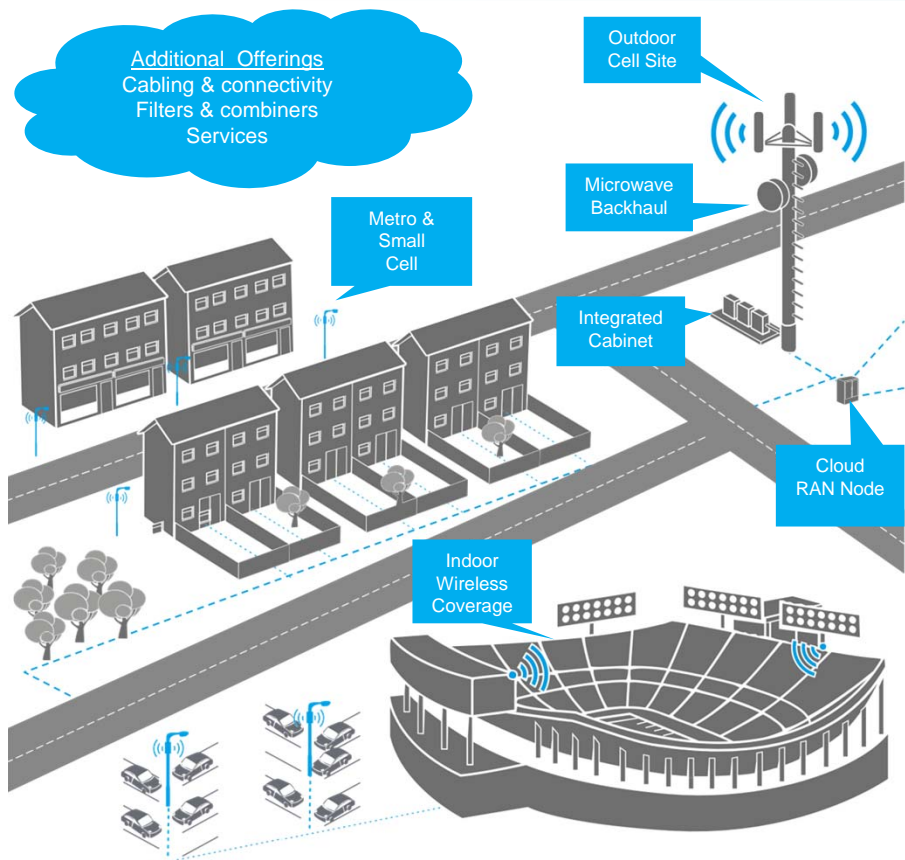
OptiTAP™ Compatible 4-Port MST



OptiTAP™ is a trademark of Corning Optical Communications Brands, Inc.

# CommScope Mobility Solutions (CMS)

COMMSCOPE®



(1) Pro Forma for the BNS acquisition. See appendix for pro forma details.  
 (2) See appendix for reconciliation of non-GAAP adjusted measures.

**Strong NAR offset by lower APAC and CALA**



## Cash Flow and Liquidity

### Cash Flow Highlights

(in millions)	Q3 2015	Q3 2016	LTM Q3 2015	LTM Q3 2016
<b>Cash flow from operations</b>	\$ 112	\$ 257	\$ 314	\$ 642
Capital expenditures, net of capital expenditures related to BNS integration <sup>(1)</sup>	(12)	(15)	(40)	(60)
Cash paid for transaction & integration costs	53	17	72	72
Debt redemption premium	---	8	---	18
<b>Adjusted free cash flow</b>	\$ 154	\$ 266	\$ 345	\$ 671
Cash taxes paid	\$ 35	\$ 35	\$ 121	\$ 100
Cash interest paid	\$ 15	\$ 19	\$ 145	\$ 282

### Liquidity of \$948 million at September 30, 2016

Cash and Cash Equivalents: \$517 million

Availability Under Revolver: \$431 million

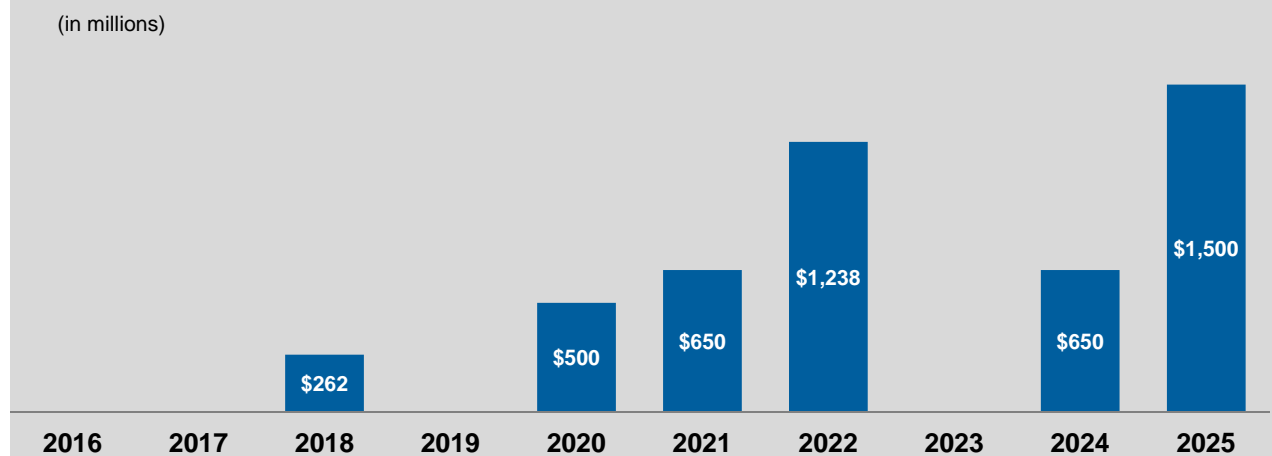
(1) Capital expenditures related to BNS integration for Q3 2015, Q3 2016, LTM Q3 2015 and LTM Q3 2016 were \$4 million, \$2 million, \$4 million and \$11 million, respectively. Components may not sum to total due to rounding

# Capital Structure

## Capital Summary & Net Leverage Ratio

(dollars in millions)	9/30/2016
5.00% and 5.50% Notes	\$ 1,300.0
Term Loans	1,499.4
6.00% Notes	1,500.0
Secured Notes	500.0
Less: OID & DFF	(85.4)
<b>Total Debt</b>	<b>\$ 4,714.0</b>
Cash & Cash Equivalents	517.3
<b>Net Debt (excluding OID &amp; DFF)</b>	<b>\$ 4,282.0</b>
Stockholders' Equity	1,433.2
<b>Total Capitalization</b>	<b>\$ 6,147.2</b>
<b>LTM Adjusted EBITDA</b>	<b>\$ 1,077.6</b>
<b>Net Leverage Ratio</b>	<b>3.97x</b>

## Major Debt Maturities as of September 30, 2016<sup>(1)</sup>



Expect continued net leverage improvement in Q4 2016

Components may not sum to total due to rounding

(1) Excludes mandatory prepayments of \$12.5 million annually for term loan due 2022

**Net Leverage under 4x; Repaid \$650 million in debt LTM**

### Q4 2016 Guidance

- Sales of \$1.14 billion - \$1.19 billion
- Operating income of \$111 million - \$128 million
- Adjusted operating income of \$220 million - \$240 million
- Earnings per diluted share of \$0.18 - \$0.20, based on 197 million weighted average diluted shares
- Adjusted earnings per diluted share of \$0.54 - \$0.59, up 35% YOY at the midpoint
- Adjusted effective tax rate of 34% - 35%

### Full Year 2016 Outlook

- Sales of \$4.885 billion – \$4.935 billion
- Operating income of \$566 million - \$583 million
- Adjusted operating income of \$1.019 billion - \$1.039 billion
- Earnings per diluted share of \$1.03 – \$1.05, based on 196 million weighted average diluted shares
- Adjusted earnings per diluted share of \$2.57 - \$2.62, up 40% YOY at the midpoint
- Adjusted effective tax rate of 34% - 35%
- Cash flow from operations of more than \$550 million

(1) Assumes relatively stable business conditions. See appendix for reconciliation of non-GAAP adjusted measures.



Strong third  
quarter results



FTTX growth  
and competitive  
position



Network  
convergence  
driving  
opportunity

## Non-GAAP Financial Measures

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## Pro Forma Results

The unaudited pro forma amounts are presented as though the BNS acquisition had been completed as of January 1, 2015. This pro forma information has not been prepared in accordance with U.S. generally accepted accounting principles. Accordingly, the pro forma financial information should not be relied upon as being indicative of the results that would have been realized.

# Income Statements



(Unaudited -- In thousands,  
except per share amounts)

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2016	2015	2016	2015
Net sales	\$ 1,293,948	\$ 972,597	\$ 3,744,715	\$ 2,665,287
Operating costs and expenses:				
Cost of sales	751,097	633,706	2,201,014	1,718,497
Selling, general and administrative	220,835	203,820	664,365	460,288
Research and development	48,430	31,100	152,554	86,818
Amortization of purchased intangible assets	74,639	54,287	224,270	143,697
Restructuring costs, net	10,826	6,868	24,503	10,633
Asset impairments	7,375	85,334	22,668	85,334
Total operating costs and expenses	1,113,202	1,015,115	3,289,374	2,505,267
Operating income (loss)	180,746	(42,518)	455,341	160,020
Other expense, net	(7,546)	(8,269)	(21,898)	(5,556)
Interest expense	(68,349)	(73,387)	(215,024)	(158,752)
Interest income	1,023	1,276	4,750	3,336
Income (loss) before income taxes	105,874	(122,898)	223,169	(952)
Income tax (expense) benefit	(12,043)	42,102	(54,797)	5,224
Net income (loss)	\$ 93,831	\$ (80,796)	\$ 168,372	\$ 4,272
Earnings (loss) per share:				
Basic	\$ 0.49	\$ (0.42)	\$ 0.88	\$ 0.02
Diluted (a)	\$ 0.48	\$ (0.42)	\$ 0.86	\$ 0.02
Weighted average shares outstanding:				
Basic	192,719	190,269	192,275	189,483
Diluted (a)	196,598	190,269	196,141	193,930
(a) Calculation of diluted earnings per share:				
Net income (loss) (basic)	\$ 93,831	\$ (80,796)	\$ 168,372	\$ 4,272
Weighted average shares (basic)	192,719	190,269	192,275	189,483
Dilutive effect of stock awards	3,879	—	3,866	4,447
Denominator (diluted)	196,598	190,269	196,141	193,930

See notes to unaudited condensed consolidated financial statements included in our Form 10-Q.

# Balance Sheets



(Unaudited -- In thousands,  
except share amounts)

	September 30, 2016	December 31, 2015
<b>Assets</b>		
Cash and cash equivalents	\$ 517,275	\$ 562,884
Accounts receivable, less allowance for doubtful accounts of \$19,388 and \$19,392, respectively	966,839	833,041
Inventories, net	475,679	441,815
Prepaid expenses and other current assets	130,690	166,900
Total current assets	2,090,483	2,004,640
Property, plant and equipment, net of accumulated depreciation of \$288,137 and \$243,806, respectively	499,842	528,706
Goodwill	2,803,227	2,690,636
Other intangible assets, net	1,905,255	2,147,483
Other noncurrent assets	112,834	131,166
Total assets	<u>\$ 7,411,641</u>	<u>\$ 7,502,631</u>
<b>Liabilities and Stockholders' Equity</b>		
Accounts payable	\$ 417,546	\$ 300,829
Other accrued liabilities	497,777	371,743
Current portion of long-term debt	12,500	12,520
Total current liabilities	927,823	685,092
Long-term debt	4,701,486	5,231,131
Deferred income taxes	202,429	202,487
Pension and other postretirement benefit liabilities	31,201	37,102
Other noncurrent liabilities	115,471	124,099
Total liabilities	5,978,410	6,279,911
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, \$.01 par value: Authorized shares: 200,000,000; Issued and outstanding shares: None	—	—
Common stock, \$.01 par value: Authorized shares: 1,300,000,000; Issued and outstanding shares: 192,868,939 and 191,368,727, respectively	1,940	1,923
Additional paid-in capital	2,258,869	2,216,202
Retained earnings (accumulated deficit)	(644,022)	(812,394)
Accumulated other comprehensive loss	(169,277)	(171,678)
Treasury stock, at cost: 1,101,820 shares and 986,222 shares, respectively	(14,279)	(11,333)
Total stockholders' equity	1,433,231	1,222,720
Total liabilities and stockholders' equity	<u>\$ 7,411,641</u>	<u>\$ 7,502,631</u>

See notes to unaudited condensed consolidated financial statements included in our Form 10-Q.

# Statements of Cash Flows



(Unaudited -- In thousands)

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2016	2015	2016	2015
<b>Operating Activities:</b>				
Net income (loss)	\$ 93,831	\$ (80,796)	\$ 168,372	\$ 4,272
Adjustments to reconcile net income to net cash generated by operating activities:				
Depreciation and amortization	100,953	73,762	301,450	199,485
Equity-based compensation	8,375	5,677	26,621	21,055
Deferred income taxes	(45,920)	(58,409)	(94,239)	(92,538)
Asset impairments	7,375	85,334	22,668	85,334
Excess tax benefits from equity-based compensation	(1,355)	(5,030)	(8,083)	(19,194)
Changes in assets and liabilities:				
Accounts receivable	41,195	2,126	(96,337)	(116,131)
Inventories	(5,094)	58,480	(23,480)	67,518
Prepaid expenses and other assets	2,401	(49,163)	12,540	(43,286)
Accounts payable and other liabilities	53,735	76,793	218,590	74,524
Other	1,160	3,696	(2,850)	4,697
Net cash generated by operating activities	256,656	112,470	525,252	185,736
<b>Investing Activities:</b>				
Additions to property, plant and equipment	(17,476)	(15,341)	(49,660)	(39,422)
Proceeds from sale of property, plant and equipment	195	46	3,935	219
Cash paid for acquisitions including purchase price adjustments, net of cash acquired	(3,549)	(2,957,476)	2,714	(2,957,476)
Acquisition funds held in escrow	—	2,746,875	—	—
Other	1,831	171	3,487	3,268
Net cash used in investing activities	(18,999)	(225,725)	(39,524)	(2,993,411)
<b>Financing Activities:</b>				
Long-term debt repaid	(239,755)	(49)	(546,025)	(502,566)
Long-term debt proceeds	—	—	—	3,246,875
Long-term debt financing costs	—	(64,865)	—	(73,890)
Proceeds from the issuance of common shares under equity-based compensation plans	1,646	4,322	8,637	21,273
Excess tax benefits from equity-based compensation	1,355	5,030	8,083	19,194
Tax withholding payments for vested equity-based compensation awards	(150)	—	(2,946)	—
Net cash generated by (used in) financing activities	(236,904)	(55,562)	(532,251)	2,710,886
Effect of exchange rate changes on cash and cash equivalents	479	(6,180)	914	(14,570)
Change in cash and cash equivalents	1,232	(174,997)	(45,609)	(111,359)
Cash and cash equivalents, beginning of period	516,043	792,959	562,884	729,321
Cash and cash equivalents, end of period	<u>\$ 517,275</u>	<u>\$ 617,962</u>	<u>\$ 517,275</u>	<u>\$ 617,962</u>

See notes to unaudited condensed consolidated financial statements included in our Form 10-Q.



# Quarter Segment Information



(Unaudited -- In millions)

## Sales by Segment <sup>(1)</sup>

	<u>Q3 2016</u>	<u>Q2 2016</u>	<u>Q3 2015</u>	<u>% Change</u>	
				<u>Sequential</u>	<u>YOY</u>
Connectivity Solutions	819.2	778.0	489.0	5.3 %	67.5 %
Mobility Solutions	474.7	528.8	483.6	(10.2) %	(1.8) %
<b>Total Net Sales</b>	<u>\$ 1,293.9</u>	<u>\$ 1,306.8</u>	<u>\$ 972.6</u>	(1.0) %	33.0 %

## Non-GAAP Adjusted Operating Income by Segment <sup>(1)</sup>

	<u>Q3 2016</u>	<u>Q2 2016</u>	<u>Q3 2015</u>	<u>% Change</u>	
				<u>Sequential</u>	<u>YOY</u>
Connectivity Solutions	189.5	168.5	101.6	12.5 %	86.5 %
Mobility Solutions	107.2	122.5	99.4	(12.5) %	7.8 %
<b>Total Non-GAAP Adjusted Operating Income</b>	<u>\$ 296.7</u>	<u>\$ 291.0</u>	<u>\$ 201.0</u>	2.0 %	47.6 %

(1) As of January 1, 2016, the Company began reporting in two operating segments: Connectivity Solutions and Mobility Solutions. All prior period amounts have been restated to reflect these operating segment changes.

Components may not sum to total due to rounding  
See Description of Non-GAAP Financial Measures

# Pro Forma Sales



(Unaudited -- In millions)

## Pro Forma Sales<sup>(1)</sup>

	<u>Q1 2015</u>	<u>Q2 2015</u>	<u>Q3 2015</u>	<u>Q4 2015<sup>(2)</sup></u>	<u>Full Year 2015</u>
Legacy CommScope	\$ 825.4	\$ 867.3	\$ 831.5	\$ 754.0	\$ 3,278.2
Legacy BNS	424.9	471.0	415.8	388.5	1,700.2
<b>Total Pro Forma Net Sales</b>	<u>\$ 1,250.3</u>	<u>\$ 1,338.3</u>	<u>\$ 1,247.3</u>	<u>\$ 1,142.5</u>	<u>\$ 4,978.4</u>

## Pro Forma Sales by Segment<sup>(1)</sup>

	<u>Q1 2015</u>	<u>Q2 2015</u>	<u>Q3 2015</u>	<u>Q4 2015</u>	<u>Full Year 2015</u>
Connectivity Solutions	\$ 717.6	\$ 781.2	\$ 750.4	\$ 671.5	\$ 2,920.7
Mobility Solutions	532.7	557.0	496.9	471.0	2,057.6
<b>Total Pro Forma Net Sales</b>	<u>\$ 1,250.3</u>	<u>\$ 1,338.3</u>	<u>\$ 1,247.3</u>	<u>\$ 1,142.5</u>	<u>\$ 4,978.4</u>

(1) See Description of Pro Forma Results

(2) As reported

Components may not sum to total due to rounding

# Adjusted Operating Income Reconciliation by Quarter



(Unaudited -- In millions)

	<u>Q3 2016</u>	<u>Q2 2016</u>	<u>Q1 2016</u>	<u>Q4 2015</u>	<u>Q3 2015</u>
<b>Operating income (loss), as reported</b>	\$ 180.7	\$ 183.9	\$ 90.7	\$ 21.6	\$ (42.5)
Amortization of purchased intangible assets	74.6	76.0	73.6	76.9	54.3
Restructuring costs, net	10.8	7.6	6.1	18.9	6.9
Equity-based compensation	8.4	9.4	8.8	7.6	5.7
Asset impairments	7.4	—	15.3	5.5	85.3
Integration and transaction costs	14.7	14.5	15.9	14.8	60.8
Purchase accounting adjustments	—	(0.4)	1.0	51.2	30.5
<b>Non-GAAP adjusted operating income</b>	<u>\$ 296.7</u>	<u>\$ 291.0</u>	<u>\$ 211.4</u>	<u>\$ 196.4</u>	<u>\$ 201.0</u>
<b>Non-GAAP adjusted operating margin %</b>	<b>22.9%</b>	<b>22.3%</b>	<b>18.5%</b>	<b>17.2%</b>	<b>20.7%</b>
Depreciation	20.2	20.4	19.6	21.9	15.6
<b>Non-GAAP adjusted EBITDA</b>	<u><u>\$ 316.9</u></u>	<u><u>\$ 311.4</u></u>	<u><u>\$ 231.1</u></u>	<u><u>\$ 218.2</u></u>	<u><u>\$ 216.6</u></u>

Components may not sum to total due to rounding

# Quarterly Adjusted Operating Income Reconciliation by Segment



(Unaudited -- In millions)

## Third Quarter 2016 Non-GAAP Adjusted Operating Income Reconciliation by Segment <sup>(1)</sup>

	Connectivity Solutions	Mobility Solutions	Total
<b>Operating income, as reported</b>	\$ 104.8	\$ 75.9	\$ 180.7
Amortization of purchased intangible assets	49.4	25.2	74.6
Restructuring costs, net	8.4	2.5	10.8
Equity-based compensation	4.9	3.5	8.4
Asset impairments	7.4	—	7.4
Integration and transaction costs	14.6	0.2	14.7
<b>Non-GAAP adjusted operating income</b>	<b>\$ 189.5</b>	<b>\$ 107.2</b>	<b>\$ 296.7</b>
<b>Non-GAAP adjusted operating margin %</b>	<b>23.1%</b>	<b>22.6%</b>	<b>22.9%</b>

## Second Quarter 2016 Non-GAAP Adjusted Operating Income Reconciliation by Segment <sup>(1)</sup>

	Connectivity Solutions	Mobility Solutions	Total
<b>Operating income, as reported</b>	\$ 92.9	\$ 91.0	\$ 183.9
Amortization of purchased intangible assets	50.6	25.4	76.0
Restructuring costs, net	6.6	1.0	7.6
Equity-based compensation	5.3	4.1	9.4
Integration and transaction costs	13.5	1.0	14.5
Purchase accounting adjustments	(0.4)	—	(0.4)
<b>Non-GAAP adjusted operating income</b>	<b>\$ 168.5</b>	<b>\$ 122.5</b>	<b>\$ 291.0</b>
<b>Non-GAAP adjusted operating margin %</b>	<b>21.7%</b>	<b>23.2%</b>	<b>22.3%</b>

## Third Quarter 2015 Non-GAAP Adjusted Operating Income Reconciliation by Segment <sup>(1)</sup>

	Connectivity Solutions	Mobility Solutions	Total
<b>Operating loss, as reported</b>	\$ (33.9)	\$ (8.6)	\$ (42.5)
Amortization of purchased intangible assets	30.8	23.5	54.3
Restructuring costs, net	4.1	2.8	6.9
Equity-based compensation	3.4	2.2	5.7
Asset impairments	10.9	74.4	85.3
Integration and transaction costs	57.1	3.8	60.8
Purchase accounting adjustments	29.2	1.3	30.5
<b>Non-GAAP adjusted operating income</b>	<b>\$ 101.6</b>	<b>\$ 99.4</b>	<b>\$ 201.0</b>
<b>Non-GAAP adjusted operating margin %</b>	<b>20.8%</b>	<b>20.6%</b>	<b>20.7%</b>

(1) As of January 1, 2016, the Company began reporting in two operating segments: Connectivity Solutions and Mobility Solutions. All prior period amounts have been restated to reflect these operating segment changes.

Components may not sum to total due to rounding  
See Description of Non-GAAP Financial Measures

# Adjusted Net Income Reconciliation



(Unaudited – In millions)

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2016	2015	2016	2015
<b>Operating income (loss), as reported</b>	<b>\$ 180.7</b>	<b>\$ (42.5)</b>	<b>\$ 455.3</b>	<b>\$ 160.0</b>
Adjustments:				
Amortization of purchased intangible assets	74.6	54.3	224.3	143.7
Restructuring costs, net	10.8	6.9	24.5	10.6
Equity-based compensation	8.4	5.7	26.6	21.1
Asset impairments	7.4	85.3	22.7	85.3
Integration and transaction costs	14.7	60.8	45.1	82.1
Purchase accounting adjustments	—	30.5	0.6	30.6
Total adjustments to operating income (loss)	115.9	243.5	343.8	373.4
<b>Non-GAAP adjusted operating income</b>	<b>\$ 296.7</b>	<b>\$ 201.0</b>	<b>\$ 799.1</b>	<b>\$ 533.4</b>
Income (loss) before income taxes, as reported	\$ 105.9	\$ (122.9)	\$ 223.2	\$ (1.0)
Income tax (expense) benefit, as reported	(12.0)	42.1	(54.8)	5.2
<b>Net income (loss), as reported</b>	<b>\$ 93.8</b>	<b>\$ (80.8)</b>	<b>\$ 168.4</b>	<b>\$ 4.3</b>
Adjustments:				
Total pretax adjustments to operating income (loss)	115.9	243.5	343.8	373.4
Pretax amortization of deferred financing costs & OID <sup>(1)</sup>	6.1	3.9	16.9	17.1
Pretax acquisition related interest <sup>(1)</sup>	—	23.9	—	29.2
Pretax loss on debt transactions <sup>(2)</sup>	7.8	—	17.8	—
Pretax net investment gains <sup>(2)</sup>	—	—	(0.5)	(2.7)
Tax effects of adjustments and other tax items <sup>(3)</sup>	(64.3)	(87.9)	(147.8)	(142.4)
<b>Non-GAAP adjusted net income</b>	<b>\$ 159.3</b>	<b>\$ 102.6</b>	<b>\$ 398.6</b>	<b>\$ 278.9</b>
<b>Diluted EPS, as reported</b>	<b>\$ 0.48</b>	<b>\$ (0.42)</b>	<b>\$ 0.86</b>	<b>\$ 0.02</b>
<b>Non-GAAP adjusted diluted EPS</b>	<b>\$ 0.81</b>	<b>\$ 0.53</b>	<b>\$ 2.03</b>	<b>\$ 1.44</b>

(1) Included in interest expense.

(2) Included in other expense, net.

(3) The tax rates applied to adjustments reflect the tax expense or benefit based on the tax jurisdiction of the entity generating the adjustment. There are certain items for which we expect little or no tax effect.

Note: Components may not sum to total due to rounding  
See Description of Non-GAAP Financial Measures

# Outlook GAAP to Non-GAAP Reconciliation



(Unaudited -- In millions)

	Outlook	
	Three Months Ending December 31, 2016	Full Year 2016
<b>Operating income</b>	<b>\$111 - \$128</b>	<b>\$566 - \$583</b>
Adjustments:		
Amortization of purchased intangible assets	\$71	\$295
Equity-based compensation	\$9	\$36
Restructuring costs, integration costs and other <sup>(1)</sup>	\$29 - \$32	\$122 - \$125
Total adjustments to operating income	\$109 - \$112	\$453 - \$456
<b>Non-GAAP adjusted operating income</b>	<b>\$220 - \$240</b>	<b>\$1,019 - \$1,039</b>
<b>Diluted earnings per share</b>	<b>\$0.18 - \$0.20</b>	<b>\$1.03 - \$1.05</b>
Adjustments <sup>(2)</sup> :		
Total adjustments to operating income	\$0.36 - \$0.38	\$1.54 - \$1.56
Debt-related costs and other special items <sup>(3)</sup>	\$0.00 - \$0.01	\$0.00 - \$0.01
<b>Non-GAAP adjusted diluted earnings per share</b>	<b>\$0.54 - \$0.59</b>	<b>\$2.57 - \$2.62</b>

(1) Reflects projections for restructuring costs, integration and transaction costs and other special items. Actual adjustments may vary from projections.

(2) The tax rates applied to projected adjustments reflect the tax expense or benefit based on the expected tax jurisdiction of the entity generating the projected adjustments. There are certain items for which we expect little or no tax effect.

(3) Reflects projections for amortization of debt issuance costs, loss on debt extinguishment, net investment gains or losses and other tax items. Actual adjustments may vary from projections.

Our actual results may be impacted by additional events for which information is not currently available, such as additional restructuring activities, asset impairments, debt extinguishments, additional transaction and integration costs, foreign exchange rate fluctuations and other gains or losses related to events that are not currently known or measurable.