



# Third Quarter 2017 Results

November 1, 2017

Eddie Edwards  
President and Chief  
Executive Officer

Mark Olson  
Executive Vice President  
and Chief Financial Officer

# Safe harbor

## Caution Regarding Forward Looking Statements

This presentation or any other oral or written statements made by us or on our behalf may include forward-looking statements that 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," "target," "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 in 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 data and 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; changes to the regulatory environment in which our customers operate; product quality or performance issues and associated warranty claims; our ability to maintain effective management information 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 or 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 for certain raw material and components; the risk that contract manufacturers we rely on encounter production, quality, financial or other difficulties; 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 deferred tax assets; our ability to recover value-added and similar tax receivables; our ability to attract and retain qualified key employees; labor unrest; obligations under our defined benefit employee benefit plans may require plan contributions in excess of current estimates; significant international operations exposing 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; changes in the laws and policies in the United States affecting trade; 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 2016 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

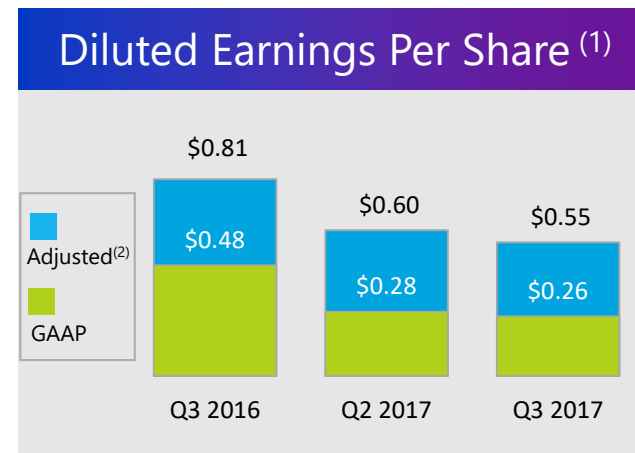
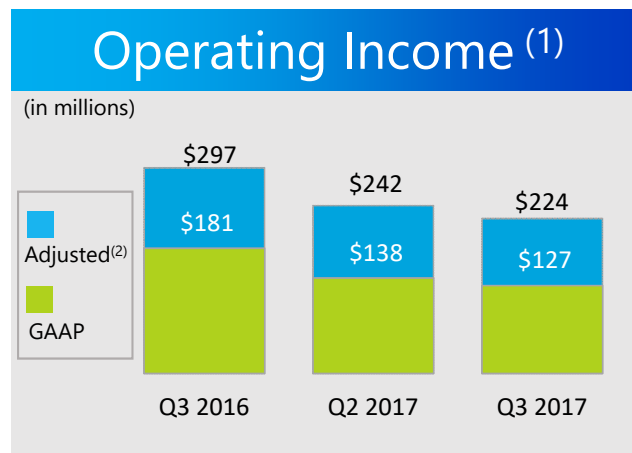
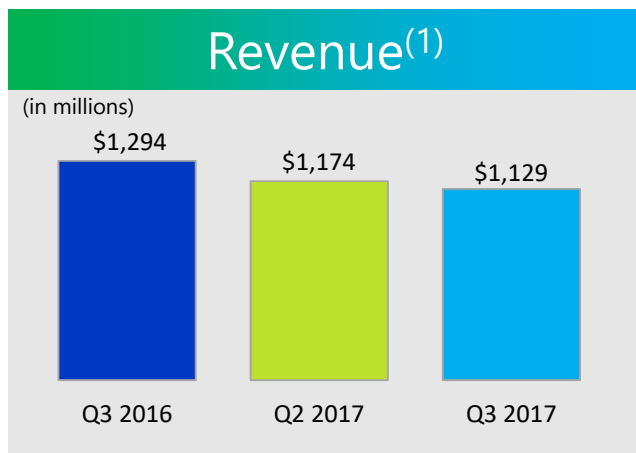
CommScope management believes that presenting certain non-GAAP financial measures provides meaningful information to investors in understanding operating results and may enhance investors' ability to analyze financial and business trends. Non-GAAP measures are not a substitute for GAAP measures and should 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.

# Agenda

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- Third quarter 2017 results
- Segment review
- Cash flow and capital structure
- Capital allocation priorities
- Fourth quarter and full year 2017 outlook

# Q3 2017 Results



### Sales & Orders:

- Sales of \$1.13 billion, down 13% YOY
  - Declined in all major geographic regions
- Orders of \$1.18 billion
  - Book-to-bill ratio of 1.04
    - Record Q3 book-to-bill ratio

### Operating Results:

- Operating Income of \$127 million
- Non-GAAP Adjusted Operating Income<sup>(1)</sup> of \$224 million, or 20% of sales

### Net Income & EPS:

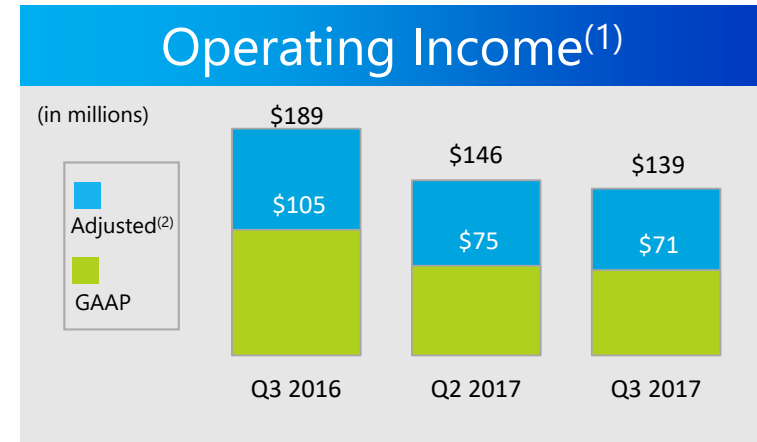
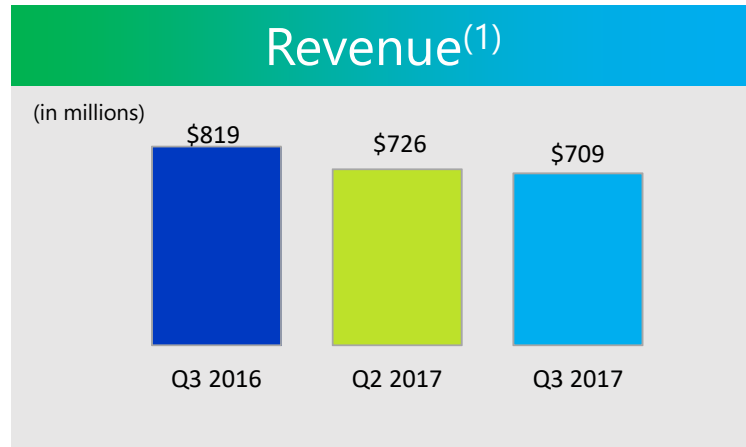
- Net Income of \$51 million, or \$0.26 per diluted share
- Non-GAAP Adjusted Net Income<sup>(1)</sup> of \$107 million, or \$0.55

Three customers accounted for ~<sup>3</sup>/<sub>4</sub> of YOY revenue decline

(1) Q3 2016 included an extra week of BNS results.

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

# CommScope Connectivity Solutions (CCS)

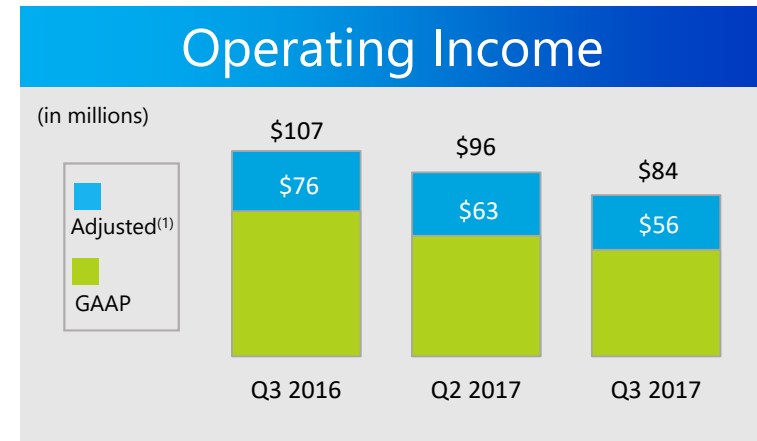
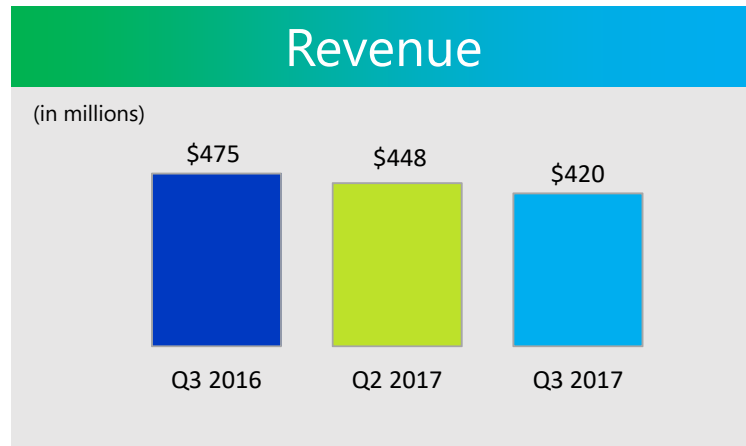


- Three customers accounted for > ¾ of YOY revenue decline
- Expect near-term recovery and growth in outdoor network solutions
- Increasing confidence around hyperscale opportunity
- Successful high-speed migration platform launch

(1) Q3 2016 included an extra week of BNS results.

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

# CommScope Mobility Solutions (CMS)



- One customer accounted for ~ 2/3 of YOY revenue decline
- Confident in FirstNet opportunity
- Ongoing progress with metro cells and small cells

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

# Cash Flow And Capital Structure

## Cash Flow Highlights

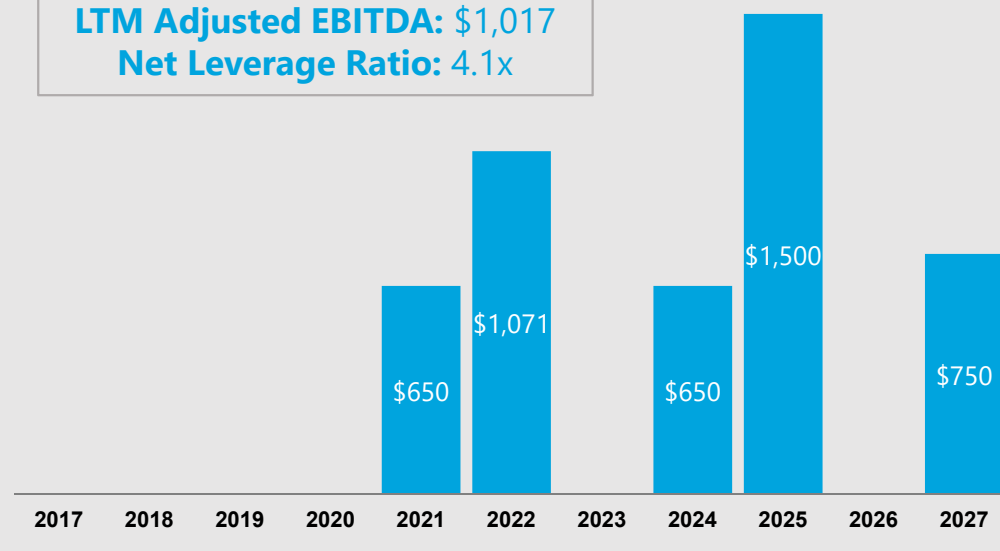
(in millions)	Q3 2016 <sup>(1)</sup>	Q3 2017
<b>Cash flow from operations</b>	<b>\$ 266</b>	<b>\$ 145</b>
Capital expenditures, net of capital expenditures related to BNS integration <sup>(2)</sup>	(15)	(21)
Cash paid for integration & transaction costs	17	12
<b>Adjusted free cash flow</b>	<b>\$ 267</b>	<b>\$ 137</b>
Cash taxes paid	\$ 35	\$ 26
Cash interest paid	\$ 19	\$ 28

Note: Components may not sum to total due to rounding.

## Major Debt Maturities as of Sep 30, 2017

(in millions, except ratio)

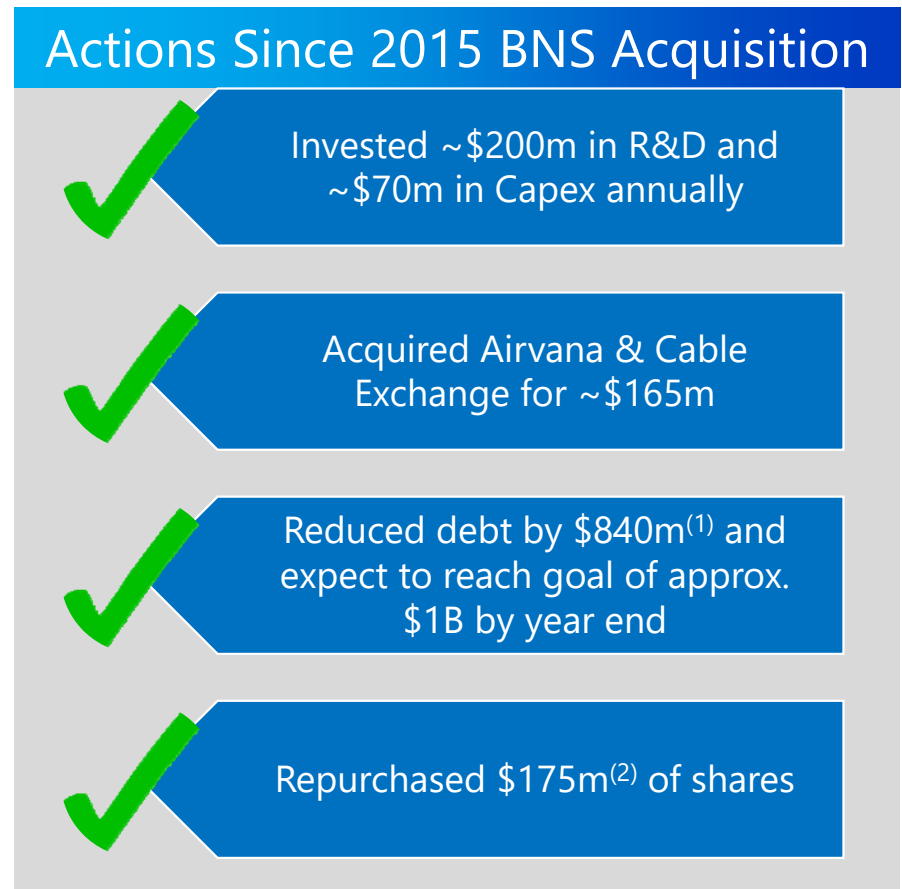
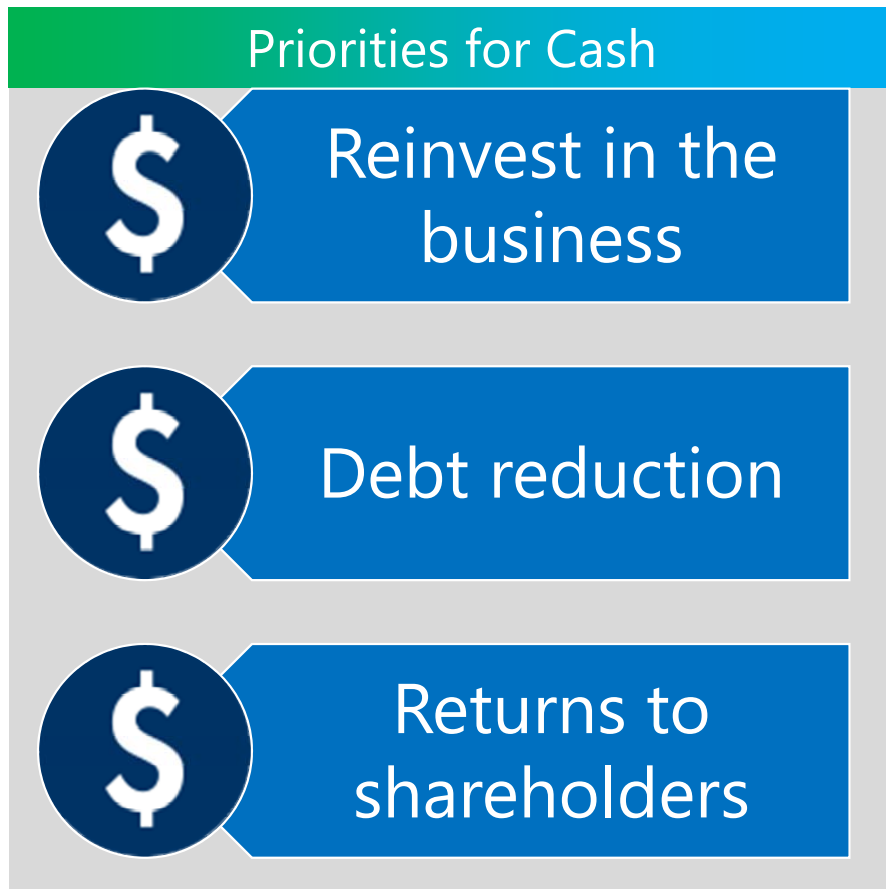
**LTM Adjusted EBITDA: \$1,017**  
**Net Leverage Ratio: 4.1x**



(1) Q3 2016 excess tax benefits on equity based compensation have been reclassified in the cash flow statement as an operating activity rather than a financing activity in accordance with ASU No. 2016-09, *Improvements to Employee Share-Based Payment Accounting*. In addition, Q3 2016 debt redemption premium paid has been reclassified in the cash flow statement as a financing activity rather than an operating activity in accordance with ASU No. 2016-15, *Cash Flow Classification of Certain Cash Receipts and Cash Payments*.

(2) Capital expenditures related to BNS integration for Q3 2016 were \$2 million.

# Capital Allocation Priorities



(1) Repaid \$25 million during Q3 2017. Repaid an additional \$100 million in October 2017 to bring total debt repaid since the BNS acquisition to \$940 million.

(2) Repurchased \$75 million during Q3 2017.



# Outlook<sup>(1)</sup>

## Q4 2017 Guidance

- Sales of \$1.09 billion - \$1.14 billion
- Operating income of \$105 million - \$120 million
- Non-GAAP adjusted operating income of \$195 million - \$215 million
- Earnings per diluted share of \$0.09 - \$0.14, based on 195 million weighted average diluted shares
- Non-GAAP adjusted effective tax rate of approximately 37%
- Non-GAAP adjusted earnings per diluted share of \$0.43 - \$0.50

- Strong global book-to-bill, but weaker forecasted U.S. revenue
- Unfavorable mix and higher material costs pressure margins

## Full Year 2017 Outlook

- Sales of \$4.53 billion - \$4.58 billion
- Operating income of \$491 million - \$506 million
- Non-GAAP adjusted operating income of \$878 million - \$898 million
- Earnings per diluted share of \$0.80 - \$0.85, based on 197 million weighted average diluted shares
- Non-GAAP adjusted effective tax rate of approximately 35%
- Non-GAAP adjusted earnings per diluted share of \$2.10 - \$2.17
- Cash flow from operations > \$500 million

- Expect a return to growth in 2018
  - North American wireless and fiber deployments
  - Growth within hyperscale data centers
- Positive long-term fundamentals

# Appendix

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## **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.

# Statements of Operations

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

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2017	2016	2017	2016
Net sales	\$ 1,128,775	\$ 1,293,948	\$ 3,440,150	\$ 3,744,715
Operating costs and expenses:				
Cost of sales	699,145	751,097	2,082,910	2,201,014
Selling, general and administrative	184,671	220,835	603,594	664,365
Research and development	44,498	48,430	140,280	152,554
Amortization of purchased intangible assets	68,271	74,639	202,890	224,270
Restructuring costs, net	5,360	10,826	24,521	24,503
Asset impairments	—	7,375	—	22,668
Total operating costs and expenses	1,001,945	1,113,202	3,054,195	3,289,374
Operating income	126,830	180,746	385,955	455,341
Other income (expense), net	1,807	(7,546)	(13,414)	(21,898)
Interest expense	(61,798)	(68,349)	(192,769)	(215,024)
Interest income	1,180	1,023	3,784	4,750
Income before income taxes	68,019	105,874	183,556	223,169
Income tax expense	(16,862)	(12,043)	(43,373)	(54,797)
Net income	\$ 51,157	\$ 93,831	\$ 140,183	\$ 168,372
Earnings per share:				
Basic	\$ 0.27	\$ 0.49	\$ 0.73	\$ 0.88
Diluted (a)	\$ 0.26	\$ 0.48	\$ 0.71	\$ 0.86
Weighted average shares outstanding:				
Basic	191,824	192,719	192,973	192,275
Diluted (a)	195,815	196,598	197,387	196,141
(a) Calculation of diluted earnings per share:				
Net income (basic and diluted)	\$ 51,157	\$ 93,831	\$ 140,183	\$ 168,372
Weighted average shares (basic)	191,824	192,719	192,973	192,275
Dilutive effect of equity-based awards	3,991	3,879	4,414	3,866
Denominator (diluted)	195,815	196,598	197,387	196,141

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

# Balance Sheets

(Unaudited -- In thousands, except share amounts)

	<u>September 30, 2017</u>	<u>December 31, 2016</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 411,242	\$ 428,228
Accounts receivable, less allowance for doubtful accounts of \$19,060 and \$17,211, respectively	930,739	952,367
Inventories, net	485,062	473,267
Prepaid expenses and other current assets	166,905	139,902
Total current assets	<u>1,993,948</u>	<u>1,993,764</u>
Property, plant and equipment, net of accumulated depreciation of \$371,114 and \$303,734, respectively	477,718	474,990
Goodwill	2,877,813	2,768,304
Other intangible assets, net	1,698,507	1,799,065
Other noncurrent assets	98,559	105,863
Total assets	<u>\$ 7,146,545</u>	<u>\$ 7,141,986</u>
<b>Liabilities and Stockholders' Equity</b>		
Accounts payable	\$ 407,635	\$ 415,921
Other accrued liabilities	309,355	429,397
Current portion of long-term debt	—	12,500
Total current liabilities	<u>716,990</u>	<u>857,818</u>
Long-term debt	4,548,016	4,549,510
Deferred income taxes	182,855	199,121
Pension and other postretirement benefit liabilities	28,907	31,671
Other noncurrent liabilities	119,143	109,782
Total liabilities	<u>5,595,911</u>	<u>5,747,902</u>
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, \$0.01 par value: Authorized shares: 200,000,000; Issued and outstanding shares: None	—	—
Common stock, \$0.01 par value: Authorized shares: 1,300,000,000; Issued and outstanding shares: 190,761,714 and 193,837,437, respectively	1,971	1,950
Additional paid-in capital	2,322,747	2,282,014
Retained earnings (accumulated deficit)	(449,579)	(589,556)
Accumulated other comprehensive loss	(119,338)	(285,113)
Treasury stock, at cost: 6,322,910 shares and 1,129,222 shares, respectively	(205,167)	(15,211)
Total stockholders' equity	<u>1,550,634</u>	<u>1,394,084</u>
Total liabilities and stockholders' equity	<u>\$ 7,146,545</u>	<u>\$ 7,141,986</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,	
	2017	2016	2017	2016
<b>Operating Activities:</b>				
Net income	\$ 51,157	\$ 93,831	\$ 140,183	\$ 168,372
Adjustments to reconcile net income to net cash generated by operating activities:				
Depreciation and amortization	92,090	100,953	282,543	301,450
Equity-based compensation	10,974	8,375	31,572	26,621
Deferred income taxes	(5,903)	(45,920)	(19,976)	(94,239)
Asset impairments	—	7,375	—	22,668
Changes in assets and liabilities:				
Accounts receivable	15,079	41,195	59,054	(96,337)
Inventories	54,033	(5,094)	11,790	(23,480)
Prepaid expenses and other assets	(20,909)	2,401	(22,682)	12,540
Accounts payable and other liabilities	(57,728)	53,735	(178,505)	218,590
Other	6,579	9,000	31,426	14,929
Net cash generated by operating activities	145,372	265,851	335,405	551,114
<b>Investing Activities:</b>				
Additions to property, plant and equipment	(20,575)	(17,476)	(51,152)	(49,660)
Proceeds from sale of property, plant and equipment	38	195	5,016	3,935
Cash paid for acquisitions, including purchase price adjustments, net of cash acquired	(105,249)	(3,549)	(105,249)	2,714
Other	3,120	1,831	9,898	3,487
Net cash used in investing activities	(122,666)	(18,999)	(141,487)	(39,524)
<b>Financing Activities:</b>				
Long-term debt repaid	(25,000)	(239,755)	(805,379)	(546,025)
Long-term debt proceeds	—	—	780,379	—
Debt issuance and modification costs	—	—	(8,363)	—
Debt extinguishment costs	—	(7,840)	(14,800)	(17,779)
Cash paid for repurchase of common stock	(75,000)	—	(175,000)	—
Proceeds from the issuance of common shares under equity-based compensation plans	297	1,646	8,803	8,637
Tax withholding payments for vested equity-based compensation awards	(98)	(150)	(14,956)	(2,946)
Net cash used in financing activities	(99,801)	(246,099)	(229,316)	(558,113)
Effect of exchange rate changes on cash and cash equivalents	3,846	479	18,412	914
Change in cash and cash equivalents	(73,249)	1,232	(16,986)	(45,609)
Cash and cash equivalents at beginning of period	484,491	516,043	428,228	562,884
Cash and cash equivalents at end of period	\$ 411,242	\$ 517,275	\$ 411,242	\$ 517,275

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

# Sales by Region

(Unaudited -- In millions)

	Q3 2017	Q2 2017	Q3 2016	% Change	
				Sequential	YOY
United States	\$ 595.3	\$ 643.9	\$ 712.2	(7.5) %	(16.4) %
Europe, Middle East and Africa	231.0	235.8	233.9	(2.0) %	(1.2) %
Asia Pacific	218.6	203.8	245.9	7.3 %	(11.1) %
Central and Latin America	62.2	56.1	69.2	10.9 %	(10.1) %
Canada	21.7	34.5	32.7	(37.1) %	(33.6) %
<b>Total Net Sales</b>	<u>\$ 1,128.8</u>	<u>\$ 1,174.1</u>	<u>\$ 1,293.9</u>	(3.9) %	(12.8) %

# Segment Information

(Unaudited -- In millions)

## Sales by Segment

	Q3 2017	Q2 2017	Q3 2016	% Change	
				Sequential	YOY
Connectivity Solutions	\$ 708.7	\$ 725.7	\$ 819.2	(2.3) %	(13.5) %
Mobility Solutions	420.1	448.4	474.7	(6.3) %	(11.5) %
<b>Total Net Sales</b>	<b>\$ 1,128.8</b>	<b>\$1,174.1</b>	<b>\$1,293.9</b>	<b>(3.9) %</b>	<b>(12.8) %</b>

## Non-GAAP Adjusted Operating Income by Segment

	Q3 2017	Q2 2017	Q3 2016	% Change	
				Sequential	YOY
Connectivity Solutions	\$ 139.3	\$ 146.3	\$ 189.5	(4.8) %	(26.5) %
Mobility Solutions	84.2	96.1	107.2	(12.4) %	(21.5) %
<b>Total Non-GAAP Adjusted Operating Income</b>	<b>\$ 223.5</b>	<b>\$ 242.4</b>	<b>\$ 296.7</b>	<b>(7.8) %</b>	<b>(24.7) %</b>

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

# Adjusted Operating Income and Adjusted EBITDA Reconciliation by Quarter

(Unaudited -- In millions)

	Q3 2017	Q2 2017	Q1 2017	Q4 2016	Q3 2016
<b>Operating income, as reported</b>	<b>\$ 126.8</b>	<b>\$ 137.8</b>	<b>\$ 121.4</b>	<b>\$ 119.4</b>	<b>\$ 180.7</b>
Amortization of purchased intangible assets	68.3	67.0	67.6	72.9	74.6
Restructuring costs, net	5.4	13.8	5.4	18.4	10.8
Equity-based compensation	11.0	11.2	9.4	8.4	8.4
Asset impairments	—	—	—	15.9	7.4
Integration and transaction costs	12.0	12.6	13.5	17.2	14.7
<b>Non-GAAP adjusted operating income</b>	<b>\$ 223.5</b>	<b>\$ 242.4</b>	<b>\$ 217.3</b>	<b>\$ 252.2</b>	<b>\$ 296.7</b>
<b>Non-GAAP adjusted operating margin %</b>	<b>19.8%</b>	<b>20.6%</b>	<b>19.1%</b>	<b>21.4%</b>	<b>22.9%</b>
Depreciation	20.6	20.2	20.0	20.2	20.2
<b>Non-GAAP adjusted EBITDA</b>	<b>\$ 244.1</b>	<b>\$ 262.6</b>	<b>\$ 237.3</b>	<b>\$ 272.5</b>	<b>\$ 316.9</b>

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



# Quarterly Adjusted Operating Income Reconciliation by Segment

(Unaudited -- In millions)

## Third Quarter 2017 Non-GAAP Adjusted Operating Income Reconciliation by Segment

	Connectivity Solutions	Mobility Solutions	Total
<b>Operating income, as reported</b>	<b>\$ 71.2</b>	<b>\$ 55.6</b>	<b>\$ 126.8</b>
Amortization of purchased intangible assets	44.2	24.1	68.3
Restructuring costs, net	5.6	(0.2)	5.4
Equity-based compensation	6.4	4.6	11.0
Integration and transaction costs	11.9	0.2	12.0
<b>Non-GAAP adjusted operating income</b>	<b>\$ 139.3</b>	<b>\$ 84.2</b>	<b>\$ 223.5</b>
<b>Non-GAAP adjusted operating margin %</b>	<b>19.7%</b>	<b>20.0%</b>	<b>19.8%</b>

## Second Quarter 2017 Non-GAAP Adjusted Operating Income Reconciliation by Segment

	Connectivity Solutions	Mobility Solutions	Total
<b>Operating income, as reported</b>	<b>\$ 74.8</b>	<b>\$ 63.0</b>	<b>\$ 137.8</b>
Amortization of purchased intangible assets	42.9	24.1	67.0
Restructuring costs, net	9.6	4.2	13.8
Equity-based compensation	6.5	4.7	11.2
Integration and transaction costs	12.5	0.2	12.6
<b>Non-GAAP adjusted operating income</b>	<b>\$ 146.3</b>	<b>\$ 96.1</b>	<b>\$ 242.4</b>
<b>Non-GAAP adjusted operating margin %</b>	<b>20.2%</b>	<b>21.4%</b>	<b>20.6%</b>

## Third Quarter 2016 Non-GAAP Adjusted Operating Income Reconciliation by Segment

	Connectivity Solutions	Mobility Solutions	Total
<b>Operating income, as reported</b>	<b>\$ 104.8</b>	<b>\$ 75.9</b>	<b>\$ 180.7</b>
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>

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 September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
<b>Operating income, as reported</b>	<b>\$ 126.8</b>	<b>\$ 180.7</b>	<b>\$ 386.0</b>	<b>\$ 455.3</b>
Adjustments:				
Amortization of purchased intangible assets	68.3	74.6	202.9	224.3
Restructuring costs, net	5.4	10.8	24.5	24.5
Equity-based compensation	11.0	8.4	31.6	26.6
Asset impairments	—	7.4	—	22.7
Integration and transaction costs	12.0	14.7	38.2	45.1
Purchase accounting adjustments	—	—	—	0.6
Total adjustments to operating income	96.7	115.9	297.2	343.8
<b>Non-GAAP adjusted operating income</b>	<b>\$ 223.5</b>	<b>\$ 296.7</b>	<b>\$ 683.2</b>	<b>\$ 799.1</b>
Income before income taxes, as reported	\$ 68.0	\$ 105.9	\$ 183.6	\$ 223.2
Income tax expense, as reported	(16.9)	(12.0)	(43.4)	(54.8)
<b>Net income, as reported</b>	<b>\$ 51.2</b>	<b>\$ 93.8</b>	<b>\$ 140.2</b>	<b>\$ 168.4</b>
Adjustments:				
Total pretax adjustments to operating income	96.7	115.9	297.2	343.8
Pretax amortization of deferred financing costs & OID <sup>(1)</sup>	3.2	6.1	18.8	16.9
Pretax loss on debt transactions <sup>(2)</sup>	—	7.8	16.0	17.8
Pretax net investment gains <sup>(2)</sup>	(2.4)	—	(9.0)	(0.5)
Tax effects of adjustments and other tax items <sup>(3)</sup>	(41.2)	(64.3)	(133.9)	(147.8)
<b>Non-GAAP adjusted net income</b>	<b>\$ 107.5</b>	<b>\$ 159.3</b>	<b>\$ 329.3</b>	<b>\$ 398.6</b>
<b>Diluted EPS, as reported</b>	<b>\$ 0.26</b>	<b>\$ 0.48</b>	<b>\$ 0.71</b>	<b>\$ 0.86</b>
<b>Non-GAAP adjusted diluted EPS</b>	<b>\$ 0.55</b>	<b>\$ 0.81</b>	<b>\$ 1.67</b>	<b>\$ 2.03</b>

(1) Included in interest expense.

(2) Included in other income (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 Ended December 31, 2017	Full Year 2017
<b>Operating income</b>	<b>\$105 - \$120</b>	<b>\$491 - \$506</b>
Adjustments:		
Amortization of purchased intangible assets	\$70	\$270
Equity-based compensation	\$10	\$40
Restructuring costs, integration costs and other <sup>(1)</sup>	\$10 - \$15	\$77 - \$82
Total adjustments to operating income	\$90 - \$95	\$387 - \$392
<b>Non-GAAP adjusted operating income</b>	<b>\$195 - \$215</b>	<b>\$878 - \$898</b>
<b>Diluted earnings per share</b>	<b>\$0.09 - \$0.14</b>	<b>\$0.80 - \$0.85</b>
Adjustments <sup>(2)</sup> :		
Total adjustments to operating income	\$0.32 - \$0.33	\$1.26 - \$1.27
Debt-related costs and other special items <sup>(3)</sup>	\$0.02 - \$0.03	\$0.04 - \$0.05
<b>Non-GAAP adjusted diluted earnings per share</b>	<b>\$0.43 - \$0.50</b>	<b>\$2.10 - \$2.17</b>

(1) Reflects projections for restructuring costs, integration 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.

See Caution Regarding Forward-Looking Statements and Description of Non-GAAP Financial Measures.