



# 2017 Third-Quarter Earnings Conference Call October 26, 2017





# Safe Harbor Statement

Certain statements and projections contained in this presentation are, by their nature, forward-looking within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements are based on our current expectations, estimates and projections about our industry and business, management's beliefs, and certain assumptions made by us, all of which are subject to change. Forward-looking statements can often be identified by words such as "anticipates," "expects," "intends," "plans," "predicts," "believes," "seeks," "estimates," "may," "will," "should," "would," "could," "potential," "continue," "ongoing," similar expressions, and variations or negatives of these words. These forward-looking statements are not guarantees of future results and are subject to risks, uncertainties and assumptions that could cause our actual results to differ materially and adversely from those expressed in any forward-looking statement. Dana's Annual Report on Form 10-K, subsequent Quarterly Reports on Form 10-Q, recent Current Reports on Form 8-K, and other Securities and Exchange Commission filings discuss important risk factors that could affect our business, results of operations and financial condition. The forward-looking statements in this presentation speak only as of this date. Dana does not undertake any obligation to revise or update publicly any forward-looking statement for any reason.



# Agenda



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» *Introduction*

*Craig Barber*

*Senior Director,  
Investor Relations and  
Strategic Planning*

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» *Business Update*

*James Kamsickas*

*President and  
Chief Executive Officer*

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» *Financial Review*

*Jonathan Collins*

*Executive Vice President  
and Chief Financial Officer*



# Q3 Highlights

## » Continued Strong Financial Results

- Sales of \$1.8 billion
  - 32% YOY sales growth, 21% organic
- Adjusted EBITDA of \$216 million
  - 11.8% margin
- Diluted Adjusted EPS of \$0.59
  - 20% increase over prior year
- Free Cash Flow of \$99 million

## » Raised Full-Year Financial Guidance

## » Advancing Enterprise Strategy Execution

- Electric vehicles and expansion in China



SHIFTING INTO  
**OVERDRIVE** >>>



# Enterprise Strategy Execution

## Industry Recognition



PACE Award Finalist



Supplier Quality Excellence



Top Powertrain Supplier



Outstanding Supplier



Most Valuable Brand



Excellence in Innovation



Innovation Award



Sustainability Award



Design & Development



Top Value Add/Engineering



# Enterprise Strategy Execution

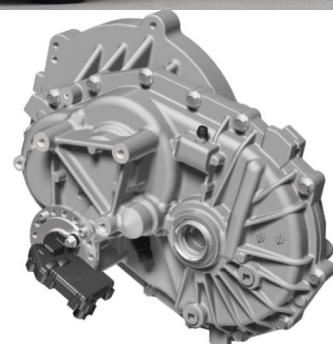
## Growth in Electrification



### Electric Drive Unit



In Production

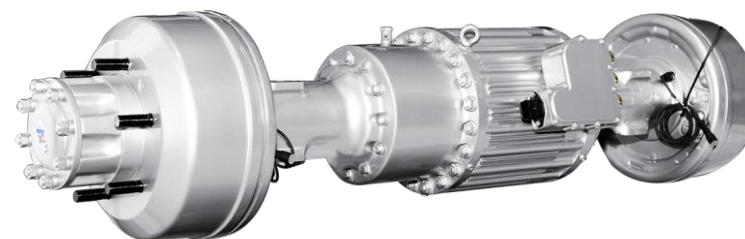


- » Electric drive unit for shuttle vans
- » Weight reduction and improved efficiency
- » Manufactured in United States

### Integrated E-Axle



Launching in 2018



- » Electric city bus
- » Fully-integrated motor and gear box
- » Manufactured in China

### Electric Vehicle Cooling



New Business Win



- » SUV and Car PHEV programs
- » Battery and power electronics cooling
- » Manufactured in China



# Enterprise Strategy Execution

## Technology Leadership Driving Global Growth



### Dana's 14th and 15th Facility in China



Yancheng  
Power Technologies



Chongqing  
Light Vehicle Driveline



- » New Power Technologies plant
- » Utilizing former Brevini facility
- » Investing for growth

Direct-Insulation Thermal-Acoustical Protective Shielding



- » New product for growing SUV market
- » Global program with major OEM
- » Further penetration in the world's largest vehicle market

Disconnecting All-Wheel-Drive



# Market Overview



## North America

- » U.S. economic growth increase due to rising employment and increase in consumer spending
- » Light-truck production volume remains strong this year
- » Class 8 truck production now expected to be in the range of 245-255K units in 2017
- » Expecting steady improvements in construction and mining end markets for the remainder of this year and into 2018



## South America

- » Brazilian economy beginning a slow recovery and expected to continue into next year
- » Rising exports of vehicles and increased agricultural production in Brazil
- » Brazil medium- and heavy-truck production has increased 20+% YTD due to exports; bus production stabilizing
- » Argentinian economy stable



## Europe

- » Eurozone economic growth continues in H2 2017
- » Continued strength of Euro against the U.S. dollar
- » Commercial-vehicle market has shown about 2% growth this year
- » Off-highway end markets remain strong



## Asia Pacific

- » Chinese economy expected to maintain growth rate of 6+% over the next few years
- » India's economic growth stable
- » Asian light-truck demand remains stable
- » Australia maintains moderate growth with rising exports





# Business Overview



## Light Vehicle Driveline

- » North American sales remain strong
  - Demand for key light-truck platforms driving growth
  - Vehicle inventories remain low
- » Jeep® Wrangler launch readiness on track for Q4 start of production and reaching full run-rate in early 2018
- » Thailand light-truck production remains strong



## Off-Highway Drive and Motion

- » Demand remains strong in construction markets
- » Steady recovery continues in mining markets driven by North America and Asia
- » Brevini synergies on track and to be completed in 2018



## Commercial Vehicle Driveline

- » Continued strong demand for specialty- and medium-duty trucks in North America
- » Class 8 market continues to improve, likely into 2018
  - Dana share in North America remains stable
- » Entered into numerous long-term commercial agreements



## Power Technologies

- » Demand for light and medium trucks remains strong, driving higher volume
- » Over 60 new program launches in 2017
- » Opening new manufacturing facility to support new business growth in China





# Financial Review

2017 Third Quarter



# 2017 Q3 and YTD Financial Results



- 21% organic sales growth in Q3 driven primarily by converted backlog and higher end-market demand
- +60bps margin expansion year-to-date due to strong conversion on sales growth
- EPS growth driven primarily by higher earnings
- Stronger free cash flow despite capital investment for new business

## Changes from Prior Year

(\$ in millions except EPS)

	<u>Q3 '17</u>	<u>Q3 '16</u>	<u>Change</u>	<u>YTD '17</u>	<u>YTD '16</u>	<u>Change</u>
<b>Sales</b>	\$ 1,831	\$ 1,384	\$ 447	\$ 5,372	\$ 4,379	\$ 993
<b>Adjusted EBITDA</b>	216	168	48	638	494	144
<b>Margin</b>	11.8%	12.1%	-30bps	11.9%	11.3%	+60bps
<b>EBIT</b>	139	96	43	398	317	81
<b>Interest Expense, Net</b>	22	24	(2)	71	76	(5)
<b>Income Tax Expense</b>	33	13	20	94	66	28
<b>Net Income</b> (attributable to Dana)	69	57	12	215	155	60
<b>Diluted Adjusted EPS</b>	\$ 0.59	\$ 0.49	\$ 0.10	\$ 1.90	\$ 1.36	\$ 0.54
<b>Cash Flow From Operations</b>	181	42	139	361	182	179
<b>Capital Spending</b>	82	68	14	251	198	53
<b>Free Cash Flow</b>	99	(26)	125	110	(16)	126

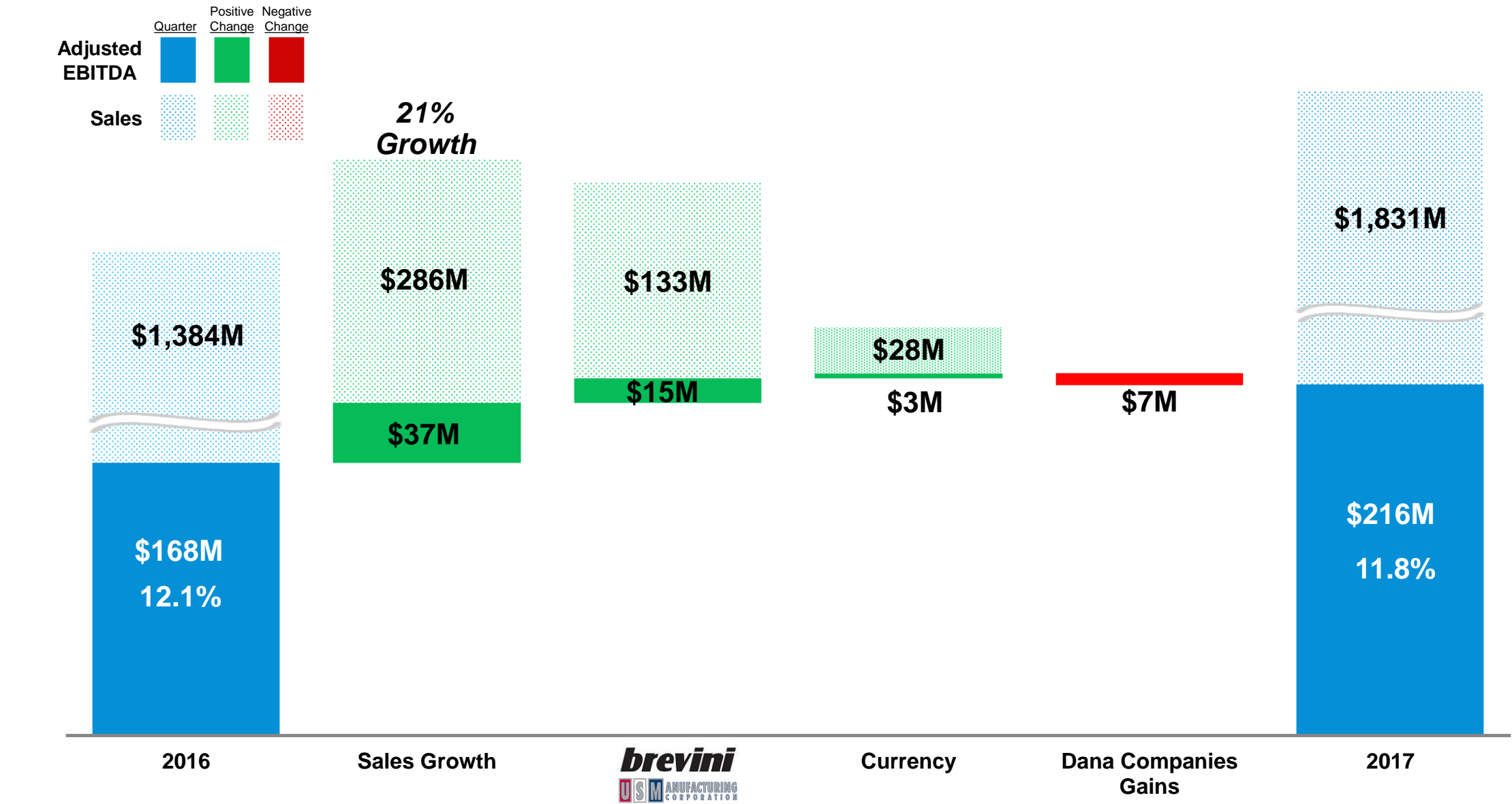
See appendix for comments regarding the presentation of non-GAAP measures





# 2017 Q3 Sales and Adj. EBITDA Changes

- 21% organic sales growth was a combination of converting backlog into sales and improved end-market demand
- Higher planned launch costs and incentive compensation expense muted margin on sales growth
- Year-to-date conversion was 19% on sales growth
- Brevini synergies showing consistent improvement
- Foreign currency provided tailwind to sales and profit
- Dana Companies gains reduced year-over-year comparison by \$7M
- Excluding impact of Dana Companies, 2016 Q3 margin was 11.6%



**32% sales growth delivering strong margin**

See appendix for comments regarding the presentation of non-GAAP measures



# 2017 Q3 and YTD Free Cash Flow



- » Cash flow from operations were improved in Q3 vs. prior year with higher Adj. EBITDA and improved working capital efficiency
- » Q3 capital expenditures increased to support new business backlog
- » Free cash flow has improved for Q3 and YTD compared to last year, overcoming headwinds of higher capital expenditures
- » Lower cash interest due to recent debt refinancing actions
- » Higher transaction costs driven by recent acquisitions

Changes from Prior Year						
	(\$ in millions)					
	Q3 '17	Q3 '16	Change	YTD '17	YTD '16	Change
<b>Adjusted EBITDA</b>	\$ 216	\$ 168	\$ 48	\$ 638	\$ 494	\$ 144
<b>Interest, net</b>	(16)	(22)	6	(62)	(78)	16
<b>Taxes</b>	(23)	(30)	7	(59)	(63)	4
<b>Restructuring</b>	(4)	(3)	(1)	(23)	(10)	(13)
<b>Pension, net</b>	(1)	(3)	2	(4)	(12)	8
<b>Transaction Costs<sup>1</sup></b>	(3)	–	(3)	(24)	(3)	(21)
<b>Inter-Co. FX Hedge Settlements</b>	–	–	–	(2)	(7)	5
<b>USM Settlement of Trade Obligations</b>	–	–	–	(25)	–	(25)
<b>Working Capital / Other<sup>2</sup></b>	12	(68)	80	(78)	(139)	61
<b>Cash Flow from Operations</b>	181	42	139	361	182	179
<b>Capital Spending</b>	(82)	(68)	(14)	(251)	(198)	(53)
<b>Free Cash Flow</b>	\$ 99	\$ (26)	\$ 125	\$ 110	\$ (16)	\$ 126

<sup>1</sup> Includes costs associated with business acquisitions and divestitures. <sup>2</sup> Changes in working capital relating to interest, taxes, restructuring and transactions costs are included in those respective categories. See appendix for comments regarding the presentation of non-GAAP measures





# 2017 FY Key Financial Metrics

- » Sales guidance raised by \$200M due to higher end-market demand
- » Adjusted EBITDA guidance raised 4%
- » Margin guidance raised 10bps
- » FCF guidance raised 50%
- » EPS guidance raised over 4%

## Revised Guidance

		Vs. Prior Guidance
<b>Sales</b>	~\$7.1B ±\$100M  -----	<b>+200M</b>
<b>Adjusted EBITDA</b>	~\$835M ±\$15M  -----	<b>+30M</b>
<b>Margin</b>	11.8% ±10bps  -----	<b>+10bps</b>
<b>Capital Spend</b>	~\$400M ±\$20M  -----	<b>No Change</b>
<b>Free Cash Flow</b>	~\$150M ±\$20M  -----	<b>+50M</b>
<b>Diluted Adjusted EPS</b>	~\$2.40 ±\$0.10  -----	<b>+\$0.10</b>

**Significant increase from prior guidance on key metrics**

See appendix for comments regarding the presentation of non-GAAP measures

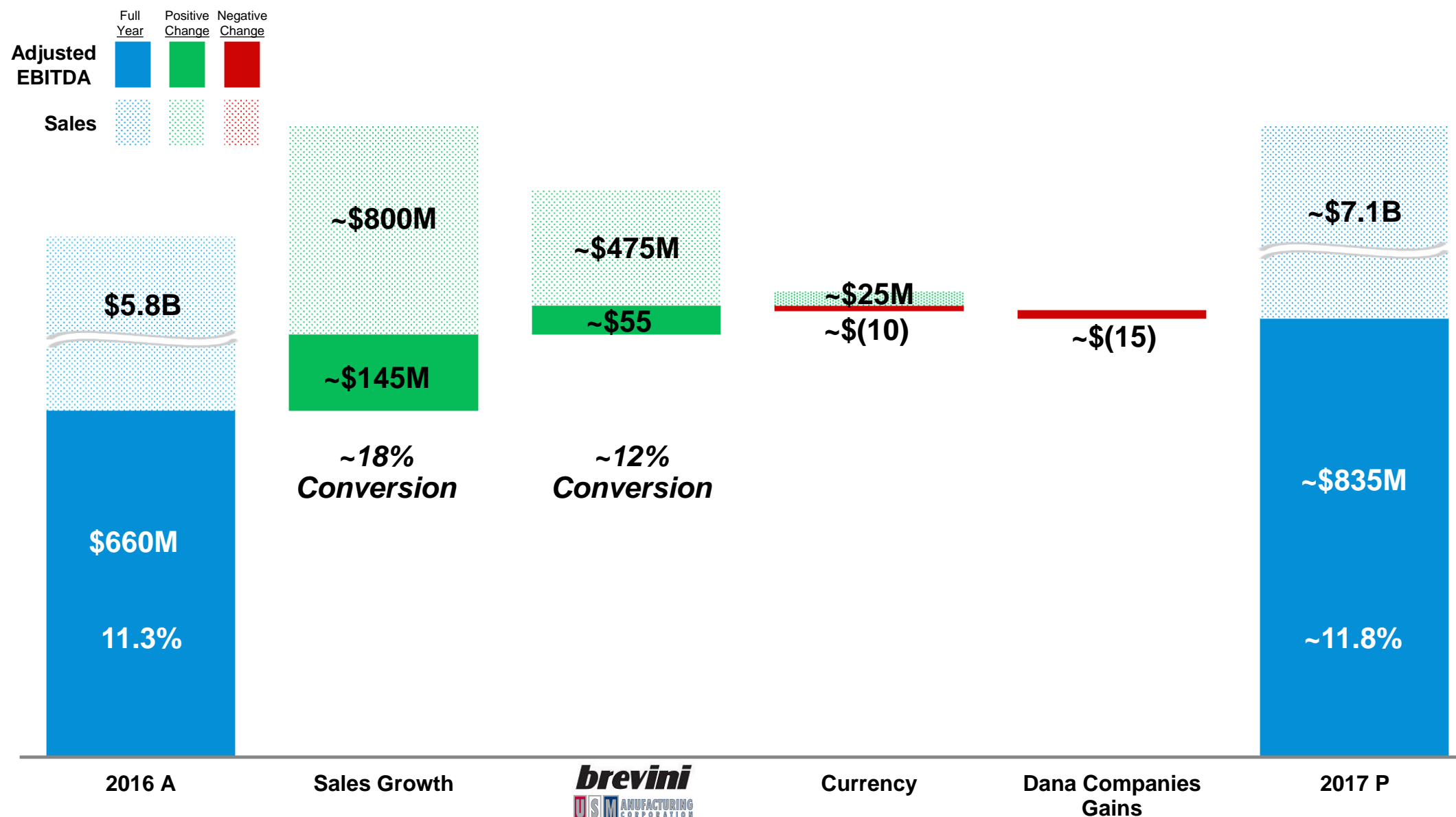
---| Guidance range





# 2017 FY Sales and Adj. EBITDA Changes

- Improved end-market demand and new business backlog driving organic growth
- Acquisitions that closed in the first quarter are providing material improvement to sales while compressing margins on a pre-synergy basis
- Foreign currency translation expected to provide a modest benefit to sales
- 2016 results included gains in Dana Companies, a subsidiary that was divested last year



**Projecting 14% organic growth and 50bps of margin expansion**

See appendix for comments regarding the presentation of non-GAAP measures



# 2017 FY Free Cash Flow



- Adj. EBITDA growth now outpacing re-investment in the business for both organic and inorganic growth initiatives
- FCF to improve from ~1% to ~2% of sales at peak capital spending level of ~6% of sales

## Full-Year Changes from Prior Year

(\$ in millions)

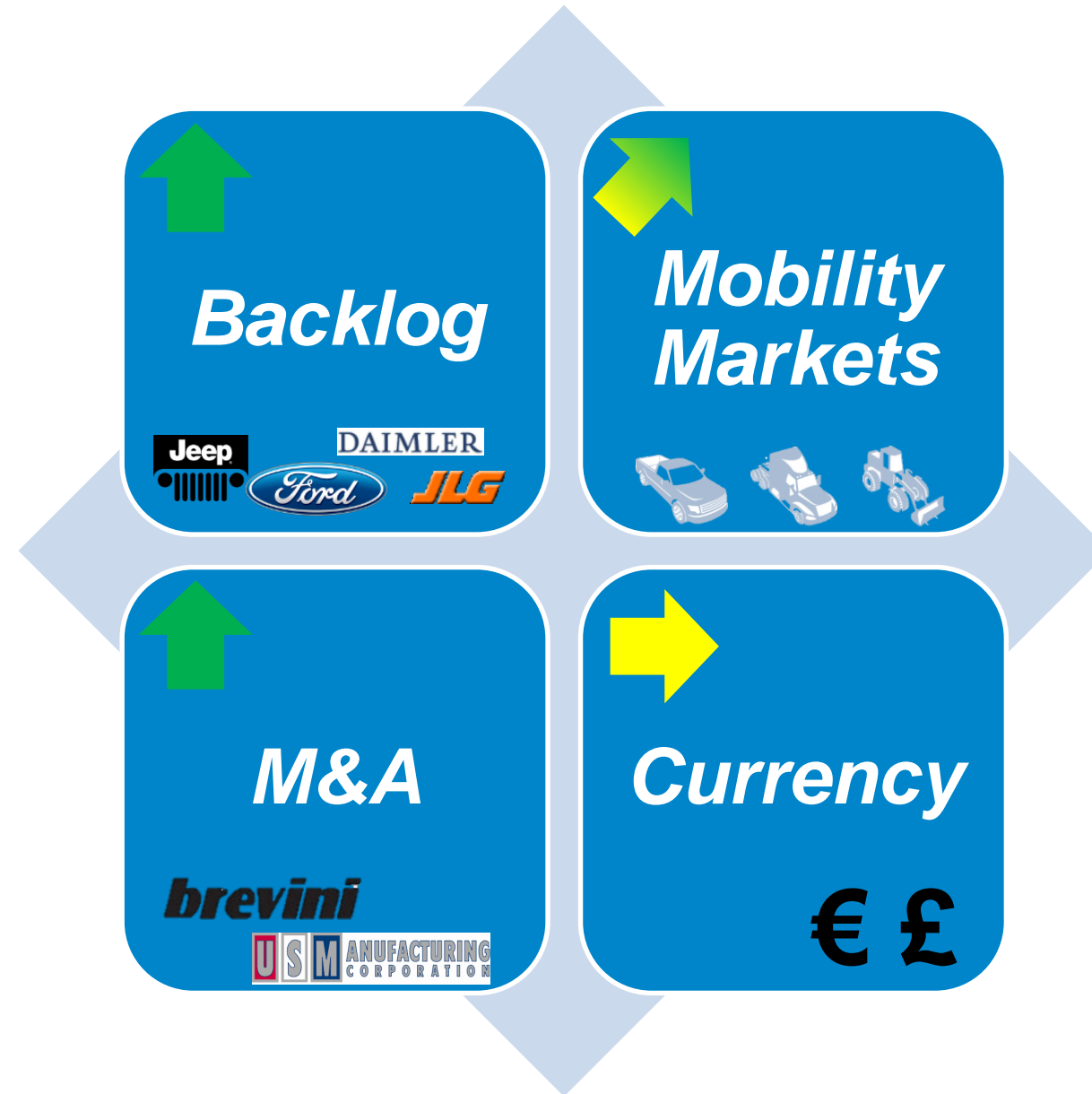
	<u>2017P</u>	<u>2016A</u>	<u>Change</u>
<b>Adjusted EBITDA</b>	\$ ~835	\$ 660	\$ ~175
<b>Interest, net</b>	~(100)	(100)	–
<b>Taxes</b>	~(90)	(89)	–
<b>Restructuring</b>	~(30)	(15)	~(15)
<b>Transaction Costs<sup>1</sup></b>	~(30)	(9)	~(20)
<b>Pension, net</b>	~(5)	(16)	~10
<b>Inter-Co. FX Hedge Settlements</b>	~(5)	(21)	~15
<b>USM Settlement of Trade Obligations</b>	~(25)	–	~(25)
<b>Working Capital / Other<sup>2</sup></b>	–	(26)	~25
<b>Cash Flow from Operations</b>	~550	384	~165
<b>Capital Spending</b>	~(400)	(322)	~(75)
<b>Free Cash Flow</b>	\$ ~150	\$ 62	~90

<sup>1</sup> Includes costs associated with business acquisitions and divestitures. <sup>2</sup> Changes in working capital relating to interest, taxes, restructuring and transactions costs are included in those respective categories. See appendix for comments regarding the presentation of non-GAAP measures





# 2018 Outlook



***On pace to achieve long-term financial targets earlier than originally expected***





# Appendix





# 2017 Forecast Assumptions

## Key Production Assumptions

Units (000)	2016 Actuals	Prior 2017 Outlook	Revised 2017 Outlook
<b>North America</b>			
Lights Truck (Full Frame)	4,457	4,500 – 4,600	4,500 – 4,600
Light Vehicle Engines	15,913	15,000 – 15,300	14,800– 15,000
Medium Truck (Class 5-7)	233	235 – 250	240 – 250
Heavy Truck (Class 8)	228	220 – 240	245 – 255
Agricultural Equipment	53	50 – 60	50 – 60
Construction/Mining Equipment	150	150 – 160	150 – 160
<b>Europe (Incl. Eastern Europe)</b>			
Light Trucks	9,306	9,900 – 10,100	9,900 – 10,100
Light Vehicle Engines	23,287	23,800 – 24,300	23,800 – 24,300
Medium/Heavy Truck	463	460 – 485	460 – 485
Agricultural Equipment	193	195 – 210	195 – 210
Construction/Mining Equipment	290	295 – 310	295 – 310
<b>South America</b>			
Light Trucks	980	1,100 – 1,150	1,200 – 1,250
Light Vehicle Engines	2,112	2,300 – 2,400	2,300 – 2,400
Medium/Heavy Truck	70	75 – 85	75 – 85
Agricultural Equipment	29	30 – 35	30 – 35
Construction/Mining Equipment	10	10 – 15	10 – 15
<b>Asia Pacific</b>			
Light Trucks	27,465	29,000 – 29,500	29,000 – 29,500
Light Vehicle Engines	50,533	51,000 – 52,000	51,000 – 52,000
Medium/Heavy Truck	1,661	1,700 – 1,800	1,900 – 2,000
Agricultural Equipment	648	640 – 670	640 – 670
Construction/Mining Equipment	396	400 – 420	430 – 450

SOURCE: IHS Global Insight, ACT, PSR, Dana Estimates

## Key Financial Assumptions

### Currency

Euro / USD	1.15 - 1.20
USD / CAD	0.75 - 0.80
USD / BRL	3.10 - 3.30
USD / ARS	17.00 - 19.00
USD / MXN	18.00 - 20.00
GBP / USD	1.25 - 1.35

### Taxes

Effective Tax Rate (Dil. Adj EPS)	~28%
Cash Tax Rate	~22%

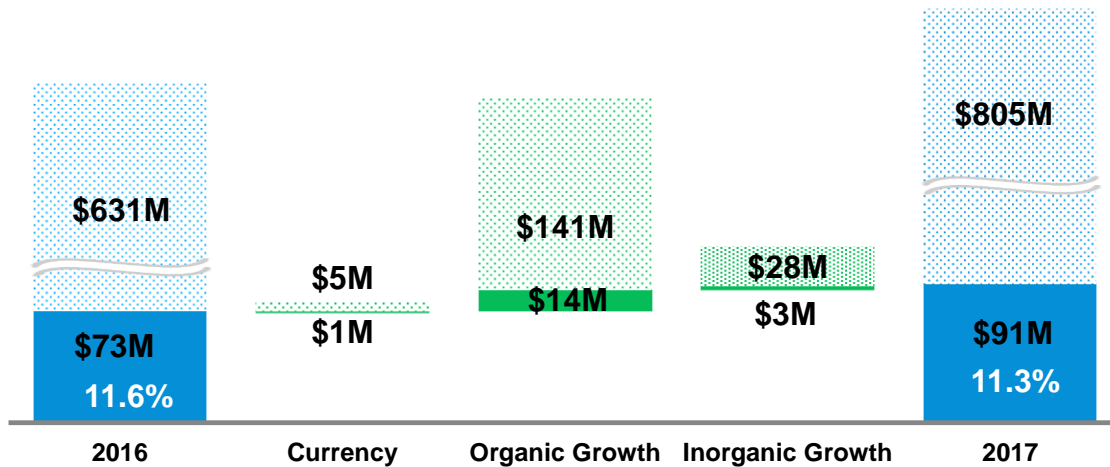




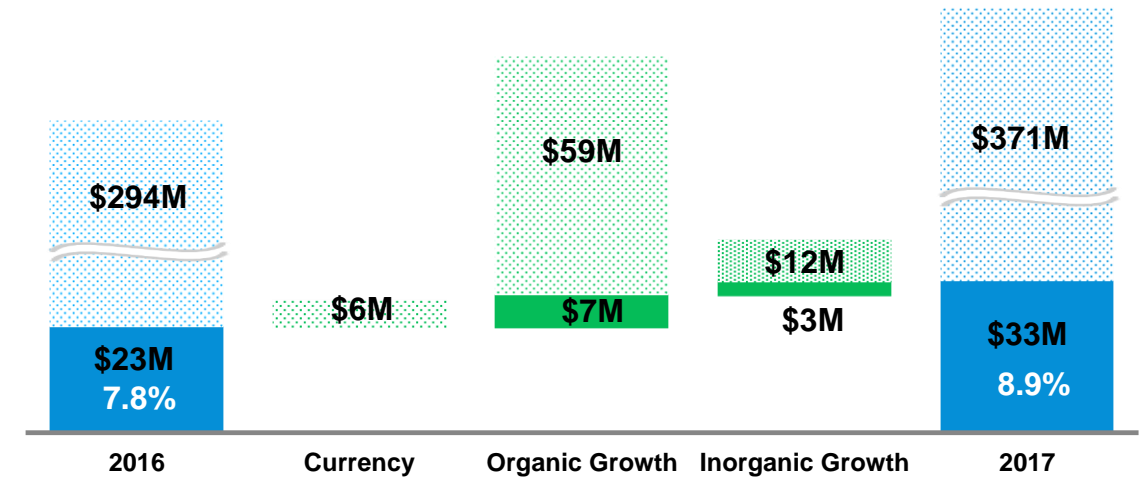
# Q3 Sales and Profit Change by Segment



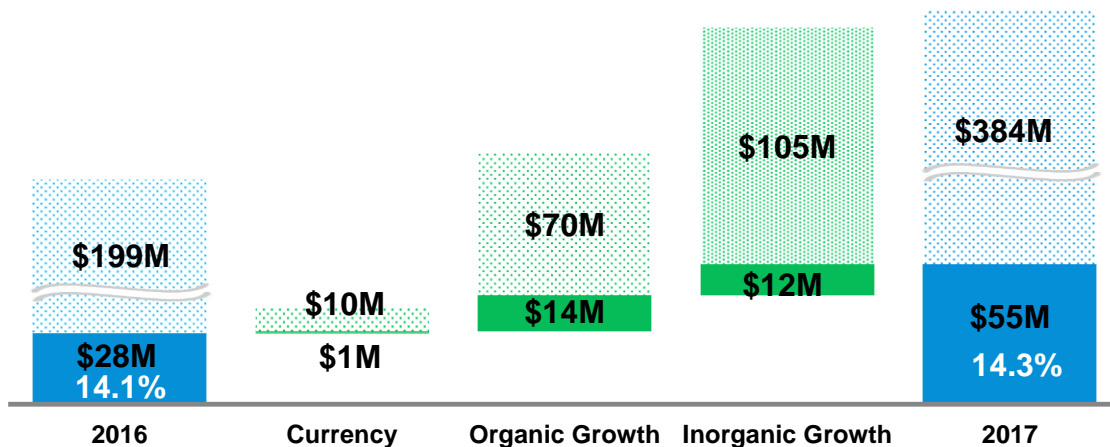
## Light Vehicle Driveline



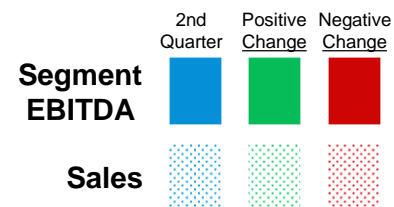
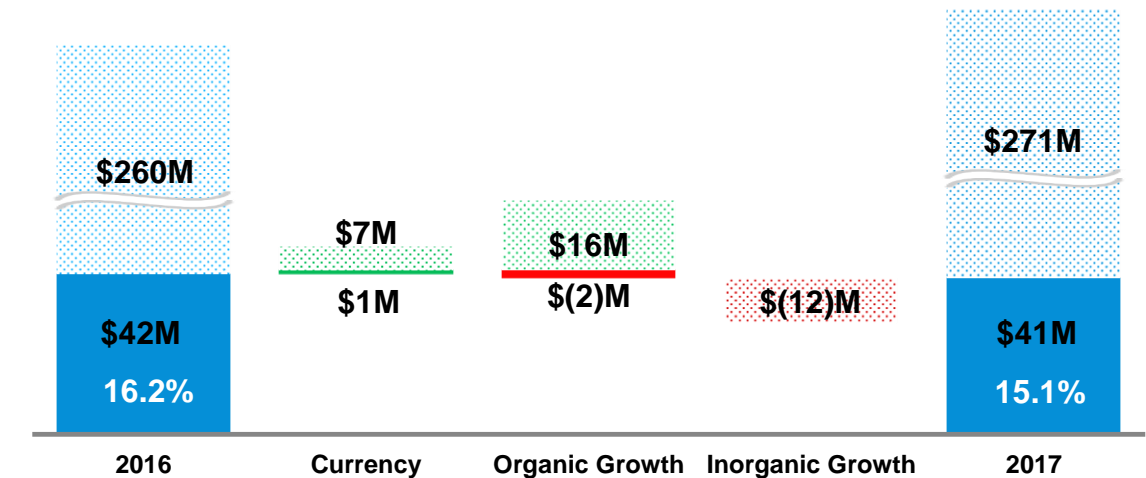
## Commercial Vehicle Driveline



## Off-Highway Drive and Motion



## Power Technologies



See appendix for comments regarding the presentation of non-GAAP measures



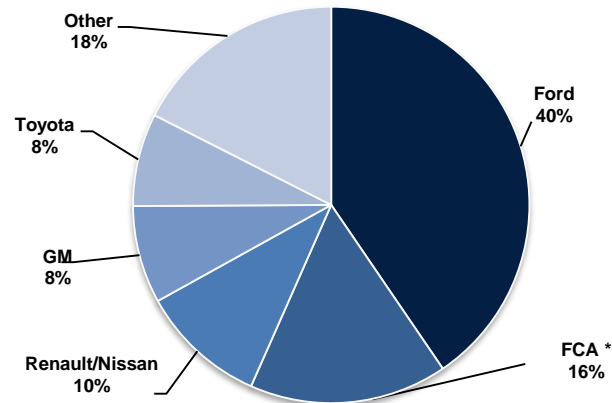
# Segment Profiles



Customer Sales

## Light Vehicle Driveline

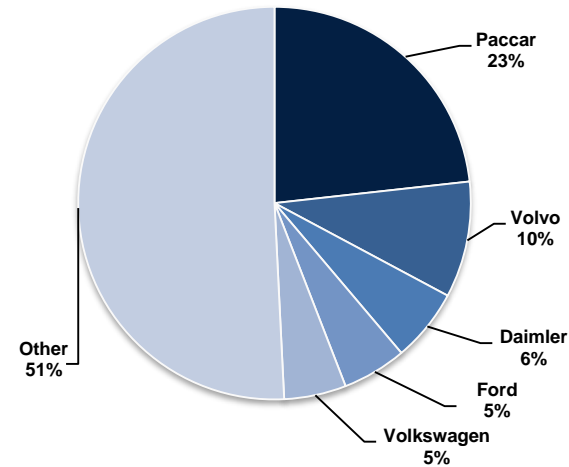
Year to Date 9/30/2017



\* Includes sales to Hyundai Mobis for driveline products that support FCA vehicles

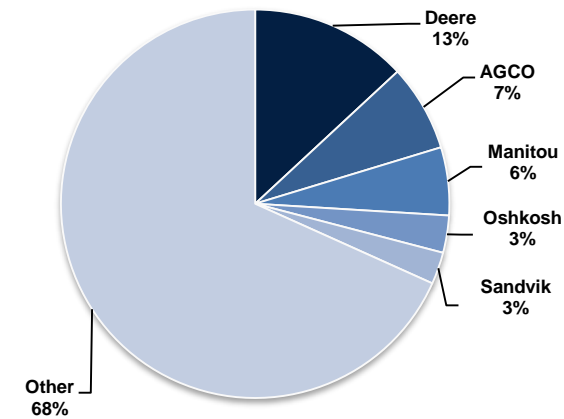
## Commercial Vehicle Driveline

Year to Date 9/30/2017



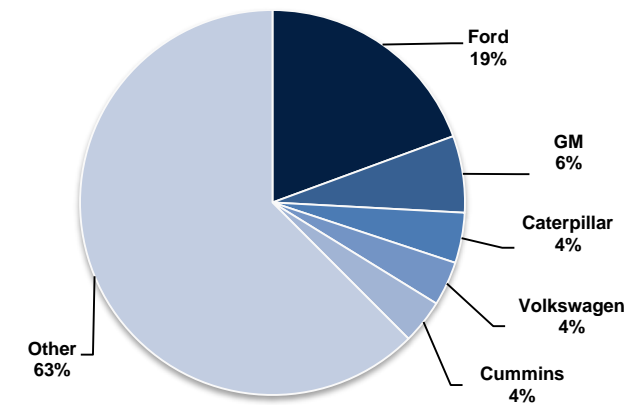
## Off-Highway Drive and Motion

Year to Date 9/30/2017

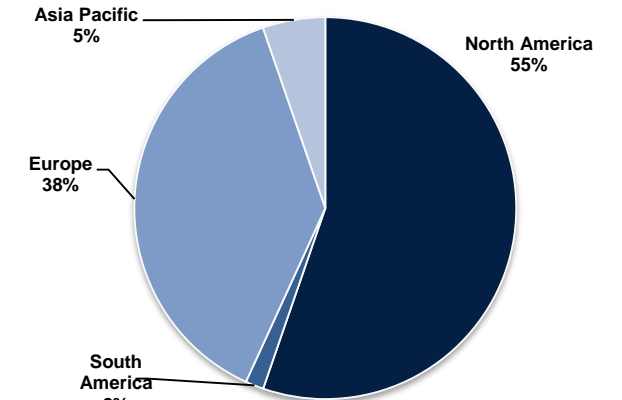
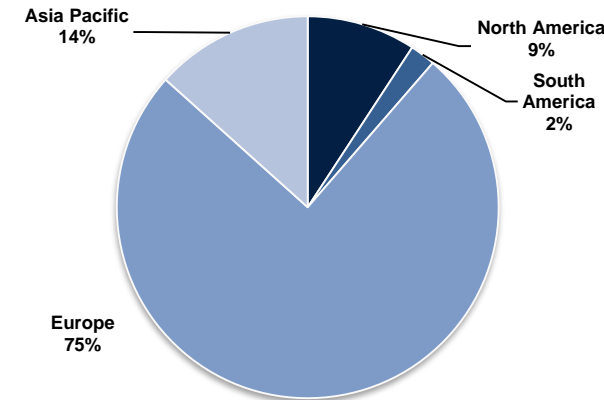
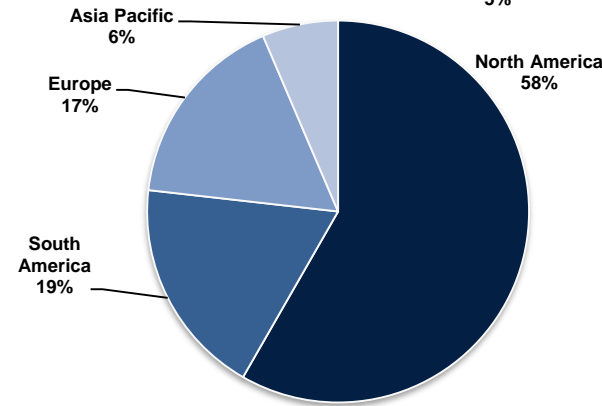
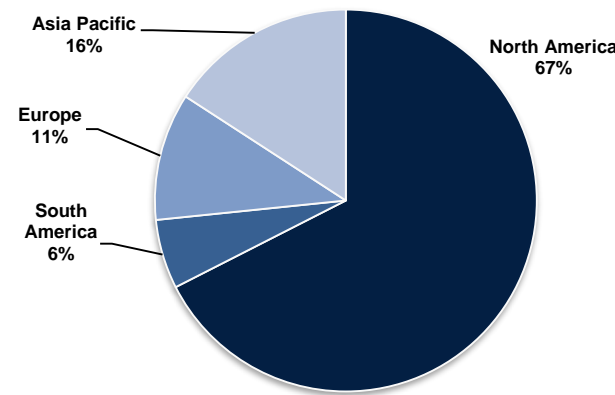


## Power Technologies

Year to Date 9/30/2017



Regional Sales



Performance

\$ Millions

	Q3		Year to Date	
	2017	2016	2017	2016
Sales	\$805	\$631	\$2,369	\$1,913
Segment EBITDA	\$91	\$73	\$273	\$202
EBITDA Margin	11.3%	11.6%	11.5%	10.6%

	Q3		Year to Date	
	2017	2016	2017	2016
Sales	\$371	\$294	\$1,057	\$976
Segment EBITDA	\$33	\$23	\$91	\$81
EBITDA Margin	8.9%	7.8%	8.6%	8.3%

	Q3		Year to Date	
	2017	2016	2017	2016
Sales	\$384	\$199	\$1,107	\$692
Segment EBITDA	\$55	\$28	\$157	\$97
EBITDA Margin	14.3%	14.1%	14.2%	14.0%

	Q3		Year to Date	
	2017	2016	2017	2016
Sales	\$271	\$260	\$839	\$798
Segment EBITDA	\$41	\$42	\$132	\$120
EBITDA Margin	15.1%	16.2%	15.7%	15.0%



# Diluted Adjusted EPS



## DANA INCORPORATED Diluted Adjusted EPS (Unaudited) For the Three Months Ended September 30, 2017 and 2016

(In millions, except per share amounts)

	Three Months Ended September 30,	
	2017	2016
<b>Net income attributable to parent company</b>	\$ 69	\$ 57
Items impacting income before income taxes:		
Restructuring charges	2	17
Amortization of intangibles	4	3
Loss on extinguishment of debt	13	
Strategic transaction expenses	3	3
Other items	3	(1)
Items impacting income taxes:		
Net income tax expense on items above	(8)	(10)
Tax effects of legal entity restructuring		2
<b>Adjusted net income</b>	<u>\$ 86</u>	<u>\$ 71</u>
Diluted shares - as reported	147	145
Adjusted diluted shares	<u>147</u>	<u>145</u>
<b>Diluted adjusted EPS</b>	\$ 0.59	\$ 0.49

## DANA INCORPORATED Diluted Adjusted EPS (Unaudited) For the Nine Months Ended September 30, 2017 and 2016

(In millions, except per share amounts)

	Nine Months Ended September 30,	
	2017	2016
<b>Net income attributable to parent company</b>	\$ 215	\$ 155
Items impacting income before income taxes:		
Restructuring charges	14	23
Amortization of intangibles	10	7
Loss on extinguishment of debt	19	17
Income on sale of subsidiary	(3)	
Strategic transaction expenses	20	6
Acquisition related inventory adjustments	14	
Other items	6	(4)
Items impacting income taxes:		
Net income tax expense on items above	(17)	(12)
Tax effects of legal entity restructuring		8
<b>Adjusted net income</b>	<u>\$ 278</u>	<u>\$ 200</u>
Diluted shares - as reported	147	147
Adjusted diluted shares	<u>147</u>	<u>147</u>
<b>Diluted adjusted EPS</b>	\$ 1.90	\$ 1.36



# Segment Data



## DANA INCORPORATED

### Segment Sales and Segment EBITDA (Unaudited)

For the Three Months Ended September 30, 2017 and 2016

(In millions)	Three Months Ended September 30,	
	2017	2016
<b>Sales</b>		
Light Vehicle	\$ 805	\$ 631
Commercial Vehicle	371	294
Off-Highway	384	199
Power Technologies	271	260
<b>Total Sales</b>	<b>\$ 1,831</b>	<b>\$ 1,384</b>
<b>Segment EBITDA</b>		
Light Vehicle	\$ 91	\$ 73
Commercial Vehicle	33	23
Off-Highway	55	28
Power Technologies	41	42
<b>Total Segment EBITDA</b>	<b>220</b>	<b>166</b>
Corporate expense and other items, net	(4)	2
<b>Adjusted EBITDA</b>	<b>\$ 216</b>	<b>\$ 168</b>

## DANA INCORPORATED

### Segment Sales and Segment EBITDA (Unaudited)

For the Nine Months Ended September 30, 2017 and 2016

(In millions)	Nine Months Ended September 30,	
	2017	2016
<b>Sales</b>		
Light Vehicle	\$ 2,369	\$ 1,913
Commercial Vehicle	1,057	976
Off-Highway	1,107	692
Power Technologies	839	798
<b>Total Sales</b>	<b>\$ 5,372</b>	<b>\$ 4,379</b>
<b>Segment EBITDA</b>		
Light Vehicle	\$ 273	\$ 202
Commercial Vehicle	91	81
Off-Highway	157	97
Power Technologies	132	120
<b>Total Segment EBITDA</b>	<b>653</b>	<b>500</b>
Corporate expense and other items, net	(15)	(6)
<b>Adjusted EBITDA</b>	<b>\$ 638</b>	<b>\$ 494</b>



# Segment Data Continued



## DANA INCORPORATED

### Reconciliation of Segment and Adjusted EBITDA to Net Income (Unaudited) For the Three Months Ended September 30, 2017 and 2016

(In millions)	Three Months Ended	
	September 30,	
	2017	2016
<b>Segment EBITDA</b>	\$ 220	\$ 166
Corporate expense and other items, net	(4)	2
<b>Adjusted EBITDA</b>	216	168
Depreciation	(58)	(45)
Amortization of intangibles	(4)	(3)
Restructuring	(2)	(17)
Stock compensation expense	(7)	(4)
Strategic transaction expenses	(3)	(3)
Other items	(2)	
Amounts attributable to previously divested/closed operations	(1)	
Earnings before interest and income taxes	139	96
Loss on extinguishment of debt	(13)	
Interest expense	(25)	(27)
Interest income	3	3
Earnings before income taxes	104	72
Income tax expense	33	13
Equity in earnings of affiliates	2	2
<b>Net income</b>	\$ 73	\$ 61

## DANA INCORPORATED

### Reconciliation of Segment and Adjusted EBITDA to Net Income (Unaudited) For the Nine Months Ended September 30, 2017 and 2016

(In millions)	Nine Months Ended	
	September 30,	
	2017	2016
<b>Segment EBITDA</b>	\$ 653	\$ 500
Corporate expense and other items, net	(15)	(6)
<b>Adjusted EBITDA</b>	638	494
Depreciation	(162)	(129)
Amortization of intangibles	(10)	(7)
Restructuring	(14)	(23)
Stock compensation expense	(17)	(11)
Strategic transaction expenses	(20)	(6)
Acquisition related inventory adjustments	(14)	
Other items	(5)	(4)
Amounts attributable to previously divested/closed operations	2	3
Earnings before interest and income taxes	398	317
Loss on extinguishment of debt	(19)	(17)
Interest expense	(79)	(84)
Interest income	8	8
Earnings before income taxes	308	224
Income tax expense	94	66
Equity in earnings of affiliates	12	6
<b>Net income</b>	\$ 226	\$ 164







# Non-GAAP Financial Information

The preceding slides refer to Adjusted EBITDA, a non-GAAP financial measure which we have defined as net income before interest, taxes, depreciation, amortization, equity grant expense, restructuring expense and other adjustments not related to our core operations (gain/loss on debt extinguishment, pension settlements, divestitures, impairment, etc.). Adjusted EBITDA is a measure of our ability to maintain and continue to invest in our operations and provide shareholder returns. We use adjusted EBITDA in assessing the effectiveness of our business strategies, evaluating and pricing potential acquisitions and as a factor in making incentive compensation decisions. In addition to its use by management, we also believe adjusted EBITDA is a measure widely used by securities analysts, investors and others to evaluate financial performance of our company relative to other Tier 1 automotive suppliers. Adjusted EBITDA should not be considered a substitute for income before income taxes, net income or other results reported in accordance with GAAP. Adjusted EBITDA may not be comparable to similarly titled measures reported by other companies.

Diluted adjusted EPS is a non-GAAP financial measure which we have defined as adjusted net income divided by adjusted diluted shares. We define adjusted net income as net income attributable to the parent company, excluding any nonrecurring income tax items, restructuring charges, amortization expense and other adjustments not related to our core operations (as used in adjusted EBITDA), net of any associated income tax effects. We define adjusted diluted shares as diluted shares as determined in accordance with GAAP based on adjusted net income. This measure is considered useful for purposes of providing investors, analysts and other interested parties with an indicator of ongoing financial performance that provides enhanced comparability to EPS reported by other companies. Diluted adjusted EPS is neither intended to represent nor be an alternative measure to diluted EPS reported under GAAP.

Free cash flow is a non-GAAP financial measure which we have defined as net cash provided by (used in) operating activities less purchases of property, plant and equipment. We believe this measure is useful to investors in evaluating the operational cash flow of the company inclusive of the spending required to maintain the operations. Free cash flow is neither intended to represent nor be an alternative to the measure of net cash provided by (used in) operating activities reported under GAAP. Free cash flow may not be comparable to similarly titled measures reported by other companies.

Please reference the “Non-GAAP financial information” accompanying our quarterly earnings conference call presentations on our website at [www.dana.com/investors](http://www.dana.com/investors) for reconciliations of adjusted EBITDA, diluted adjusted EPS and free cash flow to the most directly comparable financial measures calculated and presented in accordance with GAAP. We have not provided a reconciliation of our adjusted EBITDA and diluted adjusted EPS outlook to the most comparable GAAP measures of net income and diluted EPS. Providing net income and diluted EPS guidance is potentially misleading and not practical given the difficulty of projecting event driven transactional and other non-core operating items that are included in net income and diluted EPS, including restructuring actions, asset impairments and income tax valuation adjustments. The accompanying reconciliations of these non-GAAP measures with the most comparable GAAP measures for the historical periods presented are indicative of the reconciliations that will be prepared upon completion of the periods covered by the non-GAAP guidance.

