

# 1<sup>st</sup> Quarter 2016 Earnings Release Conference Call

May 4, 2016



# Safe Harbor Statement

Our commentary and responses to your questions may contain forward-looking statements, including our outlook for the 2016 second quarter and full year. Forward-looking statements include projections of sales, earnings, general economic conditions, market conditions, working capital, market shares, free cash flow, pricing levels, and effective tax rates. Belden undertakes no obligation to update any such statements to reflect later developments, except as required by law. Information on factors that could cause actual results to vary materially from those discussed today is available in the press release announcing 2016 first quarter results, our most recent Annual Report on Form 10-K as filed with the SEC on February 25, 2016 (including those discussed under “Risk Factors” in Part I, Item 1A and in “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in Part II, Item 7), and our subsequent filings with the Securities and Exchange Commission.

## Non-GAAP Measures
























On this call we will discuss some non-GAAP measures (denoted by footnote) in discussing Belden’s performance, and the reconciliation of those measures to the most comparable GAAP measures is contained within this presentation or available at our investor relations website, [investor.belden.com](http://investor.belden.com).

## Q1 2016 Highlights

- Delivered first quarter revenues of \$543.8 million;
- Expanded gross profit margins to 42.3%, an increase of 170 basis points from 40.6% in the year-ago period;
- Generated EBITDA margins of 16.4%, an increase of 90 basis points from 15.5% in the year-ago period;
- Repaid \$51 million of debt during the quarter; and
- Increased full-year adjusted revenues and adjusted EPS guidance.

Adjusted results. See Appendix for reconciliation to comparable GAAP results.

# 1<sup>st</sup> Quarter Segment Overview

Broadcast	Revenue	<b>\$171.3M</b>						
	EBITDA Margin	<b>13.6%</b>	Camera Mounted Fiber Solutions	Signal Processing & Routing	Monitoring Systems	Automation Playout & Branding Systems		
Enterprise Connectivity	Revenue	<b>\$135.9M</b>						
	EBITDA Margin	<b>17.5%</b>	Racks and Enclosures	Copper and Fiber Connectivity	Ethernet, Fiber Optic and Coaxial	Precision A/V Cable and Connectivity		
Industrial Connectivity	Revenue	<b>\$141.1M</b>						
	EBITDA Margin	<b>16.3%</b>	Industrial and I/O Connectors	Industrial Cables	IP/Networking Cables	I/O Modules/Active	Distribution Boxes	Customer-Specific Wiring
Industrial IT	Revenue	<b>\$53.9M</b>						
	EBITDA Margin	<b>16.0%</b>	Cables, Security & Routing	Wireless	Switches	Connectivity		
Network Security	Revenue	<b>\$41.7M</b>						
	EBITDA Margin	<b>27.5%</b>	 Targeted Attack Detection	 Vulnerability Assessment	Threat Analytics			

Adjusted results. See Appendix for reconciliation to comparable GAAP results.

# Q1 2016 Financial Summary

	Q1 2016	Q4 2015	Q1 2015
Revenue	\$543.8M	\$602.5M	\$569.5M
Gross profit	\$229.8M	\$259.6M	\$231.0M
Gross profit percentage	42.3%	43.1%	40.6%
EBITDA	\$89.1M	\$114.6M	\$88.5M
EBITDA percentage	16.4%	19.0%	15.5%
Net Income <sup>1</sup>	\$42.7M	\$69.3M	\$43.3M
Earnings Per Share <sup>1</sup>	\$1.01	\$1.63	\$1.00

Adjusted results. See Appendix for reconciliation to comparable GAAP results.

(1) All references to Net Income and EPS refer to income attributable to Belden stockholders and income attributable to Belden stockholders per diluted share.

# Segment Results

	Broadcast	Enterprise Connectivity	Industrial Connectivity	Industrial IT	Network Security	Consolidated
<b>Q1 2016</b>						
Revenue	\$171.3M	\$135.9M	\$141.1M	\$53.9M	\$41.7M	\$543.8M
EBITDA <sup>(1)</sup>	\$23.3M	\$23.7M	\$23.0M	\$8.6M	\$11.5M	\$89.1M
EBITDA Margin	13.6%	17.5%	16.3%	16.0%	27.5%	16.4%
<b>Q4 2015</b>						
Revenue	\$201.8M	\$147.2M	\$141.8M	\$62.8M	\$48.9M	\$602.5M
EBITDA <sup>(1)</sup>	\$40.3M	\$24.7M	\$23.9M	\$11.5M	\$14.7M	\$114.6M
EBITDA Margin	19.9%	16.8%	16.8%	18.4%	30.0%	19.0%
<b>Q1 2015</b>						
Revenue	\$176.5M	\$141.8M	\$153.0M	\$61.1M	\$37.1M	\$569.5M
EBITDA <sup>(1)</sup>	\$23.1M	\$20.0M	\$24.2M	\$11.1M	\$9.9M	\$88.5M
EBITDA Margin	13.1%	14.1%	15.8%	18.2%	26.7%	15.5%

Adjusted results. See Appendix for reconciliation to comparable GAAP results.

(1) Consolidated results include income from our equity method investment.

# Q1 2016 Balance Sheet Highlights

	Q1 2016	Q4 2015	Q1 2015
Cash and cash equivalents	\$146M	\$217M	\$167M
Inventory turns	5.9x	7.1x	5.7x
Days sales outstanding	60 days	62 days	63 days
PP&E turns	6.8x	7.7x	6.9x
Total debt principal amount	\$1.72B	\$1.75B	\$1.90B
Net Leverage <sup>1</sup>	3.7x	3.6x	3.9x

(1) Net leverage calculated as (A) total debt less cash and cash equivalents divided by (B) trailing twelve months Adjusted EBITDA plus trailing twelve months stock based compensation expense plus trailing twelve months long-term incentive plan expense for certain acquired companies.

# Cash Flow Highlights

	Q1 2016	Q1 2015
Cash flows from operating activities	\$12.7M	\$(48.2)M
Less: Net capital expenditures <sup>(1)</sup>	\$13.4M	\$15.5M
Free cash flow <sup>(2)</sup>	\$(0.7)M	\$(63.7)M
Cash used to acquire businesses <sup>(3)</sup>	\$15.3M	\$695.3M
Share repurchases and dividends	\$2.1M	\$ 2.1M

(1) Capital expenditures, net of proceeds from the disposal of tangible assets. See Appendix for reconciliation.

(2) Free cash flow is not a term defined by generally accepted accounting principles (GAAP) and our definition may or may not be used consistently with other companies that define this term. See Appendix for reconciliation to comparable GAAP results.

(3) Net of cash acquired.



# Outlook

## Q2 2016<sup>(1)</sup>

- Revenue of \$570 - \$590 million
- Earnings Per Share<sup>2</sup> of \$1.20 - \$1.30

## 2016 Full Year<sup>(1)</sup>

- Revenue of \$2.320 - \$2.370 billion
- Earnings Per Share<sup>2</sup> of \$5.15 - \$5.45

(1) Adjusted Outlook. See Appendix for reconciliation to comparable GAAP outlook.

(2) All references to EPS refer to income per diluted share attributable to Belden stockholders.

# Questions?



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# Appendix

# BAV to Enterprise Connectivity Quarterly 2015 Revised

		Q115		Q215		Q315		Q415	
		Reported	Revised	Reported	Revised	Reported	Revised	Reported	Revised
Broadcast	Revenue	\$ 213.6	\$ 176.5	\$ 219.4	\$ 174.9	\$ 228.1	\$ 186.7	\$ 239.5	\$ 201.8
	EBTIDA	\$ 29.2	\$ 23.1	\$ 31.6	\$ 22.9	\$ 34.9	\$ 27.4	\$ 46.7	\$ 40.2
	EBITDA %	13.7%	13.1%	14.4%	13.1%	15.3%	14.7%	19.5%	19.9%
Enterprise	Revenue	\$ 104.7	\$ 141.8	\$ 117.3	\$ 161.8	\$ 113.8	\$ 155.1	\$ 109.4	\$ 147.2
	EBITDA	\$ 13.9	\$ 20.0	\$ 21.1	\$ 29.8	\$ 18.2	\$ 25.7	\$ 18.3	\$ 24.7
	EBITDA %	13.3%	14.1%	18.0%	18.4%	16.0%	16.6%	16.7%	16.8%

\*Adjusted results are used in this presentation. See appendix reconciliation to comparable GAAP results.

†00s. except for percentages

# Operating Segment Information

Unaudited

	<u>Broadcast Solutions</u>	<u>Enterprise Connectivity</u>	<u>Industrial Connectivity</u>	<u>Industrial IT</u>	<u>Network Security Solutions</u>	<u>Total Segments</u>
	(In thousands, except percentages)					
<b><u>For the three months ended April 3, 2016</u></b>						
Segment Revenues	\$ 171,272	\$ 135,892	\$ 141,091	\$ 53,882	\$ 41,663	\$ 543,800
Segment EBITDA	23,267	23,736	22,987	8,609	11,467	90,066
Segment EBITDA margin	13.6%	17.5%	16.3%	16.0%	27.5%	16.6%
Depreciation expense	3,962	3,389	2,718	524	1,070	11,663
Amortization of intangibles	12,931	429	591	1,510	10,071	25,532
Severance, restructuring, and acquisition integration costs	4,378	500	865	2,665	-	8,408
Purchase accounting effects of acquisitions	195	-	-	-	-	195
Deferred gross profit adjustments	614	-	-	-	1,689	2,303
<b><u>For the three months ended March 29, 2015</u></b>						
Segment Revenues	\$ 176,500	\$ 141,781	\$ 152,972	\$ 61,073	\$ 37,125	\$ 569,451
Segment EBITDA	23,127	20,009	24,173	11,087	9,901	88,297
Segment EBITDA margin	13.1%	14.1%	15.8%	18.2%	26.7%	15.5%
Depreciation expense	3,973	3,214	2,851	559	944	11,541
Amortization of intangibles	12,426	432	823	1,410	11,413	26,504
Severance, restructuring, and acquisition integration costs	11,527	568	1,773	(52)	667	14,483
Purchase accounting effects of acquisitions	-	-	267	-	9,155	9,422
Deferred gross profit adjustments	3,294	-	-	-	18,364	21,658
<b><u>For the three months ended December 31, 2015</u></b>						
Segment Revenues	\$ 201,825	\$ 147,154	\$ 141,801	\$ 62,776	\$ 48,948	\$ 602,504
Segment EBITDA	40,264	24,708	23,863	11,522	14,707	115,064
Segment EBITDA margin	19.9%	16.8%	16.8%	18.4%	30.0%	19.1%
Depreciation expense	4,052	3,144	2,705	580	1,019	11,500
Amortization of intangibles	12,439	428	725	1,490	10,619	25,701
Severance, restructuring, and acquisition integration costs	10,535	(109)	3,174	167	(130)	13,637
Purchase accounting effects of acquisitions	114	70	67	32	42	325
Deferred gross profit adjustments	(343)	-	-	-	6,793	6,450

# Statement of Operations

Unaudited

	<b>Three Months Ended</b>	
	<b>April 3, 2016</b>	<b>March 29, 2015</b>
	<b>(In thousands, except per share amounts)</b>	
Revenues	\$ 541,497	\$ 546,957
Cost of sales	(316,462)	(339,308)
Gross profit	225,035	207,649
Selling, general and administrative expenses	(122,406)	(140,048)
Research and development	(36,133)	(36,199)
Amortization of intangibles	(25,532)	(26,504)
Operating income	40,964	4,898
Interest expense, net	(24,396)	(23,846)
Income (loss) before taxes	16,568	(18,948)
Income tax expense	(143)	(688)
Net income (loss)	16,425	(19,636)
Less: Net loss attributable to noncontrolling interest	(99)	-
Net income (loss) attributable to Belden stockholders	\$ 16,524	\$ (19,636)
Weighted average number of common shares and equivalents:		
Basic	42,008	42,535
Diluted	42,440	42,535
Basic income (loss) per share attributable to Belden stockholders	\$ 0.39	\$ (0.46)
Diluted income (loss) per share attributable to Belden stockholders	\$ 0.39	\$ (0.46)
Dividends declared per share	\$ 0.05	\$ 0.05

# Operating Segment Reconciliation to Consolidated Results

Unaudited

	<b>Three Months Ended</b>		
	<b>April 3, 2016</b>	<b>March 29, 2015</b>	<b>December 31, 2015</b>
	(In thousands)		
Total Segment Revenues	\$ 543,800	\$ 569,451	\$ 602,504
Deferred revenue adjustments	(2,303)	(22,494)	(5,260)
Consolidated Revenues	<u>\$ 541,497</u>	<u>\$ 546,957</u>	<u>\$ 597,244</u>
Total Segment EBITDA	\$ 90,066	\$ 88,297	\$ 115,064
Income (loss) from equity method investment	(170)	768	311
Eliminations	(831)	(559)	(752)
Consolidated Adjusted EBITDA (1)	89,065	88,506	114,623
Depreciation expense	(11,663)	(11,541)	(11,500)
Amortization of intangibles	(25,532)	(26,504)	(25,701)
Severance, restructuring, and acquisition integration costs	(8,408)	(14,483)	(13,637)
Deferred gross profit adjustments	(2,303)	(21,658)	(6,450)
Purchase accounting effects related to acquisitions	(195)	(9,422)	(325)
Consolidated operating income	40,964	4,898	57,010
Interest expense, net	(24,396)	(23,846)	(26,582)
Consolidated income (loss) before taxes	<u>\$ 16,568</u>	<u>\$ (18,948)</u>	<u>\$ 30,428</u>

(1) Consolidated Adjusted EBITDA is a non-GAAP measure. See Reconciliation of Non-GAAP Measures for additional information.

# Balance Sheet

	<u>April 3, 2016</u>	<u>December 31, 2015</u>
	(Unaudited)	
	(In thousands)	
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 146,264	\$ 216,751
Receivables, net	346,210	387,386
Inventories, net	215,947	195,942
Other current assets	44,489	37,079
Total current assets	<u>752,910</u>	<u>837,158</u>
Property, plant and equipment, less accumulated depreciation	316,435	310,629
Goodwill	1,406,058	1,385,115
Intangible assets, less accumulated amortization	642,939	655,871
Deferred income taxes	36,481	34,295
Other long-lived assets	68,772	67,534
	<u>\$ 3,223,595</u>	<u>\$ 3,290,602</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 208,921	\$ 223,514
Accrued liabilities	281,392	323,249
Current maturities of long-term debt	2,500	2,500
Total current liabilities	<u>492,813</u>	<u>549,263</u>
Long-term debt	1,689,664	1,725,282
Postretirement benefits	107,054	105,230
Deferred income taxes	49,341	46,034
Other long-term liabilities	45,416	39,270
Stockholders' equity:		
Common stock	503	503
Additional paid-in capital	606,591	605,660
Retained earnings	694,119	679,716
Accumulated other comprehensive loss	(60,705)	(58,987)
Treasury stock	(402,524)	(402,793)
Total Belden stockholders' equity	<u>837,984</u>	<u>824,099</u>
Noncontrolling interest	<u>1,323</u>	<u>1,424</u>
Total stockholders' equity	<u>839,307</u>	<u>825,523</u>
	<u>\$ 3,223,595</u>	<u>\$ 3,290,602</u>



# Cash Flow Statement

Unaudited

	<b>Three Months Ended</b>	
	<b>April 3, 2016</b>	<b>March 29, 2015</b>
	(In thousands)	
Cash flows from operating activities:		
Net income (loss)	\$ 16,425	\$ (19,636)
Adjustments to reconcile net income (loss) to net cash provided by (used for) operating activities:		
Depreciation and amortization	37,195	38,045
Share-based compensation	4,100	5,006
Tax deficiency (benefit) related to share-based compensation	67	(3,690)
Changes in operating assets and liabilities, net of the effects of currency exchange rate changes and acquired businesses:		
Receivables	45,098	10,341
Inventories	(16,625)	(18,211)
Accounts payable	(17,187)	(34,562)
Accrued liabilities	(52,607)	(23,965)
Accrued taxes	(6,395)	(50)
Other assets	(1,226)	(2,406)
Other liabilities	3,834	923
Net cash provided by (used for) operating activities	<u>12,679</u>	<u>(48,205)</u>
Cash flows from investing activities:		
Cash used to acquire businesses, net of cash acquired	(15,348)	(695,345)
Capital expenditures	(13,431)	(15,456)
Proceeds from disposal of tangible assets	10	6
Net cash used for investing activities	<u>(28,769)</u>	<u>(710,795)</u>
Cash flows from financing activities:		
Payments under borrowing arrangements	(50,625)	-
Withholding tax payments for share-based payment awards, net of proceeds from the exercise of stock options	(2,833)	(10,842)
Cash dividends paid	(2,101)	(2,140)
Tax benefit (deficiency) related to share-based compensation	(67)	3,690
Borrowings under credit arrangements	-	200,000
Debt issuance costs paid	-	(622)
Net cash provided by (used for) financing activities	<u>(55,626)</u>	<u>190,086</u>
Effect of foreign currency exchange rate changes on cash and cash equivalents	<u>1,229</u>	<u>(5,548)</u>
Decrease in cash and cash equivalents	(70,487)	(574,462)
Cash and cash equivalents, beginning of period	216,751	741,162
Cash and cash equivalents, end of period	<u>\$ 146,264</u>	<u>\$ 166,700</u>

# GAAP to Non-GAAP Reconciliation

Unaudited

In addition to reporting financial results in accordance with accounting principles generally accepted in the United States, we provide non-GAAP operating results adjusted for certain items, including: asset impairments; accelerated depreciation expense due to plant consolidation activities; purchase accounting effects related to acquisitions, such as the adjustment of acquired inventory and deferred revenue to fair value and transaction costs; severance, restructuring, and acquisition integration costs; gains (losses) recognized on the disposal of businesses and tangible assets; amortization of intangible assets; gains (losses) on debt extinguishment; discontinued operations; and other costs. We utilize the adjusted results to review our ongoing operations without the effect of these adjustments and for comparison to budgeted operating results. We believe the adjusted results are useful to investors because they help them compare our results to previous periods and provide important insights into underlying trends in the business and how management oversees our business operations on a day-to-day basis. Adjusted results should be considered only in conjunction with results reported according to accounting principles generally accepted in the United States.

	Three Months Ended		
	April 3, 2016	March 29, 2015	December 31, 2015
(In thousands, except percentages and per share amounts)			
GAAP revenues	\$ 541,497	\$ 546,957	\$ 597,244
Deferred revenue adjustments	2,303	22,494	5,260
Adjusted revenues	<u>\$ 543,800</u>	<u>\$ 569,451</u>	<u>\$ 602,504</u>
GAAP gross profit	\$ 225,034	\$ 207,649	\$ 250,117
Deferred gross profit adjustments	2,303	21,658	6,450
Severance, restructuring, and acquisition integration costs	2,298	1,466	3,074
Purchase accounting effects related to acquisitions	195	267	-
Adjusted gross profit	<u>\$ 229,830</u>	<u>\$ 231,040</u>	<u>\$ 259,641</u>
GAAP gross profit margin	41.6%	38.0%	41.9%
Adjusted gross profit margin	42.3%	40.6%	43.1%
GAAP operating income	\$ 40,964	\$ 4,898	\$ 57,010
Amortization of intangible assets	25,532	26,504	25,701
Severance, restructuring, and acquisition integration costs	8,408	14,483	13,637
Deferred gross profit adjustments	2,303	21,658	6,450
Accelerated depreciation	206	140	81
Purchase accounting effects related to acquisitions	195	9,422	325
Total operating income adjustments	<u>36,644</u>	<u>72,207</u>	<u>46,194</u>
Depreciation expense	11,457	11,401	11,419
Adjusted EBITDA	<u>\$ 89,065</u>	<u>\$ 88,506</u>	<u>\$ 114,623</u>
GAAP operating income margin	7.6%	0.9%	9.5%
Adjusted EBITDA margin	16.4%	15.5%	19.0%
GAAP net income (loss)	\$ 16,425	\$ (19,636)	\$ 49,656
Operating income adjustments from above	36,644	72,207	46,194
Tax effect of adjustments	(10,494)	(9,309)	(26,558)
Adjusted net income	<u>\$ 42,575</u>	<u>\$ 43,262</u>	<u>\$ 69,292</u>
GAAP net income (loss)	\$ 16,425	\$ (19,636)	\$ 49,656
Less: Net loss attributable to noncontrolling interest	(99)	-	(24)
GAAP net income (loss) attributable to Belden stockholders	<u>\$ 16,524</u>	<u>\$ (19,636)</u>	<u>\$ 49,680</u>
Adjusted net income	\$ 42,575	\$ 43,262	\$ 69,292
Less: Net loss attributable to noncontrolling interest	(99)	-	(24)
Less: Amortization expense attributable to noncontrolling interest, net of tax	16	-	5
Adjusted net income attributable to Belden stockholders	<u>\$ 42,658</u>	<u>\$ 43,262</u>	<u>\$ 69,311</u>
GAAP income (loss) per diluted share attributable to Belden stockholders	\$ 0.39	\$ (0.46)	\$ 1.17
Adjusted income per diluted share attributable to Belden stockholders	\$ 1.01	\$ 1.00	\$ 1.63
GAAP diluted weighted average shares	42,440	42,535	42,482
Adjustment for anti-dilutive shares that are dilutive under adjusted measures	-	677	-
Adjusted diluted weighted average shares	<u>42,440</u>	<u>43,212</u>	<u>42,482</u>

# Free Cash Flow GAAP to Non-GAAP Reconciliation

Unaudited

We define free cash flow, which is a non-GAAP financial measure, as net cash from operating activities adjusted for capital expenditures net of the proceeds from the disposal of tangible assets. We believe free cash flow provides useful information to investors regarding our ability to generate cash from business operations that is available for acquisitions and other investments, service of debt principal, dividends and share repurchases. We use free cash flow, as defined, as one financial measure to monitor and evaluate performance and liquidity. Non-GAAP financial measures should be considered only in conjunction with financial measures reported according to accounting principles generally accepted in the United States. Our definition of free cash flow may differ from definitions used by other companies.

	<b>Three Months Ended April 3, 2016</b>	<b>Three Months Ended March 29, 2015</b>
	<b>(In thousands)</b>	
GAAP net cash provided by (used for) operating activities	\$ 12,679	\$ (48,205)
Capital expenditures, net of proceeds from the disposal of tangible assets	(13,421)	(15,450)
Non-GAAP free cash flow	<u>\$ (742)</u>	<u>\$ (63,655)</u>

# Reconciliation of Non-GAAP Measures

## 2016 Revenue and Earnings Guidance

	<b>Year Ended</b> <b>December 31, 2016</b>	<b>Three Months Ended</b> <b>July 3, 2016</b>
Adjusted revenues	\$2.320 - \$2.370 billion	\$570 - \$590 million
Deferred revenue adjustments	(\$7 million)	(\$2 million)
GAAP revenues	<u>\$2.313 - \$2.363 billion</u>	<u>\$568 - \$588 million</u>
Adjusted income per diluted share attributable to Belden stockholders	\$5.15 - \$5.45	\$1.20 - \$1.30
Amortization of intangible assets	(\$1.64)	(\$0.43)
Severance, restructuring, and acquisition integration costs	(\$0.56)	(\$0.12)
Deferred gross profit adjustments	(\$0.11)	(\$0.03)
GAAP income per diluted share attributable to Belden stockholders	<u>\$2.84 - \$3.14</u>	<u>\$0.62 - \$0.72</u>

Our guidance for revenues and income per diluted share attributable to Belden stockholders is based upon information currently available regarding events and conditions that will impact our future operating results. In particular, our results are subject to the factors listed below regarding forward-looking statements. In addition, our actual results are likely to be impacted by other additional events for which information is not available, such as asset impairments, purchase accounting effects related to acquisitions, severance, restructuring, and acquisition integration costs, gains (losses) recognized on the disposal of tangible assets, gains (losses) on debt extinguishment, discontinued operations, and other gains (losses) related to events or conditions that are not yet known.