

Q4 & FY’25 Financial Results




November 3, 2025

Today’s Presenters

SANMINA

Jure Sola
Chairman & CEO

Jon Faust
EVP & CFO

Safe Harbor Statement

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Certain statements made during this presentation, including our financial outlook for the first quarter fiscal 2026 and expectations for growth generally, constitute forward-looking statements within the meaning of the safe harbor provisions of Section 21E of the Securities Exchange Act of 1934. Actual results could differ materially from those projected in these statements as a result of a number of factors, including the risk that the expected benefits from the ZT Systems acquisition may not be realized or may take longer to realize than anticipated; adverse changes in the key markets we target, in particular the cloud and AI infrastructure sectors; the impact of recent or future changes in tariffs and trade policy, which may adversely affect our costs, supply chain, and customer demand; significant uncertainties that can cause our future sales, earnings, and cash flows to be variable; our reliance on a limited number of customers for a substantial portion of our sales; risks arising from our international operations and expansion into new geographic markets; integration risks related to combining ZT Systems’ manufacturing operations with our own; geopolitical uncertainty, and the other risk factors set forth in the Company's annual and quarterly reports filed with the Securities Exchange Commission. In addition, during the course of today's presentation, we will refer to certain non-GAAP financial information. A reconciliation of such non-GAAP financial information to their most directly comparable GAAP measures are included on slide 26 of this presentation.

The Company is under no obligation to (and expressly disclaims any such obligation to) update or alter any of the forward-looking statements made in this earnings release, the conference call or the Investor Relations section of our website whether as a result of new information, future events or otherwise, unless otherwise required by law.

FY’25 Highlights

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Revenue	Non-GAAP Operating Margin	Non-GAAP Diluted EPS	Cash Flow From Operations
$8.13B	5.7%	$6.04	$621M

- 7.4% Y/Y revenue growth
- Double digit Y/Y growth in Communications Networks, Cloud and AI Infrastructure, Medical, and Defense and Aerospace
- Non-GAAP operating margin expanded 30 bps Y/Y
- Non-GAAP diluted EPS growth 14.4% Y/Y

Results In Line With Outlook Provided at Beginning of the Year

Refer to GAAP to non-GAAP reconciliation on slide 26.

Financial Overview
Jon Faust

Non-GAAP Financial Highlights (Actual vs Outlook)

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	Q4 FY'25	Outlook WAS
Revenue:	**$2.1B**	$2.0B - $2.1B
Gross Margin:	**9.4%**	8.7% - 9.2%
Operating Margin:	**6.0%**	5.5% - 6.0%
Diluted EPS:	**$1.67**	$1.52 - $1.62

Strong Operational Execution

Refer to GAAP to non-GAAP reconciliation on slide 26.

Q/Q Non-GAAP P&L Performance

($ in millions, except per share data)

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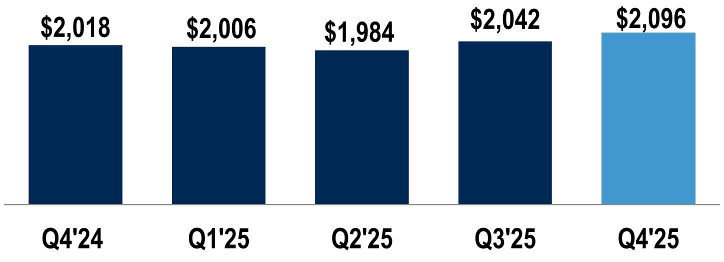
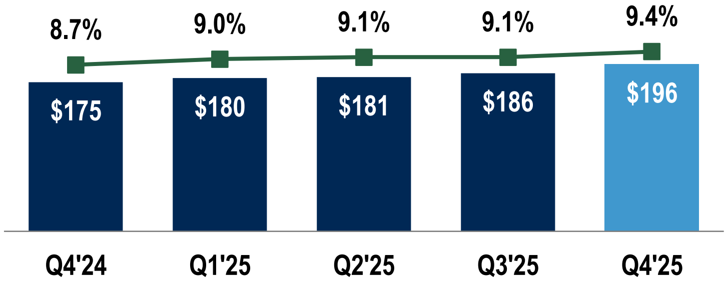
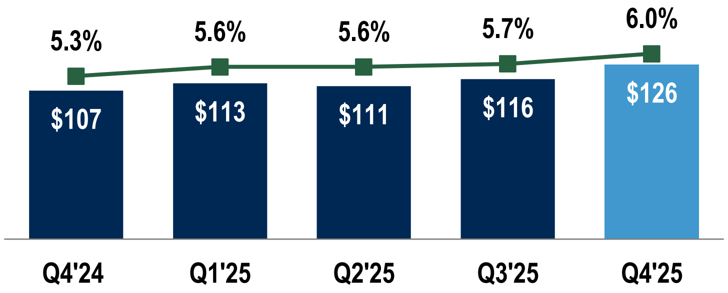
Revenue



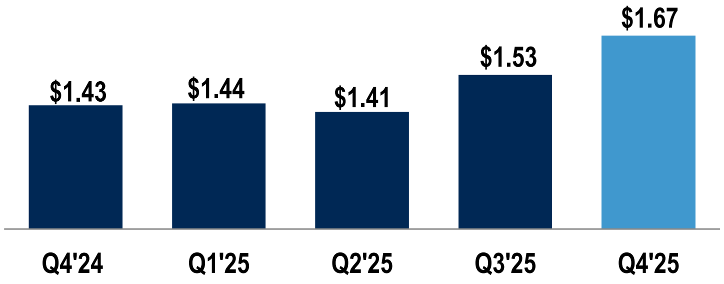
Non-GAAP Gross Margin



Non-GAAP Operating Margin



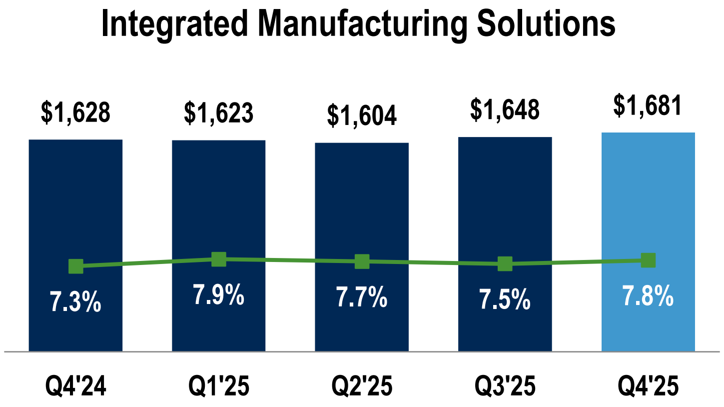
Non-GAAP Diluted EPS

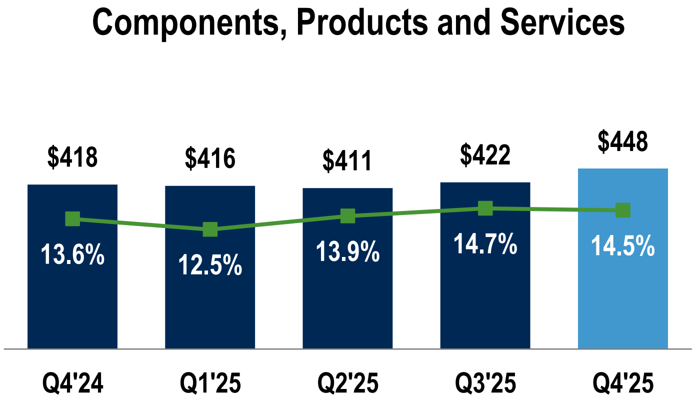


Refer to GAAP to non-GAAP reconciliation on slide 26.

Segment Reporting: Revenue and Non-GAAP Gross Margin*

($ in millions)



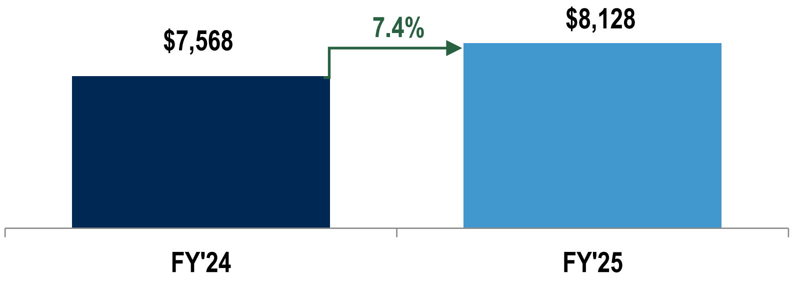


*Revenue and non-GAAP gross margin for IMS segment and CPS category includes inter-segment revenues that are eliminated under GAAP, and in the case of gross margin, excludes the same items that are excluded from the calculation of non-GAAP gross margin for the consolidated business.

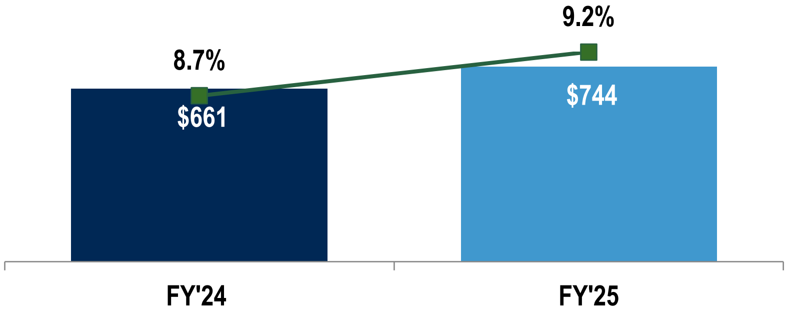
Y/Y Non-GAAP P&L Performance

($ in millions, except per share data)

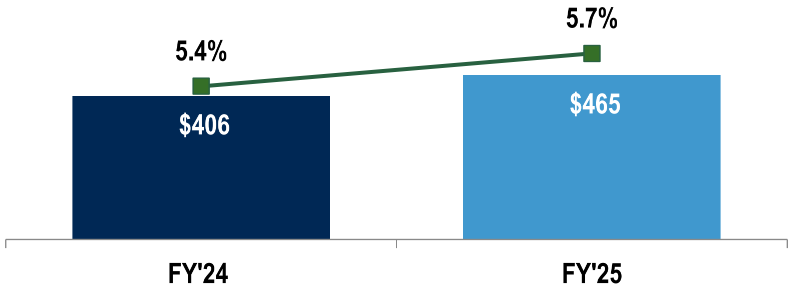
Revenue



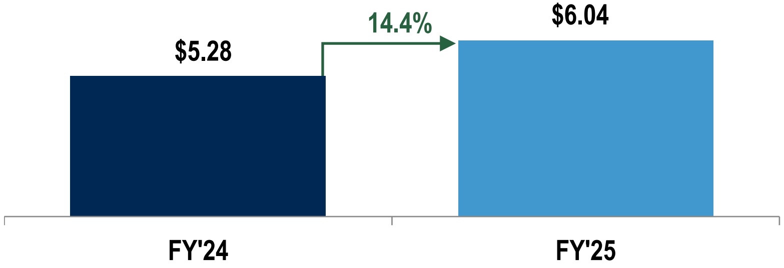
Non-GAAP Gross Profit / Margin



Non-GAAP Operating Income / Margin



Non-GAAP Diluted EPS



Refer to GAAP to non-GAAP reconciliation on slide 26.

Balance Sheet Highlights
($ in millions)

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		9/27/2025
Cash and cash equivalents		926
Accounts receivable, net		1,400
Contract assets		426
Inventories		1,988
Property, plant and equipment, net		682
Deferred income tax assets		171
Other assets		265
Total assets	$	5,858
Accounts payable		1,579
Deferred revenue and customer advances		878
Short-term debt		18
Long-term debt		283
Other liabilities		561
Total stockholders' equity		2,539
Total liabilities and stockholders' equity	$	5,858

Key Takeaways:

- Strong cash position
- No borrowings under $800M Revolver at quarter end
- Q4 non-GAAP pre-tax ROIC: 28.3%
- Gross leverage ratio of 0.32x

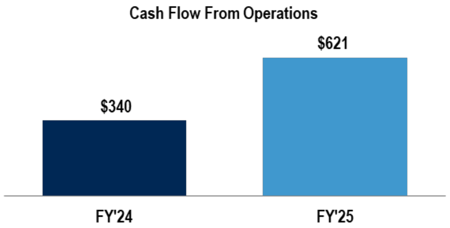
Robust Balance Sheet Enables Us to Effectively Execute Our Strategic Initiatives

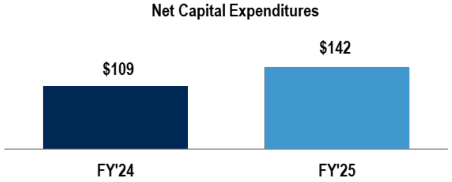
Notes:
See reconciliation of GAAP pre-tax ROIC to non-GAAP pre-tax ROIC on slide 28.
Leverage ratio is the ratio of debt to cash and cash equivalents.
Refer to full balance sheet on slide 24.

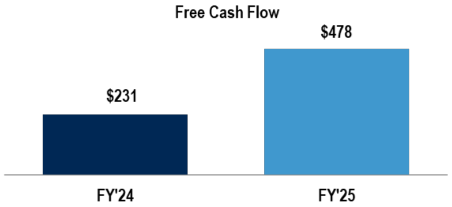
Q4 and FY'25 Cash Flow Highlights

($ in millions)

Cash Flow from Operations:	▪ $199 million
Net CapEx:	▪ $62 million
Free Cash Flow:	▪ $137 million
Non-GAAP EBITDA:	▪ $156 million ▪ FY'25: $585 million
Share Repurchases:	▪ FY'25: Approximately 1.44 million shares for $113.7 million







Strong FY'25 Free Cash Flow of $478 Million

All figures for Q4 FY'25, unless indicated otherwise.
Free cash flow = Net cash provided by operating activity adjusted for net purchases of property and equipment. Refer to slide 27 for a reconciliation of free cash flow.
Refer to slide 29 for a reconciliation of EBITDA.



ZT Systems Transaction Update




Completion of ZT Systems - Transaction Details

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	Original	Latest	Comments
Closing Date	Near end of CY'25	**October 27, 2025**	▪ Received regulatory approval faster than anticipated
Closing Purchase Price	$3.0 Billion	**$2.05 Billion**	
– Net Working Capital	$2.0 Billion	**$1.05 Billion**	▪ Impacted by timing of closing relative to working capital build; subject to post-close true-up
– Net PP&E	$250 Million	**$250 Million**	▪ No change; three state-of-the-art facilities and includes power purchase assets
– Premium (Cash and Sanmina Equity)	$300 Million	**$300 Million**	▪ No change ▪ $150 million cash, $150 million of equity ▪ 1,151,052 shares at $130.32 price ▪ Lock-up period 3 years split equally over three years
– Contingent Consideration	$450 Million	**$450 Million**	▪ Based on the financial performance of the business over the next 3 years

Strong Balance Sheet & Liquidity Position

Total Funded Debt

Term Loan A	$1,400 Million
Term Loan B	$800 Million
Total Funded Debt	**$2,200 Million**

Targeting 1.0x-2.0x net leverage ratio over time with goal of achieving investment grade rating

Liquidity

Cash[1]	$926 Million
Revolver	$1,500 Million
Term Loan Delayed Draw	$600 Million
Total Liquidity	**$3,026 Million**

Significant available liquidity to support the expected growth of the business

[1] Represents Sanmina cash only. Does not include additional cash currently at ZT.

Q1 FY'26 Outlook

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Revenue	Non-GAAP Operating Margin*	Non-GAAP Diluted EPS*
$2.9B - $3.2B	5.6% - 6.1%	$1.95 - $2.25

- Legacy Sanmina revenue of $2.05 billion to $2.15 billion
- Two months revenue of ZT Systems of $0.85 billion to $1.05 billion
- ZT Systems margin profile in line with legacy Sanmina
- ZT Systems is immediately accretive to non-GAAP diluted EPS

*This is a forward-looking non-GAAP financial measure that cannot be reconciled to its equivalent GAAP financial measure without unreasonable effort.



Business Review
Jure Sola




Overview

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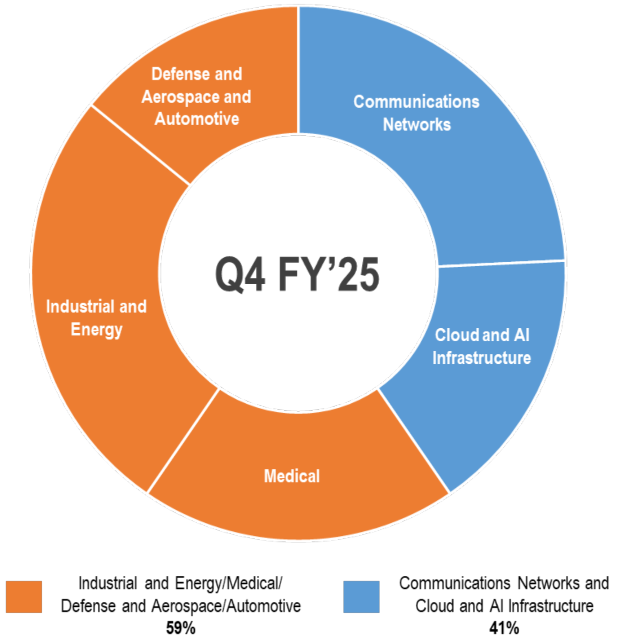
- Q4 strong results
- Revenue and non-GAAP operating margin at the high-end of our outlook
- Non-GAAP gross margin and non-GAAP diluted EPS exceeded our outlook
- FY’25 in line with outlook

Consistent Execution – Driving Financial Performance

Revenue by End-Market

($ in millions)	Q4 FY'24	Q4 FY'25	FY'24	FY'25
Industrial and Energy, Medical, Defense and Aerospace, and Automotive	$1,253	$1,247	$4,916	$5,023
Communications Networks and Cloud and AI Infrastructure	$765	$849	$2,652	$3,105
Total	**$2,018**	**$2,096**	**$7,568**	**$8,128**



FY'25 Top 10 Customers – 51.7% of Revenue

End-Market View: Positive Trends

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Industrial, Medical, Defense and Aerospace, and Automotive




Industrial and Energy	▪ Strong base of customers ▪ New projects in the pipeline to drive growth in FY'26
Medical	▪ Well diversified within the market ▪ Nice growth in FY'26
Defense and Aerospace	▪ Continue to see solid demand ▪ This segment continues to do well, from technology components to full systems
Automotive and Transportation	▪ Short-term softness ▪ Great customer base, new opportunities to drive growth

Communications Networks and Cloud and AI Infrastructure


High Density/Performance Networks	▪ Strong demand for high performance switches and enterprise storage ▪ Growing optical advanced packaging - 400G, 800G and 1.6T
Cloud and AI Infrastructure	▪ AI/ML - strong growth opportunities ▪ ZT Systems is well positioned in Cloud and AI end-market ▪ Strong pipeline for second half CY'26 and CY'27

Sanmina AI / ZT Systems

"End-to-End" FULL SYSTEM INTEGRATION AT SCALE

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Architecture Design → *Firmware & Software Engineering* → *Electro-Mechanical & Integration* → *Test Validation* → *Regulatory & Certification* → *BTO/CTO Fulfillment*

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Stronger Together - Accelerating the Future of Cloud and AI Infrastructure

Sanmina's Priorities

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1 Focus on Customers

2 Execute on ZT Systems Opportunities

3 Drive Profitable Growth

Maximize Shareholder Value

Summary

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- Finished FY'25 with strong momentum
- Executing on the transformation from a position of strength
- Expect legacy Sanmina business to continue to grow high single digits
- Expect solid growth in Cloud and AI end-market in second half of CY'26 and 2027
- Our capabilities in Cloud and AI will bring solutions from concept to deployment with quality, speed and flexibility at scale
- Manufacturing footprint aligned to support customers' global production requirements, strong U.S. presence

Great Opportunities to Drive Profitable Growth

Consolidated Financial Statements
Reconciliation of
GAAP vs. Non-GAAP

Sanmina Corporation

Condensed Consolidated Balance Sheets

(in thousands)

(GAAP)

(Unaudited)

	September 27, 2025	September 28, 2024
ASSETS		
Current assets:		
Cash and cash equivalents	$ 926,267	$ 625,860
Accounts receivable, net	1,400,129	1,337,562
Contract assets	425,944	384,077
Inventories	1,988,462	1,443,629
Prepaid expenses and other current assets	124,656	79,301
Total current assets	4,865,458	3,870,429
Property, plant and equipment, net	682,354	616,067
Deferred income tax assets	171,218	160,703
Other assets	139,143	175,646
Total assets	$ 5,858,173	$ 4,822,845
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 1,578,895	$ 1,441,984
Accrued liabilities	179,605	132,513
Deferred revenue and customer advances	878,474	215,553
Accrued payroll and related benefits	167,541	133,129
Short-term debt, including current portion of long-term debt	17,500	17,500
Total current liabilities	2,822,015	1,940,679
Long-term liabilities:		
Long-term debt	282,974	299,823
Other liabilities	214,021	220,835
Total long-term liabilities	496,995	520,658
Stockholders' equity	2,539,163	2,361,508
Total liabilities and stockholders' equity	$ 5,858,173	$ 4,822,845

Sanmina Corporation
Condensed Consolidated Statements of Income
(in thousands, except per share amounts)
(GAAP)
(Unaudited)

	Three Months Ended		Twelve Months Ended	
	September 27, 2025	September 28, 2024	September 27, 2025	September 28, 2024
Net sales	$ 2,096,392	$ 2,017,505	$ 8,128,382	$ 7,568,328
Cost of sales	1,905,235	1,846,212	7,412,025	6,927,899
Gross profit	191,157	171,293	716,357	640,429
Operating expenses:				
Selling, general and administrative	73,521	70,490	290,221	266,194
Research and development	8,669	8,243	31,087	28,514
Acquisition and integration charges	27,082	—	34,162	—
Restructuring	3,420	2,970	6,319	10,227
Total operating expenses	112,692	81,703	361,789	304,935
Operating income	78,465	89,590	354,568	335,494
Interest income	4,536	2,799	15,855	12,440
Interest expense	(5,190)	(5,047)	(20,151)	(29,183)
Other income (expense), net	(4,474)	(564)	(10,844)	(1,216)
Interest and other, net	(5,128)	(2,812)	(15,140)	(17,959)
Income before income taxes	73,337	86,778	339,428	317,535
Provision for income taxes	21,364	19,438	73,168	79,784
Net income before noncontrolling interest	51,973	67,340	266,260	237,751
Less: Net income attributable to noncontrolling interest	3,907	5,959	20,367	15,215
Net income attributable to common shareholders	$ 48,066	$ 61,381	$ 245,893	$ 222,536
Net income attributable to common shareholders per share:				
Basic	$ 0.90	$ 1.12	$ 4.56	$ 4.00
Diluted	$ 0.88	$ 1.09	$ 4.46	$ 3.91
Weighted-average shares used in computing per share amounts:				
Basic	53,567	54,783	53,947	55,592
Diluted	54,860	56,235	55,178	56,970

Sanmina Corporation
Reconciliation of GAAP to Non-GAAP Measures
(in thousands, except per share amounts)
(Unaudited)

	Three Months Ended					Twelve Months Ended	
	September 27, 2025	**June 28, 2025**	**March 29, 2025**	**December 28, 2024**	**September 28, 2024**	**September 27, 2025**	**September 28, 2024**
GAAP Gross profit	$ 191,157	$ 181,050	$ 176,235	$ 167,915	$ 171,293	$ 716,357	$ 640,429
GAAP Gross margin	9.1 %	8.9 %	8.9 %	8.4 %	8.5 %	8.8 %	8.5 %
Adjustments							
Stock compensation expense (1)	5,225	4,956	4,931	5,024	4,700	20,136	17,493
Legal (3)	—	—	—	450	(500)	450	850
Distressed customer charges (4)	—	—	159	6,703	—	6,862	1,786
Non-GAAP Gross profit	**$ 196,382**	**$ 186,006**	**$ 181,325**	**$ 180,092**	**$ 175,493**	**$ 743,805**	**$ 660,558**
Non-GAAP Gross margin	**9.4 %**	**9.1 %**	**9.1 %**	**9.0 %**	**8.7 %**	**9.2 %**	**8.7 %**
GAAP Operating expenses	$ 112,692	$ 85,173	$ 84,619	$ 79,305	$ 81,703	$ 361,789	$ 304,935
Adjustments							
Stock compensation expense (1)	(11,008)	(11,125)	(10,859)	(10,268)	(10,789)	(43,260)	(39,914)
Acquisition and integration costs (2)	(27,082)	(7,080)	—	—	—	(34,162)	—
Legal (3)	(1,250)	—	—	—	220	(1,250)	(280)
Distressed customer charges (4)	—	—	—	(169)	—	(169)	(13)
Restructuring and others	(3,420)	3,335	(3,081)	(1,436)	(2,970)	(4,602)	(10,227)
Non-GAAP Operating expenses	**$ 69,932**	**$ 70,303**	**$ 70,679**	**$ 67,432**	**$ 68,164**	**$ 278,346**	**$ 254,501**
GAAP Operating income	$ 78,465	$ 95,877	$ 91,616	$ 88,610	$ 89,590	$ 354,568	$ 335,494
GAAP Operating margin	3.7 %	4.7 %	4.6 %	4.4 %	4.4 %	4.4 %	4.4 %
Adjustments							
Stock compensation expense (1)	16,233	16,081	15,790	15,292	15,489	63,396	57,407
Legal (3)	1,250	—	—	450	(720)	1,700	1,130
Distressed customer charges (4)	—	—	159	6,872	—	7,031	1,799
Acquisition and integration costs (2)	27,082	7,080	—	—	—	34,162	—
Restructuring and others	3,420	(3,335)	3,081	1,436	2,970	4,602	10,227
Non-GAAP Operating income	**$ 126,450**	**$ 115,703**	**$ 110,646**	**$ 112,660**	**$ 107,329**	**$ 465,459**	**$ 406,057**
Non-GAAP Operating margin	**6.0 %**	**5.7 %**	**5.6 %**	**5.6 %**	**5.3 %**	**5.7 %**	**5.4 %**
GAAP Interest and other, net	$ (5,128)	$ (4,467)	$ (3,211)	$ (2,334)	$ (2,812)	$ (15,140)	$ (17,959)
Adjustments							
Legal (3)	—	—	—	—	—	—	(4,967)
Non-GAAP Interest and other, net	**$ (5,128)**	**$ (4,467)**	**$ (3,211)**	**$ (2,334)**	**$ (2,812)**	**$ (15,140)**	**$ (22,926)**
GAAP Provision for income taxes	$ 21,364	$ 18,522	$ 17,890	$ 15,392	$ 19,438	$ 73,168	$ 79,784
Adjustments for taxes (5)	4,604	4,849	5,201	8,880	(1,175)	23,534	(12,736)
Non-GAAP Provision for income taxes	**$ 25,968**	**$ 23,371**	**$ 23,091**	**$ 24,272**	**$ 18,263**	**$ 96,702**	**$ 67,048**
GAAP Net income attributable to common shareholders	$ 48,066	$ 68,616	$ 64,208	$ 65,003	$ 61,381	$ 245,893	$ 222,536
Adjustments:							
Operating income adjustments (see above)	47,985	19,826	19,030	24,050	17,739	110,891	70,563
Legal (3)	—	—	—	—	—	—	(4,967)
Adjustments for taxes (5)	(4,604)	(4,849)	(5,201)	(8,880)	1,175	(23,534)	12,736
Non-GAAP Net income attributable to common shareholders	**$ 91,447**	**$ 83,593**	**$ 78,037**	**$ 80,173**	**$ 80,295**	**$ 333,250**	**$ 300,868**
GAAP Net income attributable to common shareholders per share:							
Basic	**$ 0.90**	**$ 1.28**	**$ 1.18**	**$ 1.20**	**$ 1.12**	**$ 4.56**	**$ 4.00**
Diluted	**$ 0.88**	**$ 1.26**	**$ 1.16**	**$ 1.16**	**$ 1.09**	**$ 4.46**	**$ 3.91**
Non-GAAP Net income attributable to common shareholders per share:							
Basic	**$ 1.71**	**$ 1.56**	**$ 1.43**	**$ 1.48**	**$ 1.47**	**$ 6.18**	**$ 5.41**
Diluted	**$ 1.67**	**$ 1.53**	**$ 1.41**	**$ 1.44**	**$ 1.43**	**$ 6.04**	**$ 5.28**
Weighted-average shares used in computing per share amounts:							
Basic	**53,567**	**53,614**	**54,405**	**54,206**	**54,783**	**53,947**	**55,592**
Diluted	**54,860**	**54,493**	**55,511**	**55,853**	**56,235**	**55,178**	**56,970**

(1) Stock compensation expense w as as follow s:

	September 27, 2025	**June 28, 2025**	**March 29, 2025**	**December 28, 2024**	**September 28, 2024**	**September 27, 2025**	**September 28, 2024**
Cost of sales	$ 5,225	$ 4,956	$ 4,931	$ 5,024	$ 4,700	$ 20,136	$ 17,493
Selling, general and administrative	10,621	10,811	10,580	9,962	10,461	41,974	38,867
Research and development	387	314	279	306	328	1,286	1,047
Total	**$ 16,233**	**$ 16,081**	**$ 15,790**	**$ 15,292**	**$ 15,489**	**$ 63,396**	**$ 57,407**

(2) Relates to fees on the bridge loan facility as w ell as professional and legal fees incurred in connection w ith the acquisition of ZT Group Int'l, Inc. from AMD Design, LLC.

(3) Represents expenses, charges and recoveries associated w ith certain legal matters.

(4) Relates to accounts receivable and inventory w rite-dow ns associated w ith distressed customers.

(5) Adjustments for taxes include the tax effects of the various adjustments that w e exclude from our non-GAAP measures, and adjustments related to deferred tax and discrete tax items.

Sanmina Corporation
Condensed Consolidated Cash Flow
(in thousands)
(GAAP)
(Unaudited)

	Three Months Ended		Twelve Months Ended	
	September 27, 2025	September 28, 2024	September 27, 2025	September 28, 2024
Net income before noncontrolling interest	$ 51,973	$ 67,340	$ 266,260	$ 237,751
Depreciation	29,653	31,654	119,466	122,418
Other, net	(2,991)	30,110	45,920	86,637
Net change in net w orking capital	120,444	(77,229)	189,011	(106,590)
Cash provided by operating activities	199,079	51,875	620,657	340,216
Purchases of investments	(340)	(3,300)	(15,040)	(5,200)
Proceeds from sales of investments	—	—	49,309	—
Net purchases of property, plant and equipment	(62,304)	(22,597)	(142,476)	(109,196)
Cash used in investing activities	(62,644)	(25,897)	(108,207)	(114,396)
Net sales (repurchases) of shares and other	624	(60,229)	(113,320)	(222,295)
Net borrow ing activities	(4,375)	—	(17,500)	(21,570)
Payments for tax w ithholding on stock-based compensation	(4,473)	(183)	(43,020)	(25,842)
Cash used for financing activities	(8,224)	(60,412)	(173,840)	(269,707)
Effect of exchange rate changes	289	2,585	1,750	2,177
Net change in cash, cash equivalents and restricted cash equivalents	$ 128,500	$ (31,849)	$ 340,360	$ (41,710)
Free cash flow :				
Cash provided by operating activities	$ 199,079	$ 51,875	$ 620,657	$ 340,216
Net purchases of property, plant and equipment	(62,304)	(22,597)	(142,476)	(109,196)
	$ 136,775	$ 29,278	$ 478,181	$ 231,020

Sanmina Corporation
Pre-Tax Return on Invested Capital (ROIC)
($ in thousands)
(Unaudited)

		Three Months Ended	
		September 27, 2025	September 28, 2024
GAAP Operating income		$ 78,465	$ 89,590
	x	4.0	4.0
Annualized GAAP Operating income		313,860	358,360
Average invested capital (1)	÷	1,784,820	1,865,140
GAAP Pre-tax ROIC		**17.6 %**	**19.2 %**
Non-GAAP Operating income		$ 126,450	$ 107,329
	x	4.0	4.0
Annualized non-GAAP Operating income		505,800	429,316
Average invested capital (1)	÷	1,784,820	1,865,140
Non-GAAP Pre-tax ROIC		**28.3 %**	**23.0 %**

(1) Invested capital is defined as total assets (not including cash and cash equivalents and deferred tax assets) less total liabilities (excluding short-term and long-term debt). Average invested capital is the average of invested capital as at the end of current and prior quarter.

Sanmina Corporation

Reconciliation of GAAP to Non-GAAP Measures: EBITDA

(in thousands)

(Unaudited)

	Three Months Ended		Twelve Months Ended	
	September 27, 2025	September 28, 2024	September 27, 2025	September 28, 2024
EBITDA				
GAAP Operating Income	$ 78,465	$ 89,590	$ 354,568	$ 335,494
Depreciation	29,653	31,654	119,466	122,418
GAAP EBITDA	**$ 108,118**	**$ 121,244**	**$ 474,034**	**$ 457,912**
GAAP EBITDA Margin	**5.2 %**	**6.0 %**	**5.8 %**	**6.1 %**
Non-GAAP Operating Income	$ 126,450	$ 107,329	$ 465,459	$ 406,057
Depreciation	29,653	31,654	119,466	122,418
Non-GAAP EBITDA	**$ 156,103**	**$ 138,983**	**$ 584,925**	**$ 528,475**
Non-GAAP EBITDA Margin	**7.4 %**	**6.9 %**	**7.2 %**	**7.0 %**

Schedule 1

The statements above and financial information provided in the fourth quarter earnings release include non-GAAP measures of gross profit, gross margin, operating income, operating margin, net income, earnings per share, ROIC and EBITDA. Management excludes from these measures stock-based compensation, restructuring, acquisition and integration expenses, impairment charges, amortization charges and other unusual or infrequent items, as adjusted for taxes, as more fully described below.

Management excludes these items principally because such charges or benefits are not directly related to the Company's ongoing core business operations. We use such non-GAAP measures in order to (1) make more meaningful period-to-period comparisons of the Company's operations, both internally and externally, (2) guide management in assessing the performance of the business, internally allocating resources and making decisions in furtherance of Company's strategic plan, (3) provide investors with a better understanding of how management plans and measures the business and (4) provide investors with a better understanding of our ongoing, core business. The material limitations to management's approach include the fact that the charges, benefits and expenses excluded are nonetheless charges, benefits and expenses required to be recognized under GAAP and, in some cases, consume cash which reduces the Company's liquidity. Management compensates for these limitations primarily by reviewing GAAP results to obtain a complete picture of the Company's performance and by including a reconciliation of non-GAAP results to GAAP results in its earnings releases.

Additional information regarding the economic substance of each exclusion, management's use of the resultant non-GAAP measures, the material limitations of management's approach and management's methods for compensating for such limitations is provided below.

Stock-based Compensation Expense, which consists of non-cash charges for the estimated fair value of equity awards granted to employees and directors, is excluded in order to permit more meaningful period-to-period comparisons of the Company's results since the Company grants different amounts and value of equity awards each quarter. In addition, given the fact that competitors grant different amounts and types of equity awards and may use different valuation assumptions, excluding stock-based compensation permits more accurate comparisons of the Company's core results with those of its competitors.

Restructuring, Acquisition and Integration Expenses, which consist of employee severance, lease termination costs, exit costs, environmental investigation, remediation and related employee costs and other charges primarily related to closing and consolidating manufacturing facilities and those associated with the acquisition and integration of acquired businesses, are excluded because such charges (1) can be driven by the timing of acquisitions and exit activities which are difficult to predict, (2) are not directly related to ongoing business results and (3) generally do not reflect expected future operating expenses. In addition, given the fact that the Company's competitors complete acquisitions and adopt restructuring plans at different times and in different amounts than the Company, excluding these charges or benefits permits more accurate comparisons of the Company's core results with those of its competitors. Items excluded by the Company may be different from those excluded by the Company's competitors and restructuring and integration expenses include both cash and non-cash expenses. Cash expenses reduce the Company's liquidity. Therefore, management also reviews GAAP results including these amounts.

Impairment Charges for Goodwill and Other Assets, which consist of non-cash charges, are excluded because such charges are non-recurring and do not reduce the Company's liquidity. In addition, given the fact that the Company's competitors may record impairment charges at different times, excluding these charges permits more accurate comparisons of the Company's core results with those of its competitors.

Amortization Charges, which consist of non-cash charges impacted by the timing and magnitude of acquisitions of businesses or assets, are also excluded because such charges do not reduce the Company's liquidity. In addition, such charges can be driven by the timing of acquisitions, which is difficult to predict. Excluding these charges permits more accurate comparisons of the Company's core results with those of its competitors because the Company's competitors complete acquisitions at different times and for different amounts than the Company.

Other Unusual or Infrequent Items, such as charges or benefits associated with distressed customers, expenses, charges and recoveries relating to certain legal matters, and gains and losses on sales of assets, are excluded because such items are typically non-recurring, difficult to predict or not directly related to the Company's ongoing or core operations and are therefore not considered by management in assessing the current operating performance of the Company and forecasting earnings trends. However, items excluded by the Company may be different from those excluded by the Company's competitors. In addition, these items include both cash and non-cash expenses. Cash expenses reduce the Company's liquidity. Management compensates for these limitations by reviewing GAAP results including these amounts.

Adjustments for Taxes, which consist of the tax effects of the various adjustments that we exclude from our non-GAAP measures, and adjustments related to deferred tax and discrete tax items. Including these adjustments permits more accurate comparisons of the Company's core results with those of its competitors. We determine the tax adjustments based upon the various applicable effective tax rates. In those jurisdictions in which we do not expect to realize a tax cost or benefit (due to a history of operating losses or other factors), a reduced tax rate is applied.

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Thank you