

LKQ Corporation



Jefferies 2016 Global Automotive Aftermarket Investor Conference

May 25, 2016









Forward Looking Statements

Statements and information included in this presentation that are not purely historical are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 and are made pursuant to the "safe harbor" provisions of such Act .

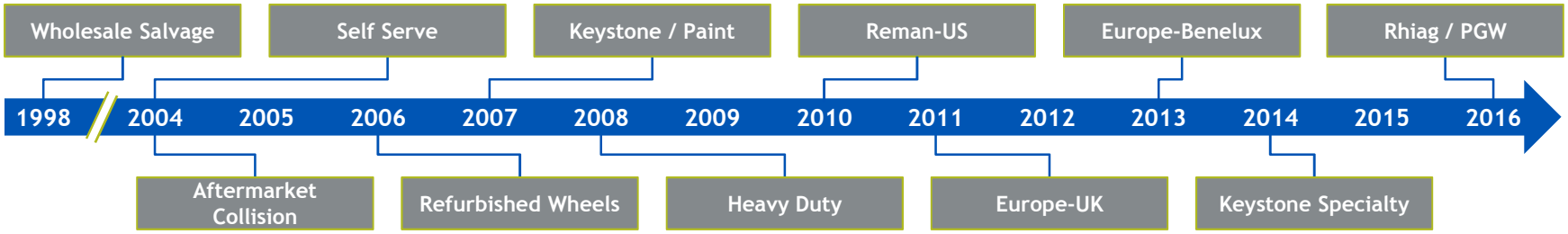
Forward-looking statements include, but are not limited to statements regarding our expectations, intentions, beliefs and strategies regarding the future, including statements regarding trends, cyclicality and changes in the markets we sell into; strategic direction; changes to procurement processes; the cost of compliance with environmental and other laws; expected tax rates; planned capital expenditures; liquidity positions; ability to generate cash from continuing operations; the potential impact of adopting new accounting pronouncements; expected financial results, including revenue and profitability; obligations under our retirement plans; savings or additional costs from business integrations and cost containment programs; and the adequacy of accruals.

All forward-looking statements we make are based on information available to us at the time the statements are made, and we assume no obligation to update any forward-looking statements, except as may be required by law. The potential risks and uncertainties that could cause actual results to differ from the results predicted or implied by our forward-looking statements include, among others, changes in federal or state laws or regulations that affect our business, changes in the types of replacement parts that insurance carriers will accept, fluctuations in the prices of metals, as well as the risks and uncertainties included under the captions "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our Annual Report on Form 10-K for the year ended December 31, 2015 and any of our subsequent Quarterly Reports on Form 10-Q. These reports are available on our investor relations website at lkqcorp.com and on the SEC website at sec.gov.

Mission Statement

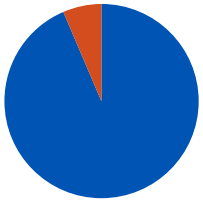
To be the leading global value-added distributor of vehicle parts and accessories by offering our customers the most comprehensive, available and cost effective selection of part solutions while building strong partnerships with our employees and the communities in which we operate.

LKQ's Evolution



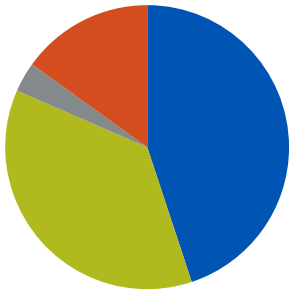
2003

Total Revenue $328M



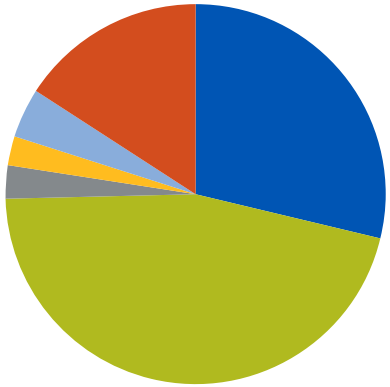
2007

Total Revenue $1.11B



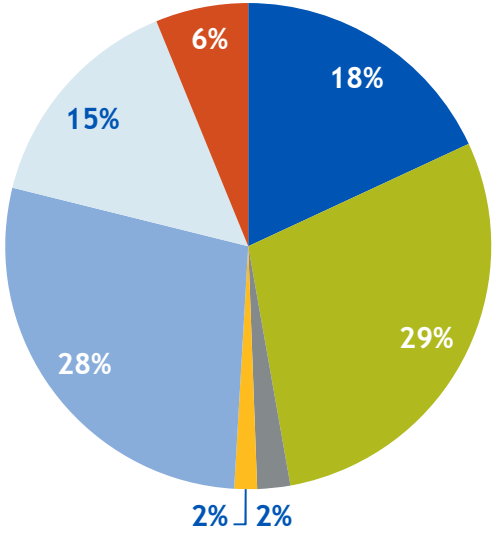
2011

Total Revenue $3.27B



2016*

Total Revenue $7.34B



Recycled Products | Aftermarket NA | Self Service-Parts | Heavy Truck-Parts | European Operations | Specialty | Other

* TTM as of 3/31/2016

Operating Unit Overview

North America

- **Collision**
  - Aftermarket automotive products
  - Recycled & Refurbished
- **Mechanical**
  - Recycled engines & transmissions
  - Remanufactured Engines

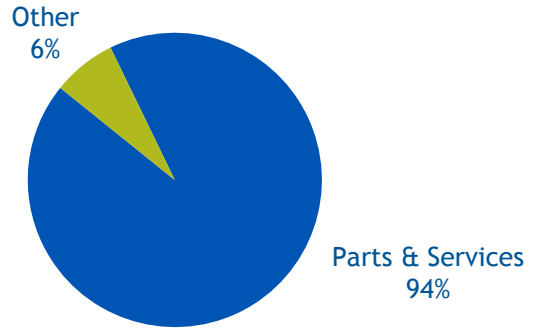
Europe

- **Mechanical**
  - 175,000+ small part SKUs
  - Brakes, filters, hoses, belts, etc.
- **Collision (limited)**
  - Aftermarket (UK)
  - Recycled (Sweden)

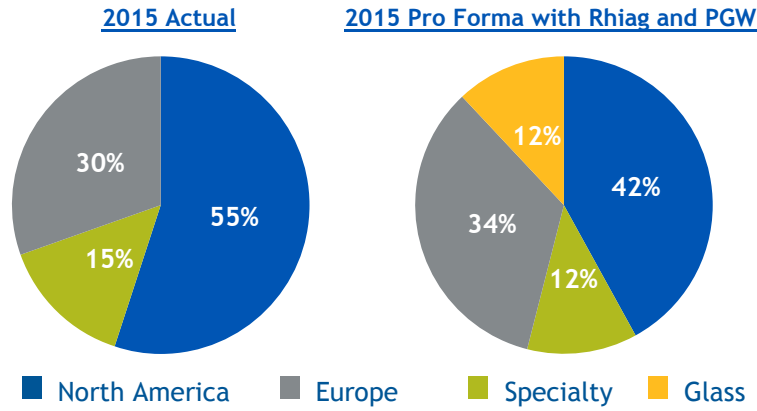
Specialty

- Performance products
- Appearance & accessories
- RV, trailer & other
- Specialty wheels & tires

Revenue (1)



Parts & Services Revenue by Business Line

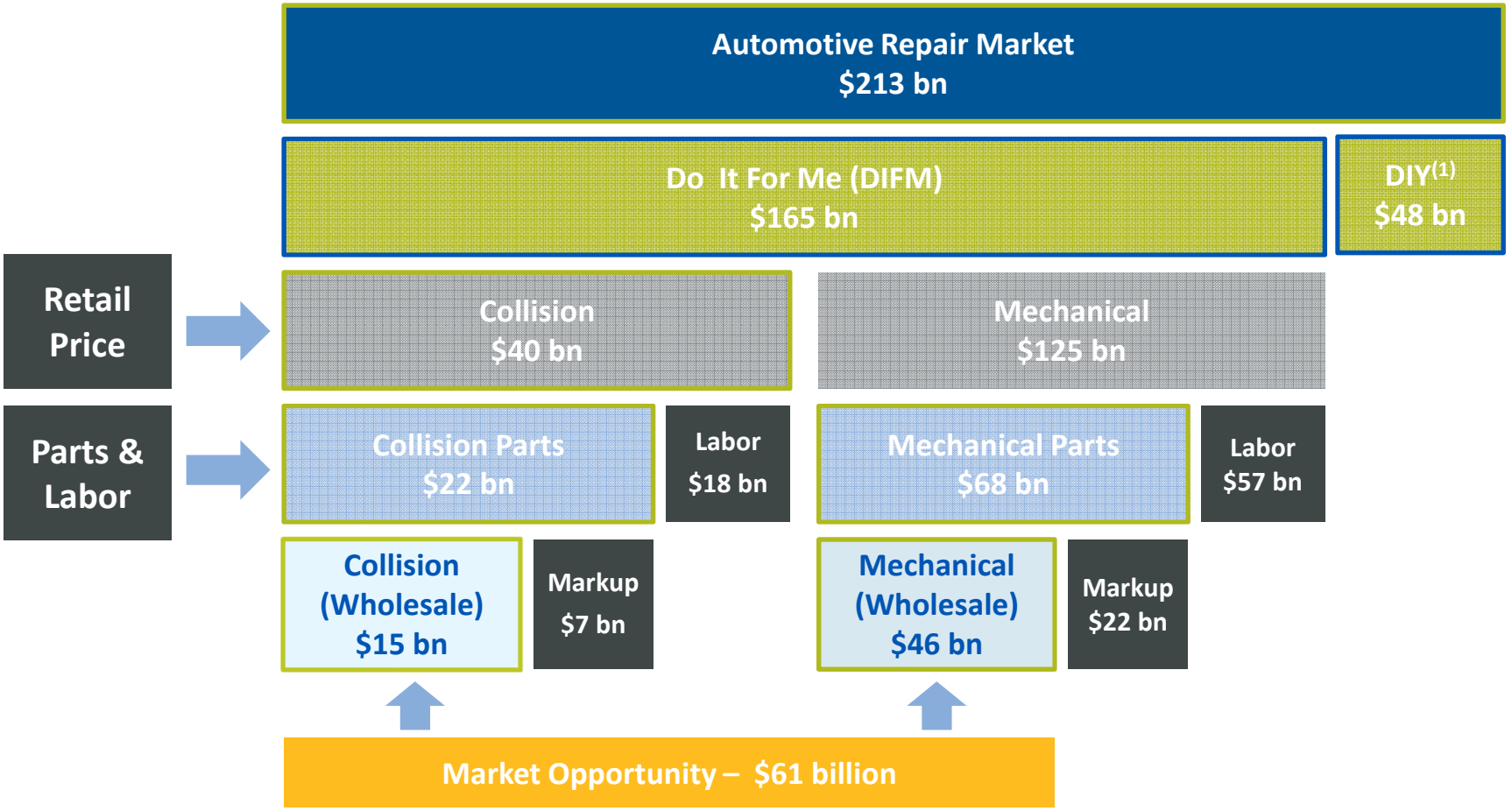


(1) TTM 3/31/16
(2) Pro Forma 2015 reflects a full year impact of Rhiag and PGW acquisitions. Financial information reflects FY 2015 for LKQ, LTM 9/30/2015 for Rhiag and LTM 10/31/2015 for PGW.



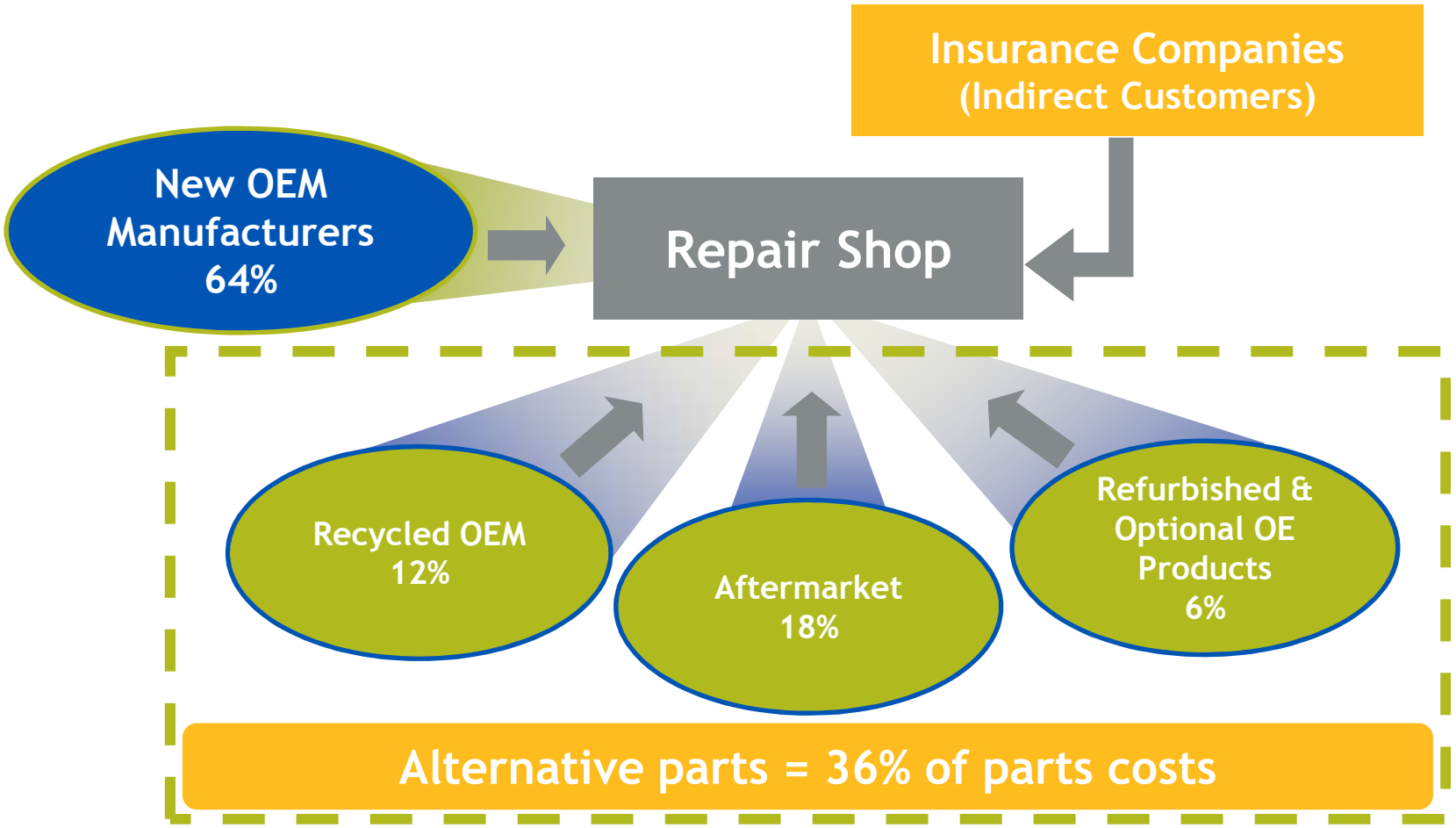
Operating Segments

Large & Fragmented US Market



Source: AAIA Factbook, 24rd Edition 2014; 2014 data is estimated, excludes tires.
2014 Collision Trends.
(1) * Do It Yourself ecommerce only.

Collision Products, a $15 Billion Industry



Source: CCC Information Services –Crash Course 2015.

Clear Value Proposition







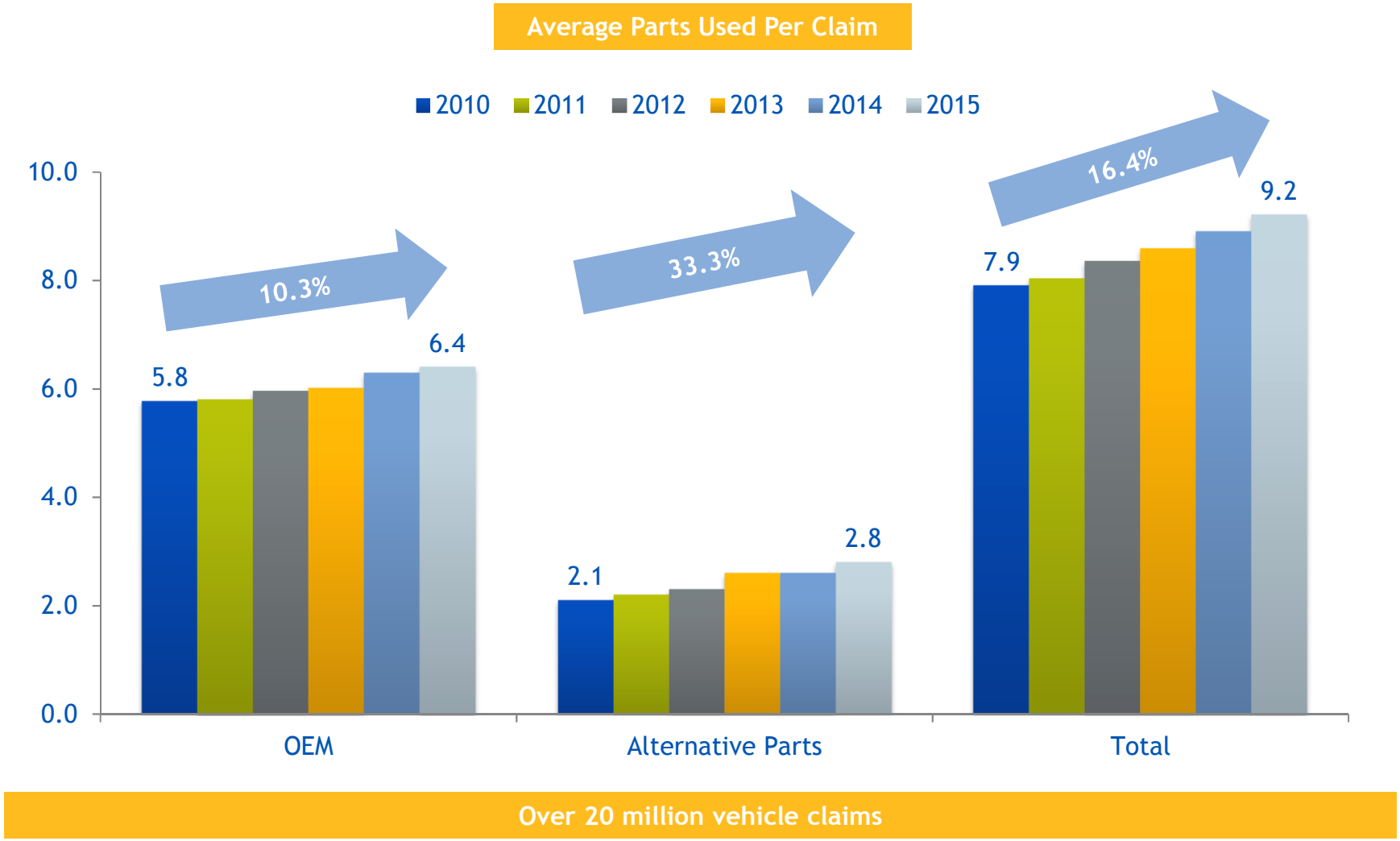
	2008 Chevrolet Corvette **Wheel**	2006 Chevrolet Silverado **Engine**	2005 Honda Accord **Bumper Cover**
New OEM	$995	$3,499	$610
Remanufactured	$454	$2,454	$272
Recycled OEM	$425	$1,450	$345
New A/M	$354	N/A	$231
Average Savings	**55%**	**39%**	**49%**

…and Improved Cycle Time for Repairs

Note: Parts price only – excludes labor.

LKQ Corporation

Shift Toward Alternative Parts Usage



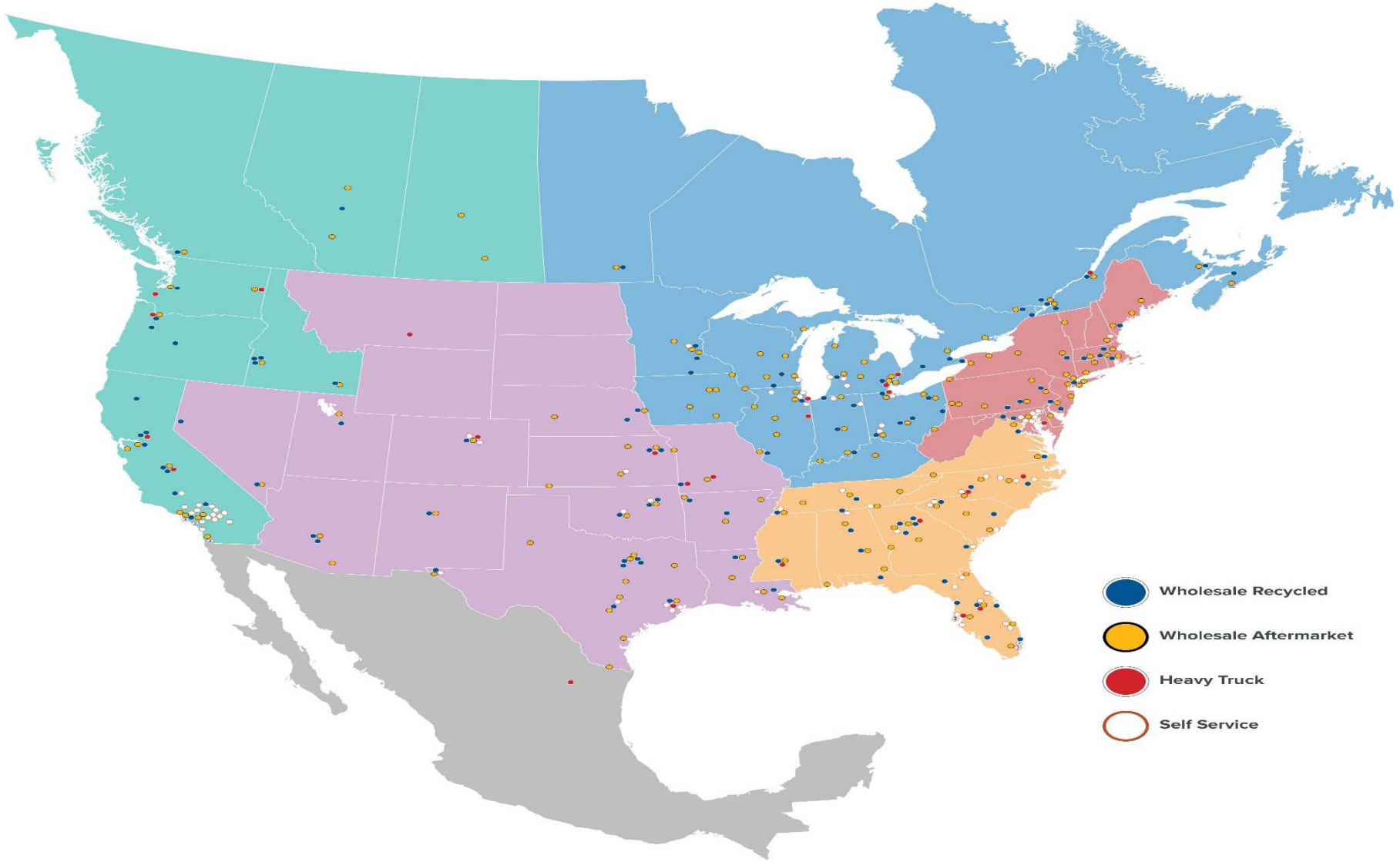
Source: CCC Information Services Inc.

Regional Distribution Improves Fulfilment

- Highly fragmented space
- 20X size of next competitor
- Consistent nationwide coverage and warranty
- Strong management team
- Strong logistics & footprint
- Industry leading fill-rates
  - Aftermarket: 95%
  - Salvage
    - Competitor: 25%
    - LKQ Single Site: 35%
    - LKQ Region: 75%

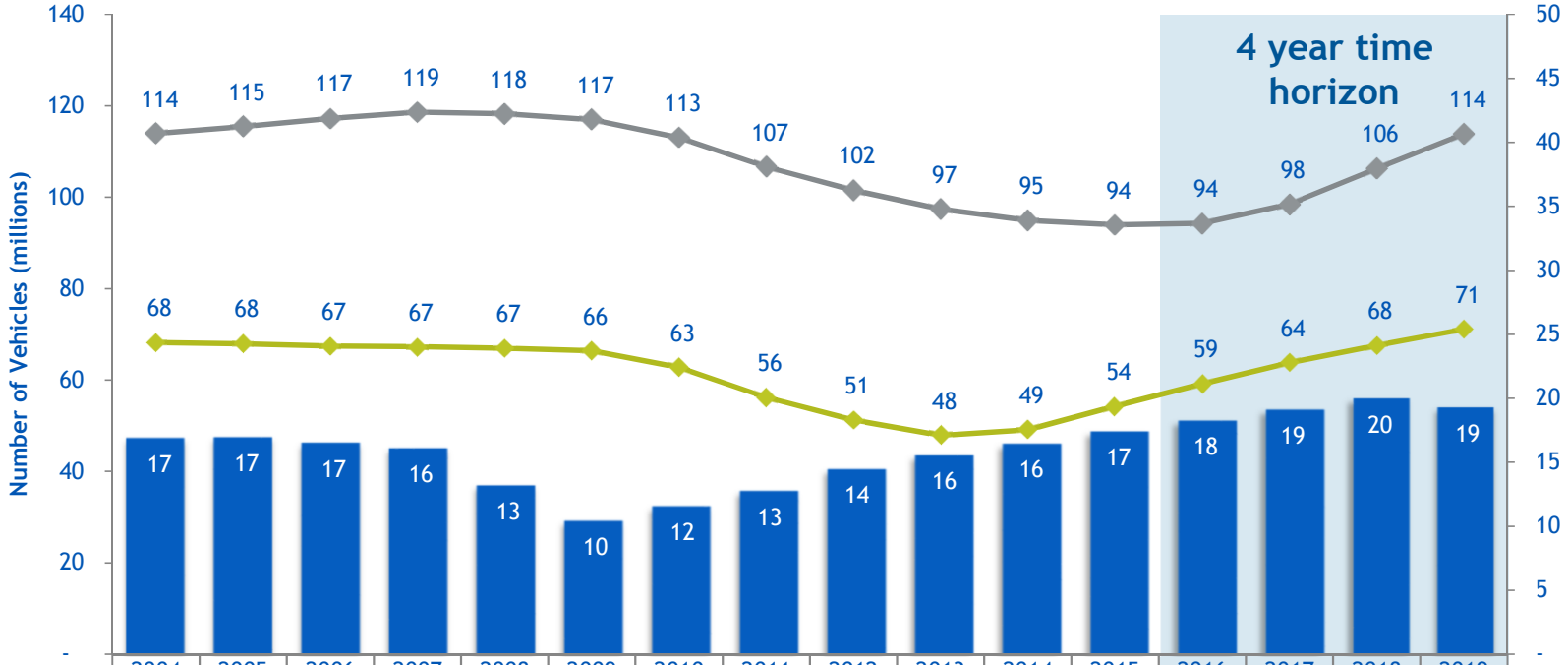


Wholesale North America Footprint



LKQ's "Sweet Spot" is Growing

Age & size of US Car Parc

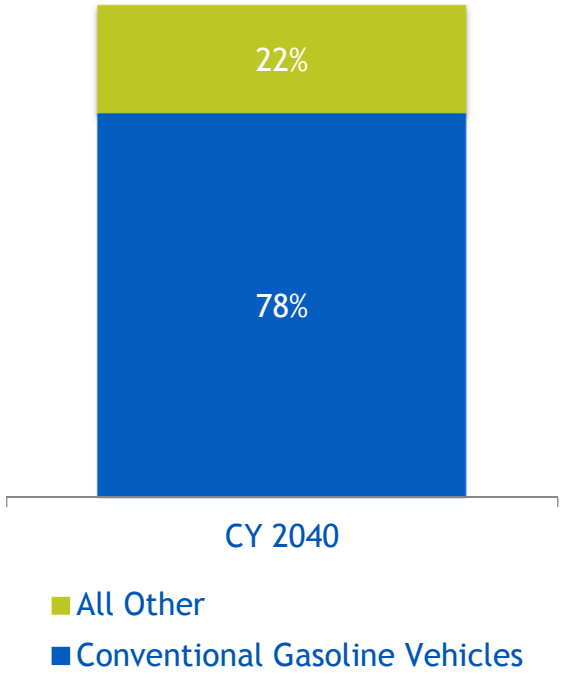


	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
New	17	17	17	16	13	10	12	13	14	16	16	17	18	19	20	19
3-10 years	114	115	117	119	118	117	113	107	102	97	95	94	94	98	106	114
3-7 years	68	68	67	67	67	66	63	56	51	48	49	54	59	64	68	71

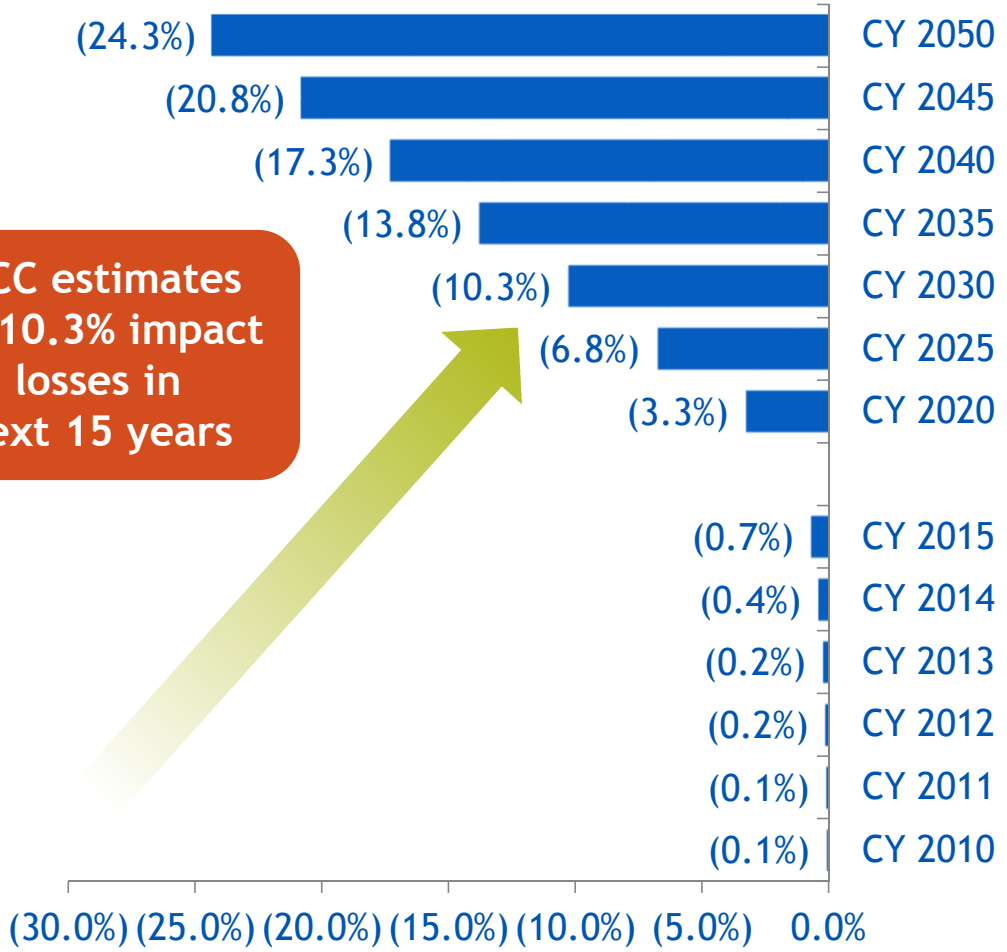
Sources: Sales & Production-Wards; Projections-Bank of America Merrill Lynch, 1/11/2016.
Data assumes oldest vehicles are retired first in each year (not a precise assumption).

Crash Avoidance Systems Growing… But Impact will Be Very Slow

U.S. EIA Energy Outlook 2014
Light Duty Vehicle Sales by Energy Use



CCC estimates a 10.3% impact to losses in next 15 years



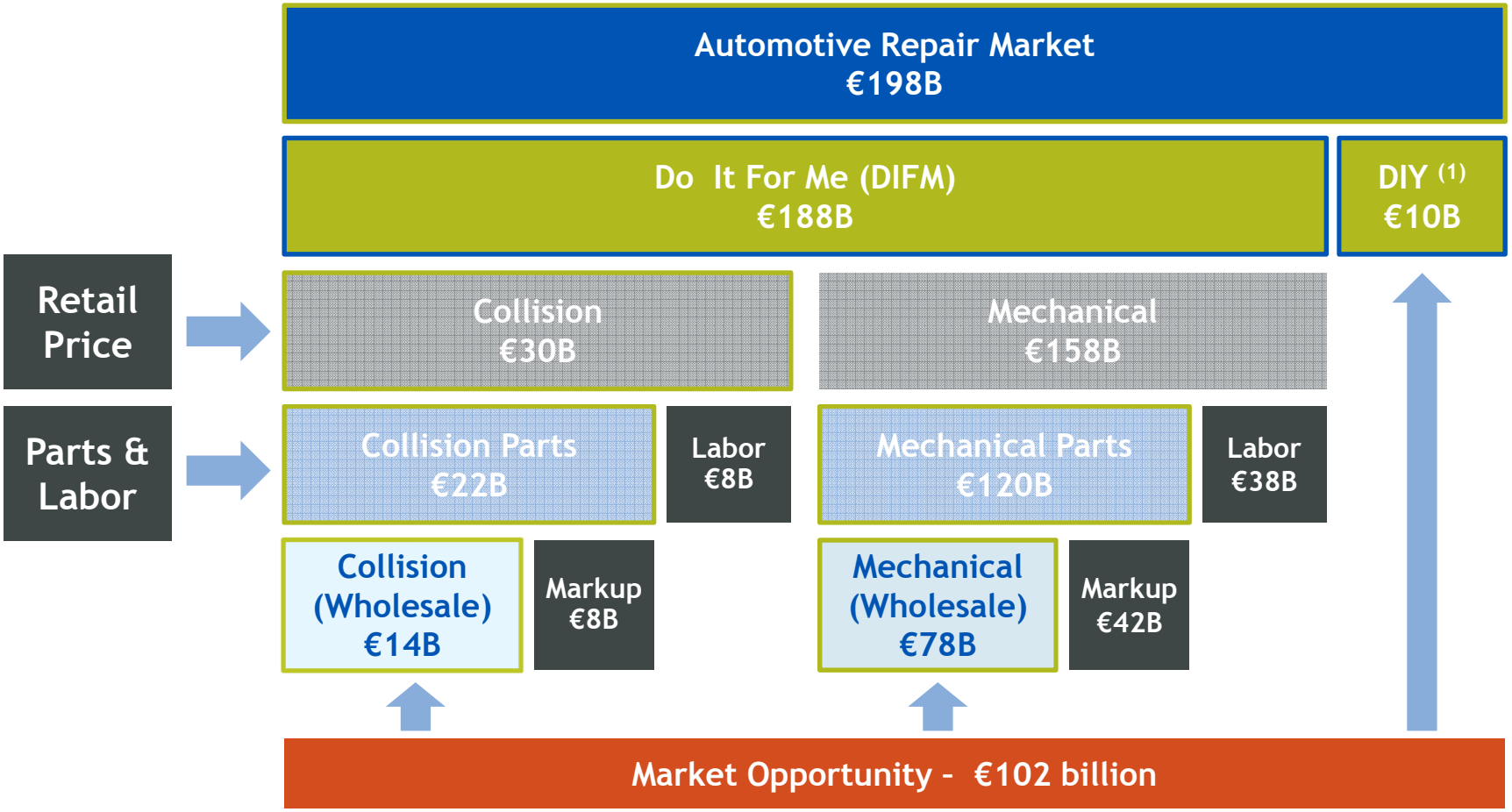
Source: CCC Information Services Inc.

Europe - Market Observations

- Large car parc
- Fragmented industry
- Dominated by country champions
- In transition from 3 step to 2 step distribution
- Professional repairer focused
- Segmented by the suppliers
- Focused on mechanical parts
- Low penetration of alternative collision parts with ~7% APU across Europe



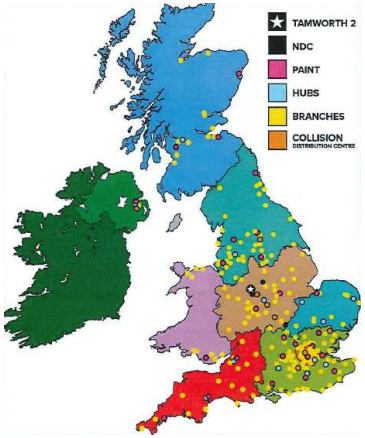
Large European Market



Source: 2014 Datamonitor; Management estimates.
Note: All € in millions; Excludes VAT and sales taxes.
(1) Do It Yourself e-commerce only.

European Operations

- Leading distributor of automotive aftermarket mechanical parts in the UK
- Nearly 55,000 commercial customers
- 3 National Distribution Centers totaling 1.2M square feet
- 17 regional hubs, 199 branches, 20 paint distribution locations



- Leading distributor of automotive aftermarket mechanical parts in the Benelux
- Proprietary, best-in-class online ordering technology for local distributors & repair shops
- Opportunity for meaningful purchasing synergies with Euro Car Parts
- 11 distribution centers & 84 branches



- Rhiag is the leading automotive aftermarket mechanical parts distributor in Italy, The Czech Republic & Slovakia; #2 or #3 position in 6 other countries in Central & Eastern Europe
- Italy & Switzerland distribution networks operate under a 3 step model & Eastern Europe under a 2 step model
- Rhiag utilizes a network of 252 DC's and 247 local branches, distributing product to over 5,700 wholesale customers.



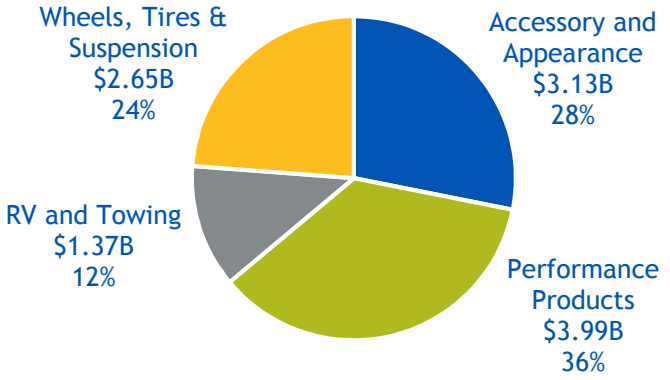
Specialty

Specialty Overview

- Leading distributor and marketer of specialty aftermarket equipment, accessories, and products in North America
- Critical link between 800+ suppliers and approximately 20,000 customers selling over 250,000 total SKUs supported by a highly technical sales force
- Diverse product segments: truck and off-road; speed and performance; recreational vehicle; towing; wheels, tires and performance handling; and miscellaneous accessories
- Best-in-class logistics and distribution network with approximately 1,000,000 annual deliveries and ability to serve over 97% of dealer / jobber customers next-day

Specialty Directly Addressable Market (1)

($ in billions)



Truck & Off-Road	Wheels and Tires	Speed & Performance	RV	Towing	Accessories
 Winches	 Wheels	 Air Intakes	 Awnings	 Receiver Hitches	 Fender Flares
 Toolboxes	 Tires	 Superchargers	 Satellites	 5th Wheels	 Floor Liners

(1) Management estimates based on AAIA Factbook, SEMA and other industry research

Automotive Glass

Market Leading Auto Glass

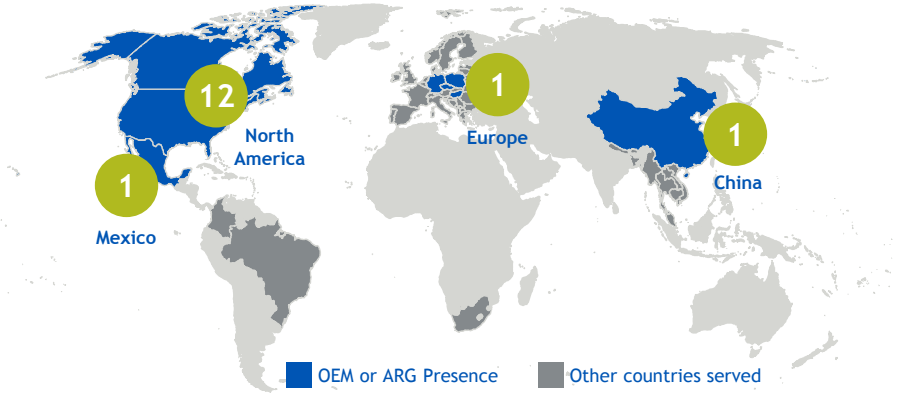
- Pittsburgh Glass Works LLC ("PGW" or the "Company") is the leading North American manufacturer, supplier and distributor of automotive glass products
  - #1 in OEM with approximately 20 global customers across 78 platforms
  - #2 in aftermarket serving over 7,000 customers
- Worldwide, low-cost manufacturing footprint integrated across global supply chain
- Positioned to capitalize on increased use of innovative, high value applications
- Significant customer overlap with existing collision related activities

Select Automotive Glass Capabilities

Windshields | **Sidelites** | **Backlites** | **Roof Panels**



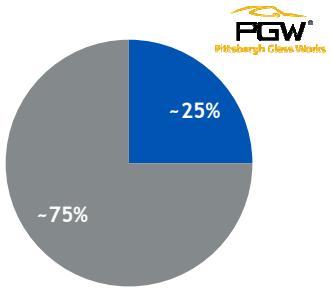
Global Manufacturing and Distribution Footprint(1)



(1) Facilities in Mexico and China are partially-owned JVs.
(2) Management's estimates.
(3) U.S. distributed share.

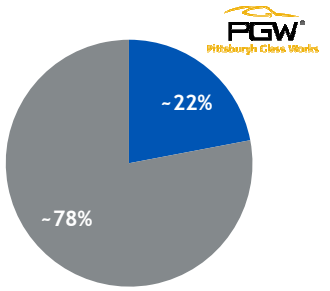
North American Automotive Glass Competitive Landscape(2)

OEM



Market Size: $2.3 billion

Aftermarket(3)



Market Size: $1.2 billion

Consistent Business Model and Strategy

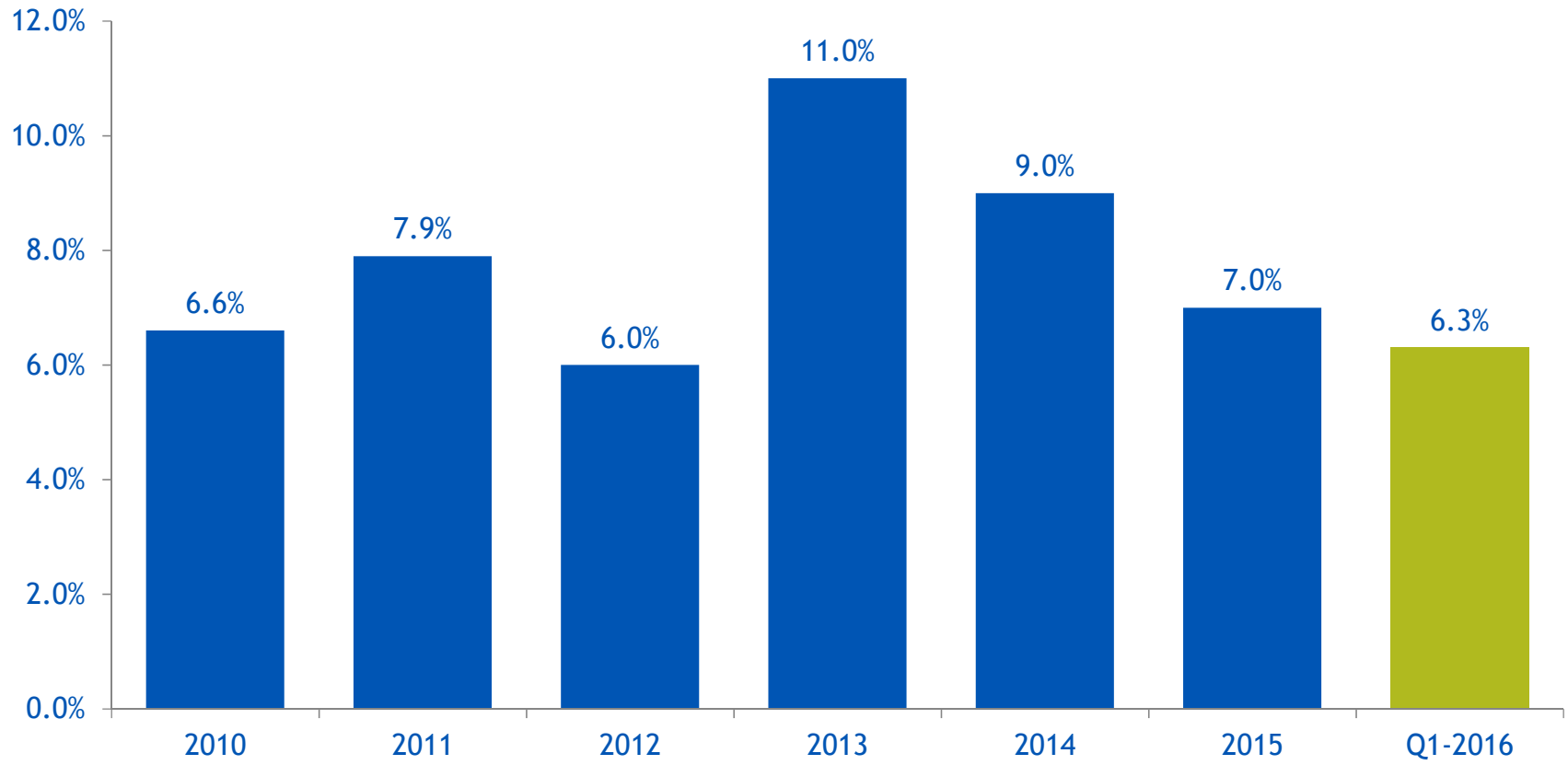




Financial Overview

History of Strong Organic Growth

Organic Revenue Growth Rates[1]



(1) Parts and services only.

LKQ's Acquisition Philosophies

Strong Brands

















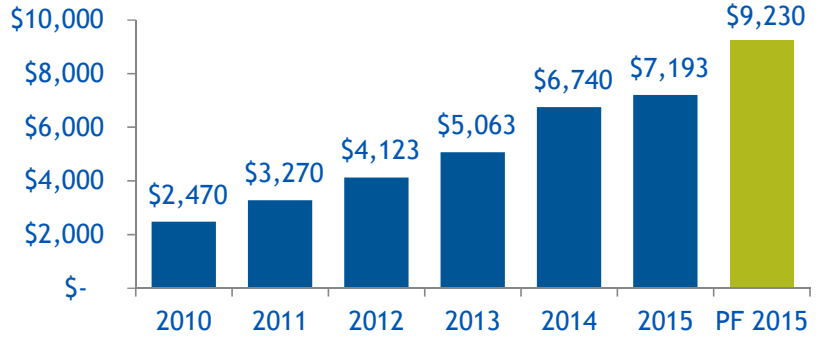




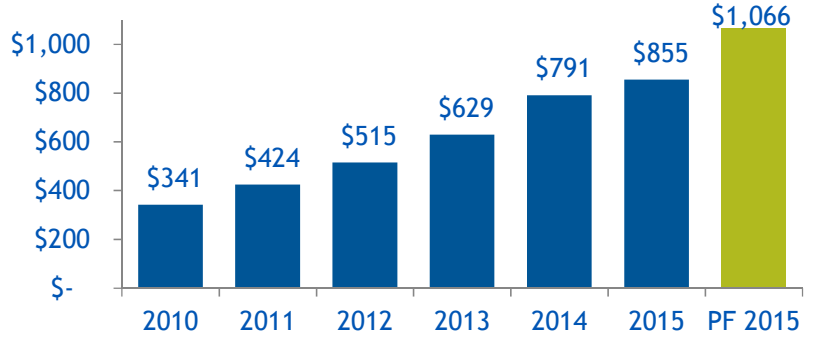
- Markets where we can be #1 or #2
- Strong and experienced management
- Opportunities for growth & synergies
- Financial returns
  - IRR (mid-teens over 10 years)
  - ROIC (10 years' average >10%)
- Integrity
- Criteria in new markets
  - Among the leaders in the market
  - High fulfillment rates
  - Consistent with LKQ culture
  - Excellent management team that will stay post closing
- Criteria in existing markets
  - "Tuck in" companies
  - High synergies
  - Additional capacity
- Substantial experience integrating acquisitions

Historical Financial Performance

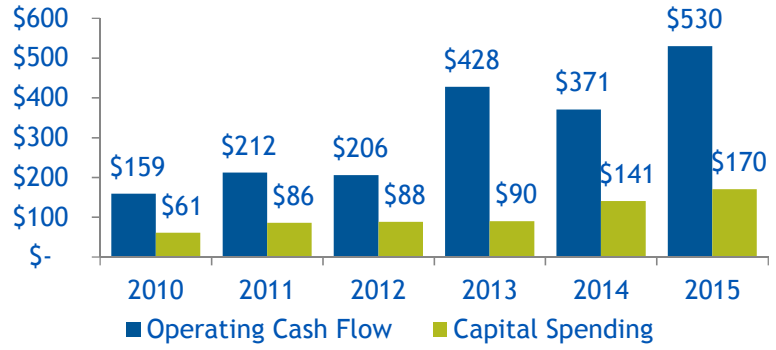
Revenue[1][3]



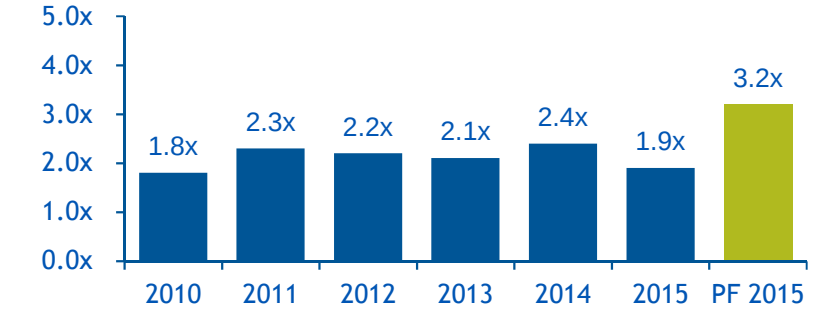
Adjusted EBITDA[1][2][3]



Cash Flow/Capex[1]

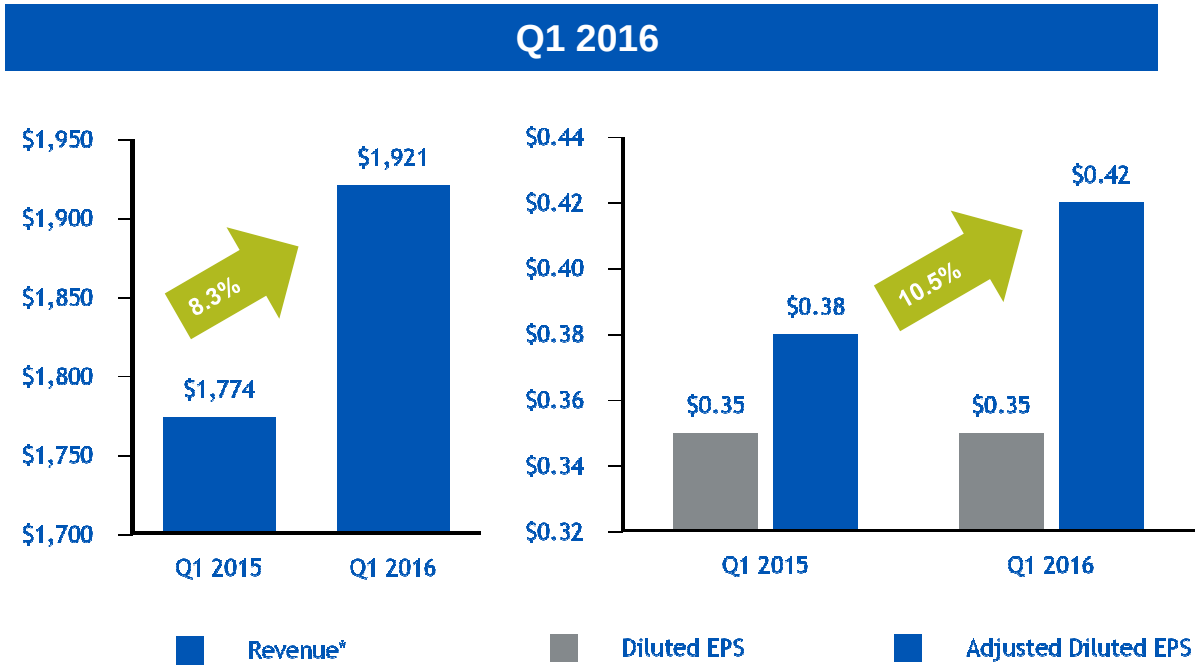


Leverage [4]



(1) $ in millions
(2) Pro Forma 2015 reflects a full year impact of Rhiag and PGW acquisitions. Financial information reflects FY 2015 for LKQ, LTM 9/30/2015 for Rhiag and LTM 10/31/2015 for PGW.
(3) Represents (i) LKQ Segment EBITDA and (ii) Adjusted EBITDA as defined by Rhiag and PGW with LTM results further adjusted by LKQ.
(4) Debt/Adjusted EBITDA on a reported basis for 2010-2015 and a Pro Forma Basis for 2015 (see footnote 2)

Q1 2016 Consolidated Results



- Organic growth of parts and services revenue of 6.3%
- Segment EBITDA Margin** 12.3% Q1 2016 vs. 12.5% Q1 2015
- Adjusted diluted EPS*** increased 10.5% over Q1 2015

* Revenue in millions
** Refer to Segment EBITDA reconciliation on page 26
*** Refer to Adjusted Diluted EPS reconciliation on page 27

Q1 2016 Revenue Growth

Revenue Changes by Source:	Organic	Acquisition	Foreign Exchange	Total[1]
North America	4.9%	3.1%	(0.7)%	7.3%
Europe	6.9%	9.9%	(4.5)%	12.3%
Specialty	10.8%	9.4%	(0.8)%	19.5%
Parts and Services	6.3%	6.0%	(1.8)%	10.5%
Other Revenue	(25.1)%	5.3%	(0.2)%	(20.0)%
Total	4.1%	6.0%	(1.7)%	8.3%

- Approximately 60% of organic growth in North American parts and services revenue relates primarily to increased volume in wholesale operations despite mild weather conditions while the remainder was primarily due to higher average revenue per part in our salvage operations
- ECP organic revenue growth for parts and services was 7.4%. Revenue growth for branches open more than 12 months was 5.8% and collision parts revenue growth was 15.5%
- Sator organic revenue growth for parts and services was 6.2%
- Unfavorable F/X impact on European revenue of $22 million; European constant currency parts and services revenue growth of 16.8%[2]
- European acquisition growth represented $48 million, of which $34 million was generated by Rhiag (acquired March 18, 2016)
- Specialty acquisition growth reflects Q3 2015 acquisition of Coast
- Decrease in Other Revenue primarily attributable to the decline in scrap steel and other metals prices. Scrap steel prices were 34% lower YOY in Q1 2016

(1) The sum of the individual revenue change components may not equal the total percentage due to rounding
(2) Refer to constant currency reconciliation on page 25

Q1 2016 Operating Highlights

North America

- Roadnet routing software installed in 65% of North American fleet representing over 2,500 vehicles. Currently tracking over 140,000 miles and 22,000 deliveries daily. Software will be fully installed and utilized by year-end.
- Sales responsibilities realignment in the US created a separate and more focused sales team.
- New sales KPIs being implemented. Early results positive and resulting in an increase in total talk time by 27% in Q1.
- New automated inventory tablet rolled out to 51 dismantling locations. Tablets will streamline the processing of vehicles, improve inventory accuracy and enhance the harvesting of parts.

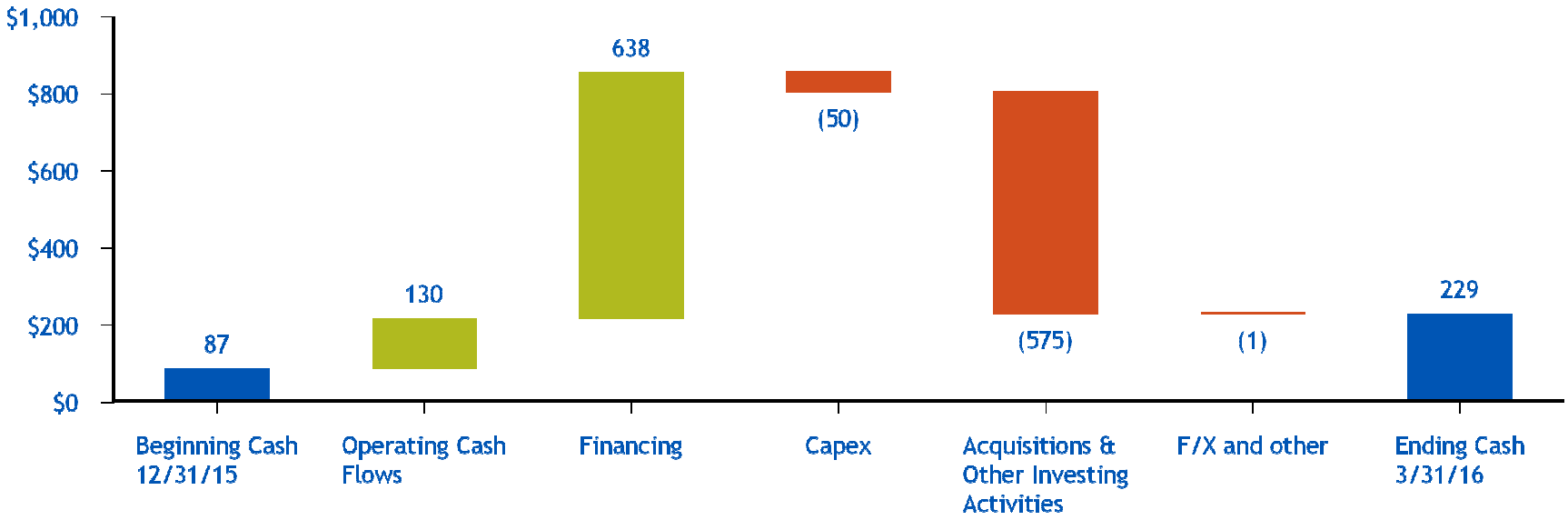
Europe

- On March 18, 2016, LKQ and its wholly-owned subsidiary LKQ Italia S.r.l. acquired Rhiag. Subsequent to the acquisition, we redeemed Rhiag's public bonds and in early Q2, issued €500 million of 8 year senior notes.
- ECP's new national distribution center (Tamworth 2) is on track and on budget. We took possession of the building in Q1 and have begun to use the site for storage. We began recognizing rent and other property costs during Q1 with costs to date of £1.2 million ($1.8 million).
- Sator continued to integrate the acquired distributors to convert a portion of Sator's network to a two-step model.
- We acquired a small salvage business in Sweden in January 2016.

Specialty

- Integrated two additional Coast warehouses during Q1. As of March 2016, 7 of 17 Coast warehouses have been consolidated into the Specialty network.
- Organic growth in Specialty parts and services revenue reflects an increase in service levels in various regions of North America as we add delivery capacity to our integrated distribution network to allow us to realize synergies associated with the integration of Coast. In addition, we continue to see growth from favorable macro trends and economic conditions (which has increased consumer discretionary spending on automotive and RV parts and accessories), as well as a boost from mild winter weather in 2016.
- Specialty distribution centers in Brownstown, MI and Spokane, WA became fully operational during Q1.

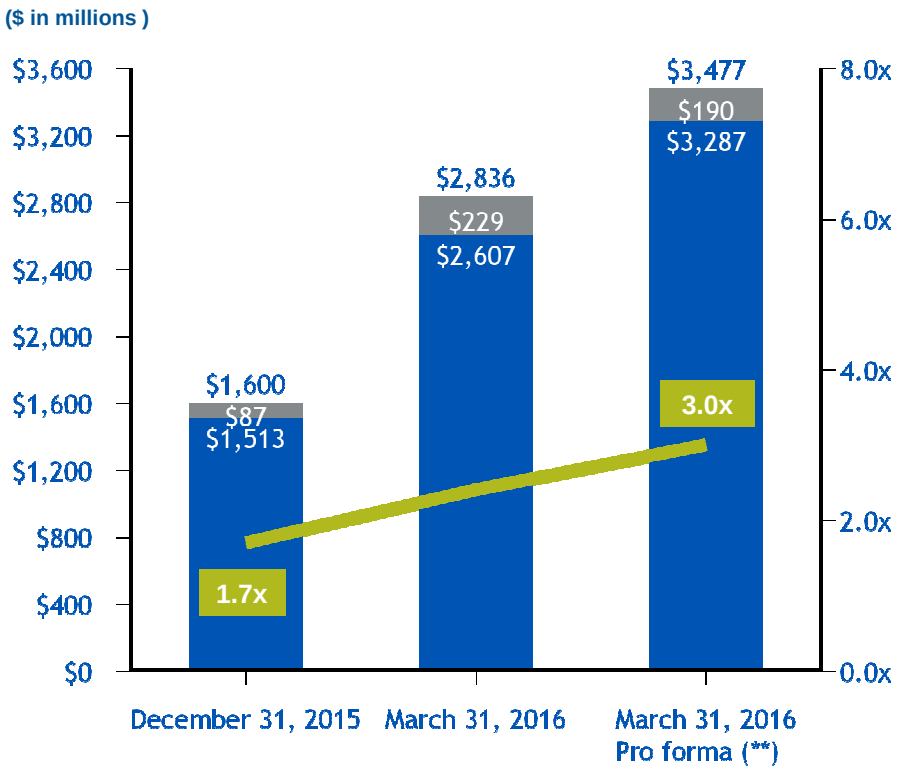
Q1 2016 Capital Allocation

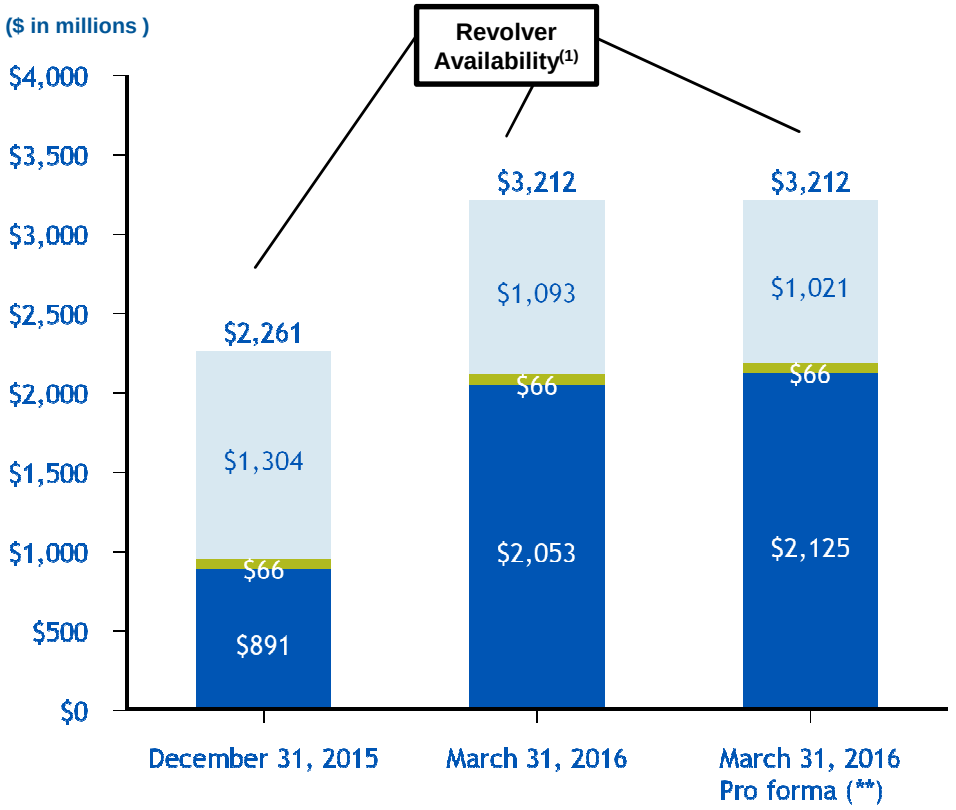


- Operating cash flows:
  - $152M of cash earnings[(1)] in Q1 2016 compared to $141M in Q1 2015
  - $22M cash outflow from operating assets and liabilities mainly $78M of receivables (seasonal build in Q1) outflow and $13M of Rhiag related interest payments due to paying off the acquired Rhiag debt
- Investing activities include $601M related to the our acquisition of Rhiag less proceeds from ACM Parts and FX Hedge gain
- Financing activities include $1.2B increase in cash as a result of borrowings on our revolving credit facility and receivables securitization facility to fund the acquisition of Rhiag and to pay off debt assumed and related costs of $543M

(1) Cash earnings from the cash flow statement equals Net Income plus Depreciation and Amortization plus Stock-based Compensation Expense plus Deferred Income Tax plus Excess Tax Benefit from Stock-based Payments plus Costs Associated with Early Debt Termination plus Gain on Foreign Exchange Contract plus Other

Leverage & Liquidity





Net Debt | Cash & equivalents | Net Debt/ EBITDA(*)

Borrowings under credit facilities | Letters of credit | Revolver Availability

Effective borrowing rate for Q1 2016 was 3.8%

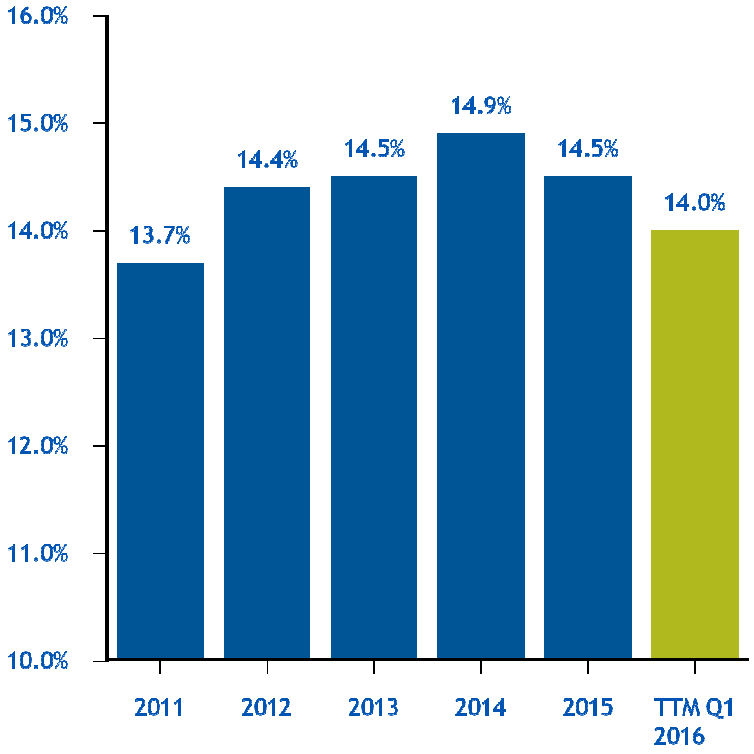
(1) Revolver availability includes our term loans and revolving credit facilities

(*) Net leverage per bank covenants is defined as Net Debt/EBITDA. See the definitions of Net Debt and EBITDA in the credit agreement filed with the SEC for further details

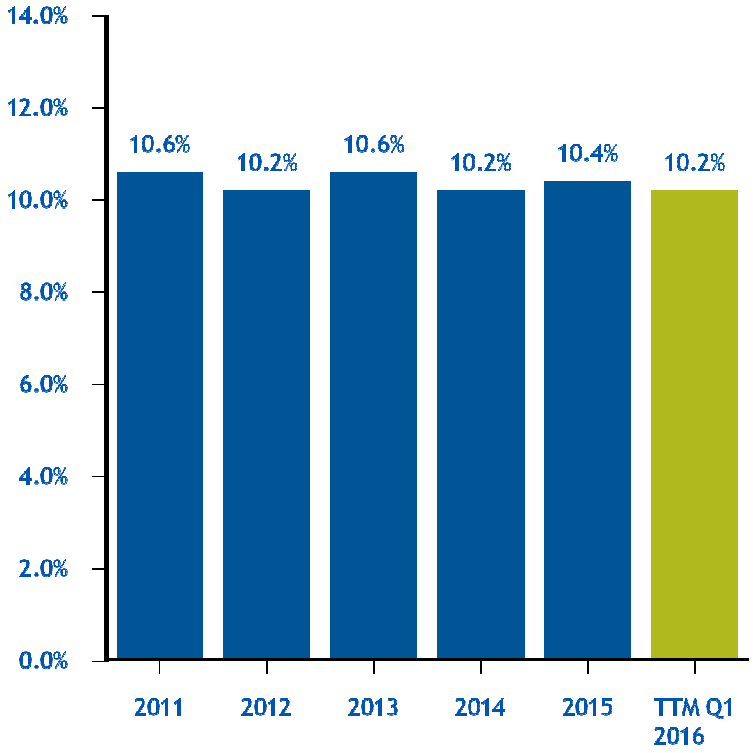
(**) Includes the pro forma impact of the borrowing for the acquisition of PGW and the payoff of Rhiag's Euro revolver using proceeds from the issuance of the Euro notes

Key Return Metrics

Return on Equity



Return on Invested Capital



Guidance 2016

(effective only on the date issued: April 28, 2016)

($ in millions excluding EPS)	Full Year 2015 Actual	Full Year 2016 Guidance(1)
Organic Revenue Growth, for parts and services	7.0%	6.0%-8.0%
Adjusted Net Income	$459	$545-$575
Adjusted Diluted EPS	$1.49	$1.76-$1.86
Cash Flow from Operations	$530	$575-$625
Capital Expenditures	$170	$200-$225

(1) Guidance for 2016 is based on current conditions and excludes the impact of restructuring and acquisition related expenses, losses on debt extinguishment and amortization expense related to acquired intangibles. In addition, it excludes gains or losses (including changes in fair value of contingent consideration liabilities) and capital spending related to acquisitions or divestitures. Full year 2015 actual figures for Adjusted Net Income and Adjusted Diluted EPS were calculated using the same methodology as the 2016 guidance. Organic revenue guidance refers only to parts and services revenue. LKQ updated its guidance on April 28, 2016, and it is only effective on the date of issuance. It is LKQ's policy to comment on its annual guidance only when the company issues its quarterly press releases with financial results. LKQ has no obligation to update this guidance.

Note: Guidance includes the projected results of Rhiag and PGW from the respective acquisition dates through year-end.

Why Invest in LKQ?



Leading Positions In Large Markets

- Largest participant in each market served
- Scale provides purchasing leverage and depth of inventory
- European & Specialty expansion drives diversification
- Opportunities for new locations & adjacent markets remain in all segments

Diversified Revenue Stream

- Global balance with Pan-European footprint
- Multiple end markets
- Broad parts segment exposure
- Self funded growth

Expanding Alternative Parts Usage

- Increasing availability of quality aftermarket and recycled products
- Distribution network and inventory levels allow higher fulfillment rates
- Expanding number of vehicles comprising “sweet spot” in our target market

Clear Value Proposition

- Insurers focused on controlling repair costs
- Alternative products offer savings of 20% - 50% of OEM parts repairs
- LKQ represents the best partner for the insurance companies

Solid Financial Metrics

- History of delivering organic revenue growth & EBITDA expansion
- Strong FCF generation supports growth
- Diversified capital structure
- Limited near-term structured debt repayments & ample liquidity

Market Leader | **Growing Markets** | **Diversified Revenue Base** | **Demonstrated Performance**

Appendix

Appendix - Non-GAAP Financial Measures

The financial data contained in the presentation materials includes earnings before interest, taxes, depreciation and amortization ("EBITDA") and provides a reconciliation of net income to EBITDA. The financial data contained in the presentation materials also includes adjusted net income and adjusted diluted earnings per share ("EPS") and provides a reconciliation of net income and diluted EPS to adjusted net income and adjusted diluted EPS. The Company defines adjusted net income and adjusted diluted EPS as net income and diluted EPS adjusted to eliminate the impact of restructuring and acquisition related expenses, net of tax, loss on debt extinguishment, net of tax, amortization expense related to acquired intangibles, net of tax, the change in fair value of contingent consideration liabilities and other acquisition related gains and losses. EBITDA, adjusted net income and adjusted diluted EPS are not measures of financial performance under generally accepted accounting principles in the United States.

We have presented EBITDA, adjusted net income and adjusted diluted EPS information solely as supplemental disclosures because we believe they offer investors, securities analysts and other interested parties useful information regarding our results of operations because they assist in analyzing our performance and the value of our business. EBITDA provides insight into our profitability trends, and allows management and investors to analyze our operating results with and without the impact of depreciation, amortization, interest and income tax expense. We believe EBITDA is used by securities analysts, investors and other interested parties in evaluating companies, many of which present EBITDA when reporting their results. EBITDA should not be construed as an alternative to operating income, net income or net cash provided by (used in) operating activities, as determined in accordance with accounting principles generally accepted in the United States. Adjusted net income and adjusted diluted EPS are presented as supplemental measures of our performance that management believes are useful for evaluating and comparing our operating activities across reporting periods. Adjusted net income and adjusted diluted EPS should not be construed as alternatives to net income or diluted EPS as determined in accordance with accounting principles generally accepted in the United States. Not all companies that report EBITDA, adjusted net income and adjusted diluted EPS information calculate these measures in the same manner as we do and, accordingly, our calculations are not necessarily comparable to similarly named measures of other companies and may not be appropriate measures for performance relative to other companies.

Appendix 1- Constant Currency Reconciliation

- The following unaudited table reconciles revenue growth for Parts and Services to constant currency revenue growth for the same measure:

	Three Months Ended March 31, 2016	
	Consolidated	Europe
Parts and Services		
Revenue Growth as reported	10.5%	12.3%
Less: Currency impact	(1.8%)	(4.5%)
Revenue growth at constant currency	12.3%	16.8%

- We evaluate growth in our operations on both an as reported and a constant currency basis. The constant currency presentation, which is a non-GAAP measure, excludes the impact of fluctuations in foreign currency exchange rates. We believe providing constant currency information provides valuable supplemental information regarding our growth, consistent with how we evaluate our performance. Constant currency revenue results are calculated by translating prior year revenue in local currency using the current year's currency conversion rate. This non-GAAP measure has limitations as an analytical tool and should not be considered in isolation or as a substitute for an analysis of our results as reported under GAAP. Our use of this term may vary from the use of similarly-titled measures by other issuers due to the potential inconsistencies in the method of calculation and differences due to items subject to interpretation.

Appendix 2- EBITDA and Segment EBITDA Reconciliation

(in millions)	QTD** Q1 2016	% of revenue	Q1 2015	% of revenue
Segment EBITDA				
North America	$ 147.4	13.6%	$ 149.4	14.3%
Europe	57.5	10.5%	46.5	9.5%
Specialty	31.7	11.0%	25.4	10.5%
Total Segment EBITDA	$ 236.6	12.3%	$ 221.3	12.5%
Deduct:				
Restructuring and acquisition related expenses	14.8		6.5	
Change in fair value of contingent consideration liabilities	0.1		0.2	
Add:				
Equity in earnings of unconsolidated subsidiaries	(0.4)		(1.9)	
Gains on foreign exchange contracts- acquisition related	(18.3)		—	
EBITDA	$ 239.7	12.5%	$ 212.8	12.0%
Depreciation and Amortization	33.2		30.7	
Interest Expense, Net	14.6		14.9	
Loss on debt extinguishment*	26.7		—	
Provision for Income Taxes	57.6		60.1	
Net Income	**$ 107.7**		**$ 107.1**	

* Loss on debt extinguishment is considered a component of interest in calculating EBITDA
** The sum of the individual components may not equal the total due to rounding.

Appendix 3- Adjusted Net Income and EPS Reconciliation*

(in millions, except per share data)	Q1 2016*	Q1 2015*
Net Income	$107.7	$107.1
Adjustments:		
Restructuring and acquisition related expenses, net of tax	9.7	4.2
Loss of debt extinguishment, net of tax	17.4	—
Amortization of acquired intangibles, net of tax	5.8	5.3
Change in fair value of contingent consideration liabilities	0.1	0.2
Gains on foreign exchange contracts- acquisition related, net of tax	(12.0)	—
Adjusted net income	$128.7	$116.8
Weighted average diluted common shares outstanding	308,369	306,691
Diluted earnings per share	$0.35	$0.35
Adjusted diluted earnings per share	$0.42	$0.38

*The sum of the individual components may not equal the total due to rounding.

Appendix 4- Adjusted Net Income and EPS Reconciliation*

(in millions, except per share data)	2015**	2014**	2013**	2012**	2011**
Net Income	$423.2	$381.5	$311.6	$261.2	$210.3
Adjustments:					
Restructuring and acquisition related expenses, net of tax	12.8	9.7	6.6	1.7	4.8
Loss on debt extinguishment, net of tax	—	0.2	1.8	—	3.3
Change in fair value of contingent consideration liabilities	0.5	(1.9)	2.5	1.6	(1.4)
Amortization of acquired intangibles, net of tax	22.1	22.5	9.0	6.0	4.9
Adjusted net income	$458.6	$412.0	$331.5	$270.7	$221.9
Weighted average diluted common shares outstanding	307,496	306,045	304,131	300,693	296,750
Diluted earnings per share	$1.38	$1.25	$1.02	$0.87	$0.71
Adjusted diluted earnings per share	$1.49	$1.35	$1.09	$0.90	$0.75

*Reflects the revision to Adjusted EPS to exclude amortization of acquired intangibles. Prior years information is presented for comparability.
**The sum of the individual components may not equal the total due to rounding.

Appendix 5- 2015 Quarterly Adjusted Net Income and EPS Reconciliation*

(in millions, except per share data)	Q4**	Q3**	Q2**	Q1**
Net Income	$95.1	$101.3	$119.7	$107.1
Adjustments:				
Restructuring and acquisition related expenses, net of tax	4.5	3.0	1.1	4.2
Change in fair value of contingent consideration liabilities	0.1	0.1	0.1	0.2
Amortization of acquired intangibles, net of tax	6.0	5.4	5.4	5.3
Adjusted net income	$105.6	$109.9	$126.3	$116.8
Weighted average diluted common shares outstanding	308,028	307,728	307,247	306,691
Diluted earnings per share	$0.31	$0.33	$0.39	$0.35
Adjusted diluted earnings per share	$0.34	$0.36	$0.41	$0.38

*Reflects the revision to Adjusted EPS to exclude amortization of acquired intangibles.
**The sum of the individual components may not equal the total due to rounding.