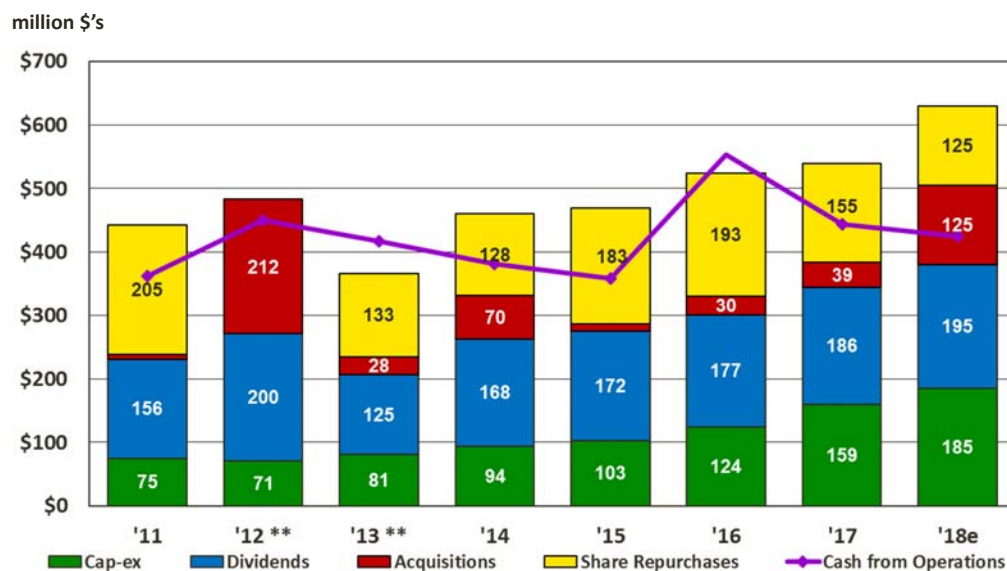


## ↪ **Cash Flow & Debt** ↩

# Uses of Cash Flow



\*\* 3 qtr dividends paid in 2013; accelerated the Jan-2013 dividend payment of \$41 million into Dec 2012 in anticipation of higher tax rates.

□ Operating Cash > Capital expenditures + Dividends for nearly 30 years

1

# Cash Flow Details

<u>\$'s in millions</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018e</u> <sup>3</sup>
Net Income	156	251	200	101	329	386	293	360
Deprec & Amort	117	116	123	118	113	115	126	135
Def Income Taxes	(1)	(22)	(33)	(40)	24	18	16	
Impairment & Other	54	17	83	124	19	15	11	
Working Capital	(14)	57	26	54	(171)	15	(80)	(100)
Other Non-Cash <sup>2</sup>	17	31	18	25	45	4	78	30
<b>Cash from Operations</b>	<b>329</b>	<b>450</b>	<b>417</b>	<b>382</b>	<b>359</b>	<b>553</b>	<b>444</b>	<b>425</b>
<b>Uses of Cash</b>								
Capital Expenditures	(75)	(71)	(81)	(94)	(103)	(124)	(159)	(185)
Dividends <sup>1</sup>	(156)	(200)	(125)	(168)	(172)	(177)	(186)	(195)
Acquisitions	(7)	(212)	(28)	(70)	(11)	(30)	(39)	(125)
Share Repurchases	(205)	6	(133)	(128)	(183)	(193)	(155)	(125)

<sup>1</sup> 5 qtr dividends paid in 2012 and 3 qtr dividends paid in 2013; accelerated the Jan-2013 dividend payment of \$41 million into Dec-2012 in anticipation of higher tax rates.

<sup>2</sup> 2017 Other Non-Cash includes \$67 million in deemed repatriation taxes as a result of the Tax Cuts and Jobs Act.

<sup>3</sup> 2018 estimated net income is based on mid-point of guidance.

2

# Debt Philosophy

- ❑ 30-40% net debt to net capital target
- ❑ Desire spare capacity
- ❑ Access markets at opportune time of our choosing
- ❑ In place: \$800m commercial paper program

3

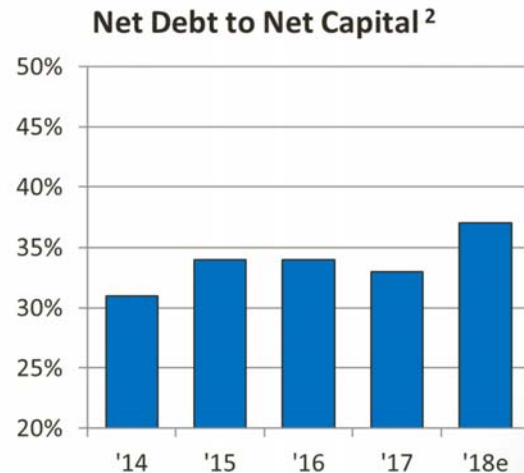
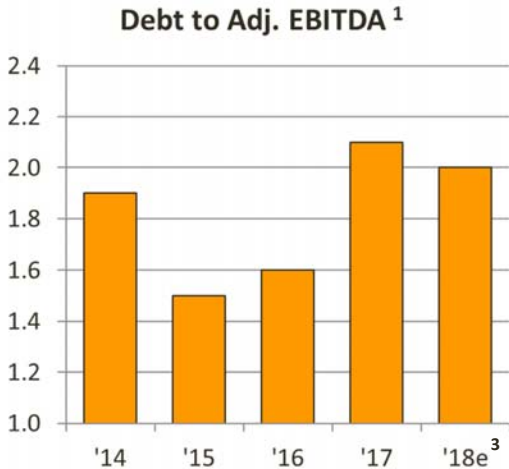
# Debt Structure

- ❑ \$1,452 million total debt
  - 3.7% avg. rate, 6.5 years avg. maturity
  - \$1,005 million net debt (\$1,452m debt less \$446m cash)
- ❑ \$600 million available commercial paper
  - Backed by \$800 million revolver
    - 14 participating banks
    - Matures in November 2022

4

# Strong Balance Sheet

- Maintaining priority on financial strength
- Flexibility to pursue attractive investment opportunities



<sup>1</sup> EBITDA from continuing ops exclude unusual items. See Appendix - Non-GAAP Adjustments.

<sup>2</sup> See appendix for calculation of Net Debt to Net Capital.

<sup>3</sup> 2018 estimates based on mid-point of guidance.

# Debt Issued and Retired

