



# Q4 2017 Earnings

November 1, 2017



EVERY CONNECTION COUNTS



# Forward-Looking Statements and Non-GAAP Measures

## Forward-Looking Statements

This presentation contains certain “forward-looking statements” within the meaning of the U.S. Private Securities Litigation Reform Act of 1995. These statements are based on management’s current expectations and are subject to risks, uncertainty and changes in circumstances, which may cause actual results, performance, financial condition or achievements to differ materially from anticipated results, performance, financial condition or achievements. All statements contained herein that are not clearly historical in nature are forward-looking and the words “anticipate,” “believe,” “expect,” “estimate,” “plan,” and similar expressions are generally intended to identify forward-looking statements. We have no intention and are under no obligation to update or alter (and expressly disclaim any such intention or obligation to do so) our forward-looking statements whether as a result of new information, future events or otherwise, except to the extent required by law. The forward-looking statements in this presentation include statements addressing our future financial condition and operating results. Examples of factors that could cause actual results to differ materially from those described in the forward-looking statements include, among others, business, economic, competitive and regulatory risks, such as conditions affecting demand for products, particularly in the automotive and data and devices industries; competition and pricing pressure; fluctuations in foreign currency exchange rates and commodity prices; natural disasters and political, economic and military instability in countries in which we operate; developments in the credit markets; future goodwill impairment; compliance with current and future environmental and other laws and regulations; and the possible effects on us of changes in tax laws, tax treaties and other legislation. More detailed information about these and other factors is set forth in TE Connectivity Ltd.’s Annual Report on Form 10-K for the fiscal year ended Sept. 30, 2016 as well as in our Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and other reports filed by us with the U.S. Securities and Exchange Commission.

## Non-GAAP Financial Measures

Where we have used non-GAAP financial measures, reconciliations to the most comparable GAAP measure are provided, along with a disclosure on the usefulness of the non-GAAP measure, in this presentation.

# Q4 Highlights

## Record Q4 performance above Guidance with double digit revenue and EPS growth

- **Sales of \$3.5B, up 12% Y/Y and up 9% organically**
  - Organic growth across all segments and regions
  - Transportation grew 13% organically as content growth continues to drive market outperformance
  - Organic growth of 6% in Industrial driven by strength in factory automation & medical applications
  - Communications grew 4% organically driven by strength in both Appliances and Data & Devices
- **Strong execution drove margin expansion and double digit EPS growth**
  - Expanded Adjusted Operating margins by 70bps to 16.7%
  - Adjusted EPS of \$1.25, up 10% Y/Y driven by operational strength partially offset by an \$0.08 headwind from tax
- **Free Cash Flow of \$691M with \$376M returned to shareholders**

Note: Comments exclude an additional week in FY16, which contributed sales of \$238M and Adjusted EPS of \$0.13

Net Sales Growth Excluding the Impact of the Additional Week, Organic Net Sales Growth Excluding the Impact of the Additional Week, Adjusted Operating Margin Excluding the Impact of the Additional Week, Adjusted EPS Excluding the Impact of the Additional Week, and Free Cash Flow are non-GAAP measures; see Appendix for description and reconciliation.

# FY17 Highlights

## Sales up 9% and Adjusted EPS up 22% year on year

### Continued strong execution with growth above market

- Sales of \$13.1B, up 9% Y/Y and up 8% organically
  - Double digit organic growth in Transportation with content growth driving significant performance above market
  - Industrial Solutions grew 4% organically driven by strength in factory automation and medical applications
  - Communications grew 7% organically with growth across all businesses
- Adjusted Operating Margins of 16.8%, up 110bps Y/Y with expansion in all segments
- Adjusted EPS of \$4.83, up 22% Y/Y
- Generated \$1.7B of Free Cash Flow; returned \$1.2B to shareholders

### Positioned for continued growth and EPS expansion

- Growth supported by strong secular trends and content growth
- Multiple levers to drive further operating margin expansion
- Portfolio expansion with acquisitions in fast-growing interventional medical and auto applications
- Continuing our balanced capital strategy
- FY18 Guidance of \$13.9B and \$5.23 Adjusted EPS at the mid-point
  - Year over year sales growth of 6% with 4% organic growth
  - 8% Adjusted EPS growth despite a \$0.17 headwind from tax

Note: Comments exclude an additional week in FY16, which contributed sales of \$238M and Adjusted EPS of \$0.13

# Segment Orders Summary

(\$ in millions)

| <u>Reported</u>                    | FY16         | FY17         | FY17         | Q4 Y/Y Growth** |            |
|------------------------------------|--------------|--------------|--------------|-----------------|------------|
|                                    | Q4**         | Q3           | Q4           | Reported        | Organic    |
| Transportation                     | 1,704        | 1,887        | 1,918        | 13%             | 11%        |
| Industrial                         | 830          | 951          | 951          | 15%             | 8%         |
| Communications<br>Ex SubCom*       | 412          | 432          | 437          | 6%              | 6%         |
| <b>Total TE<br/>Ex SubCom*</b>     | <b>2,946</b> | <b>3,270</b> | <b>3,306</b> | <b>12%</b>      | <b>10%</b> |
| <b>Book to Bill<br/>Ex SubCom*</b> | <b>1.03</b>  | <b>1.06</b>  | <b>1.02</b>  |                 |            |

- Transportation Y/Y growth in all regions
- Industrial Y/Y growth across regions driven by Industrial Equipment
- Communications Y/Y growth driven by strength in Asia in both Data and Devices and Appliances

\*SubCom is a project based business and excluded from the summary to provide a comparable view of orders in each period.

\*\* Based on a 13 week quarter.

Continued order momentum across segments supporting growth outlook

# Transportation Solutions



\$ in Millions

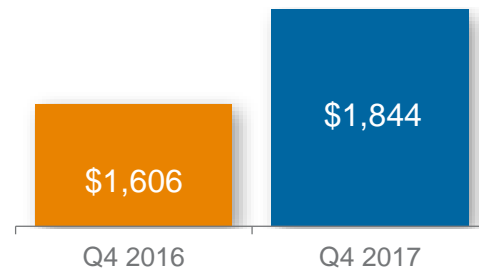
## Sales

Reported

**Up 15%**

Organic

**Up 13%**



Y/Y Growth Rates

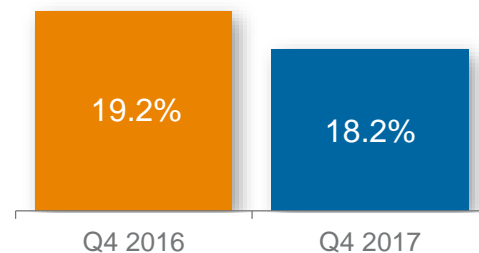
Reported

Organic

| Orders | \$1,918 | 13% | 11% |
|--------|---------|-----|-----|
|--------|---------|-----|-----|

## Adjusted Operating Margin

Segment operating margins impacted by ~150bps due to near term supply chain inefficiencies



| Adjusted EBITDA Margin | 24.4% | 23.4% |
|------------------------|-------|-------|
|------------------------|-------|-------|

## Business Performance

Y/Y Growth Rates

Reported

Organic

|                                 |                | Reported   | Organic    |
|---------------------------------|----------------|------------|------------|
| Automotive                      | \$1,350        | 12%        | 10%        |
| Commercial Transportation       | 274            | 37%        | 37%        |
| Sensors                         | 220            | 12%        | 9%         |
| <b>Transportation Solutions</b> | <b>\$1,844</b> | <b>15%</b> | <b>13%</b> |

- Automotive sales significantly above production of 1% driven by content expansion and growth in all regions
- Commercial Transportation organic growth well above market with strength across all regions and content gains
- Sensors organic growth driven by Transportation and Industrial applications
- Q1 FY18 Adjusted Operating Margin expected to be above 19%

Note: Amounts and comments exclude an additional week in FY16.



# Industrial Solutions

\$ in Millions

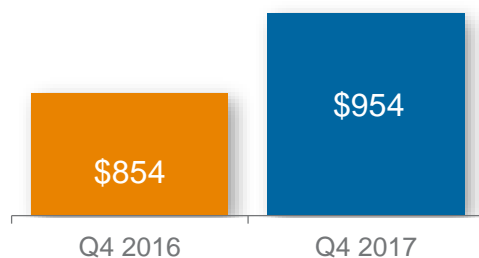
## Sales

Reported

**Up 12%**

Organic

**Up 6%**



Y/Y Growth Rates

**Reported**

**Organic**

**Orders**

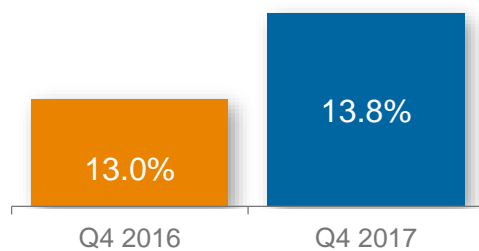
\$951

15%

8%

## Adjusted Operating Margin

Margin expansion of 80bps as expected



Adjusted EBITDA Margin

16.9%

18.4%

Note: Amounts and comments exclude an additional week in FY16.

7 Net Sales Excluding the Impact of the Additional Week, Net Sales Growth Excluding the Impact of the Additional Week, Organic Net Sales Growth Excluding the Impact of the Additional Week, Adjusted Operating Margin Excluding the Impact of the Additional Week and Adjusted EBITDA Margin Excluding the Impact of the Additional Week are non-GAAP measures: see Appendix for description and reconciliation.



## Business Performance

Y/Y Growth Rates

**Reported**

**Organic**

|                               |              | <b>Reported</b> | <b>Organic</b> |
|-------------------------------|--------------|-----------------|----------------|
| Industrial Equipment          | \$490        | 24%             | 13%            |
| Aerospace, Defense and Marine | 284          | 2%              | 1%             |
| Energy                        | 180          | -%              | (2)%           |
| <b>Industrial Solutions</b>   | <b>\$954</b> | <b>12%</b>      | <b>6%</b>      |

- Industrial Equipment organic growth across all regions driven by factory automation and medical applications
- AD&M performance driven by strength in Defense, partially offset by Commercial Air
- Energy decline driven by Europe partly offset by growth in the Americas



# Communications Solutions

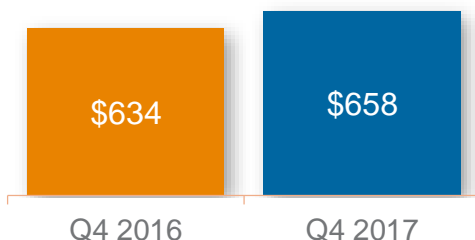


\$ in Millions

## Sales

Reported  
**Up 4%**

Organic  
**Up 4%**



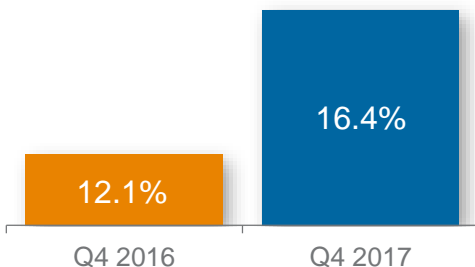
Y/Y Growth Rates

Reported      Organic

**Orders ex SubCom**      \$437      6%      6%

## Adjusted Operating Margin

Margin expansion  
driven by D&D and  
SubCom



Adjusted EBITDA Margin      16.7%      20.5%

## Business Performance

Y/Y Growth Rates

Reported      Organic

|                                 |              |           |           |
|---------------------------------|--------------|-----------|-----------|
| Data & Devices                  | \$254        | 5%        | 6%        |
| Appliances                      | 182          | 10%       | 10%       |
| SubCom                          | 222          | (3)%      | (3)%      |
| <b>Communications Solutions</b> | <b>\$658</b> | <b>4%</b> | <b>4%</b> |

- Data & Devices growth driven by strength in Asia
  - Portfolio transformation and footprint optimization favorably impact operating margins
- Double digit Appliances driven by strength and share gains in China
- SubCom revenue impacted by program timing but contributed to segment margin expansion

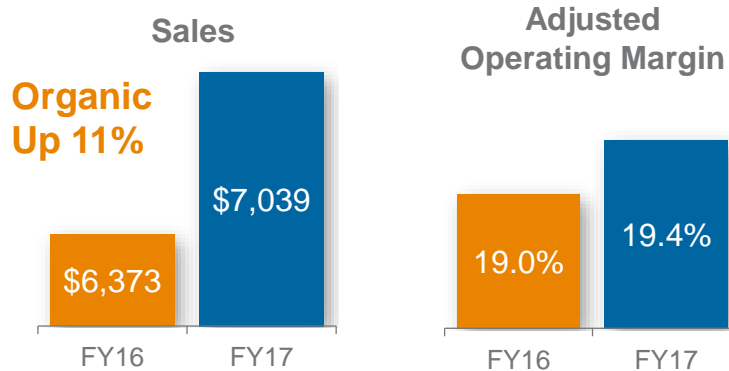
Note: Amounts and comments exclude an additional week in FY16.



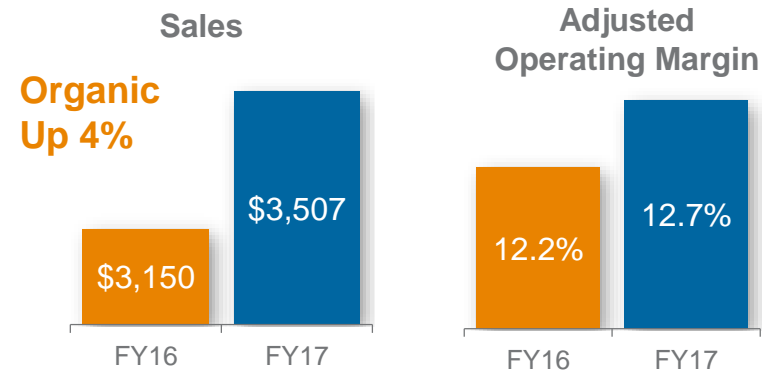
# FY17 Summary

\$ in Millions

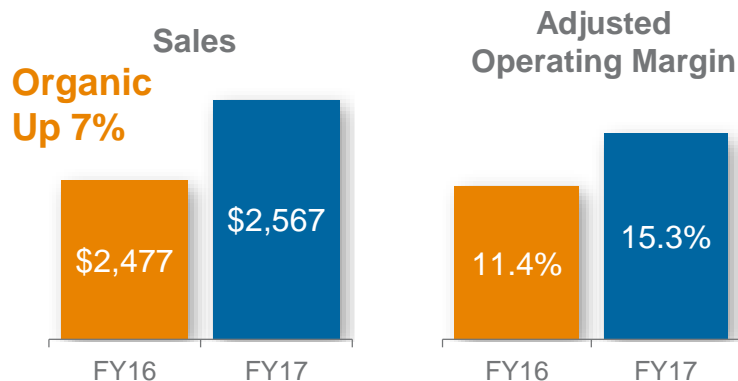
## Transportation Solutions



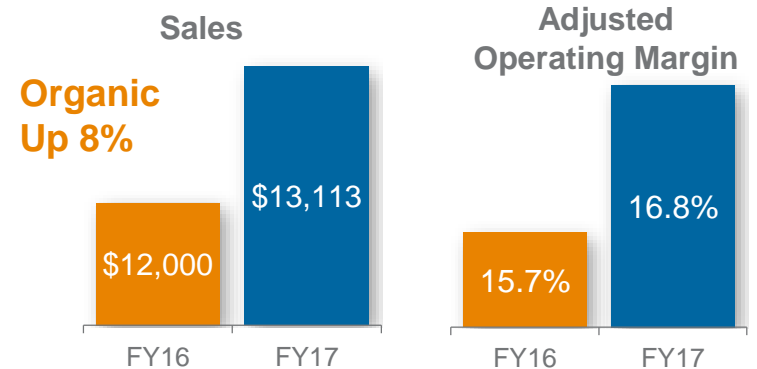
## Industrial Solutions



## Communications Solutions



## TE Connectivity



Note: Amounts and comments exclude an additional week in FY16.



# Q4 Financial Summary

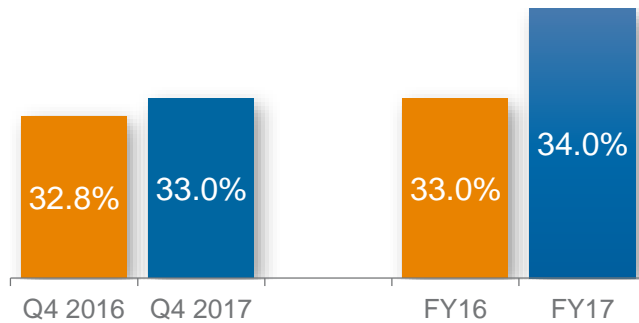
| (\$ in Millions, except per share amounts) | 13 Week<br>Q4 FY16 | 13 Week<br>Q4 FY17 |
|--|--------------------|--------------------|
| <b>Net Sales</b>                           | \$ 3,094           | \$ 3,456           |
| <b>Operating Income</b>                    | \$ 462             | \$ 552             |
| <i>Operating Margin</i>                    | 14.9%              | 16.0%              |
| Acquisition Related Charges                | 4                  | 1                  |
| Restructuring & Other Charges, net         | 30                 | 23                 |
| <b>Adjusted Operating Income</b>           | \$ 496             | \$ 576             |
| <i>Adjusted Operating Margin</i>           | 16.0%              | 16.7%              |
| <b>Earnings Per Share*</b>                 | \$ 1.09            | \$ 1.21            |
| Acquisition Related Charges                | 0.01               | -                  |
| Restructuring & Other Charges, net         | 0.04               | 0.04               |
| <b>Adjusted EPS</b>                        | \$ 1.14            | \$ 1.25            |

Net Sales Excluding the Impact of the Additional Week, Adjusted Operating Income, Adjusted Operating Income Excluding the Impact of the Additional Week, Adjusted Operating Margin, Adjusted Operating Margin Excluding the Impact of the Additional Week, Adjusted EPS and Adjusted EPS Excluding the Impact of the Additional Week are non-GAAP measures; see Appendix for description and reconciliation.

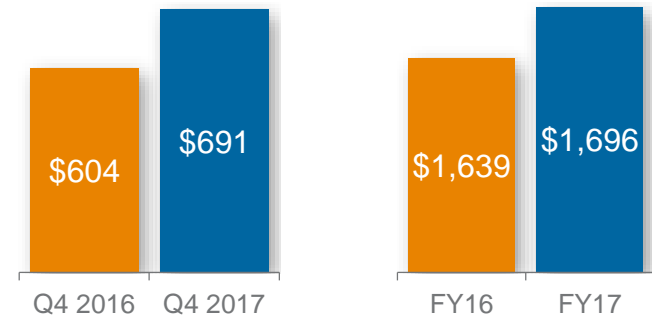
# Operating Metrics

\$ in Millions

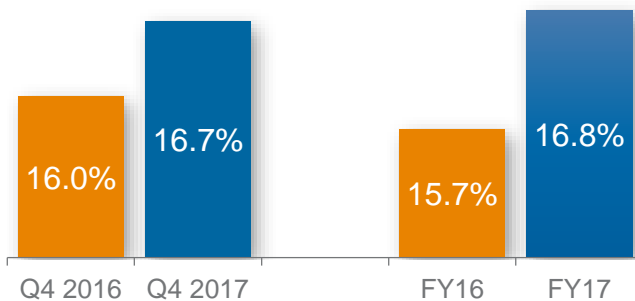
## Adjusted Gross Margin Percentage



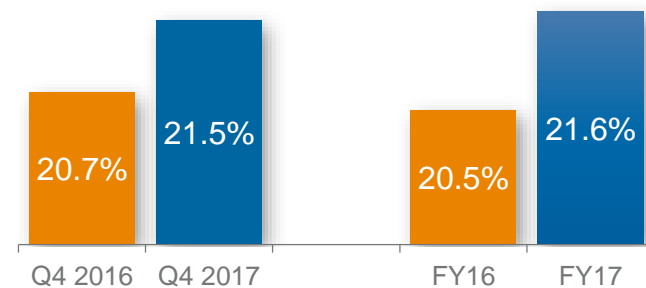
## Free Cash Flow



## Adjusted Operating Margin



## Adjusted EBITDA Margin



Note: Adjusted Gross Margin Percentage, Adjusted Operating Margin and Adjusted EBITDA Margin exclude an additional week in FY16.

# Q1 Outlook





|                          | Guidance*   | Highlights   |
|--------------------------|---|--|
| Transportation Solutions | <p><b>Up Low Double Digits</b><br/>Up Mid Single Digits Organic</p>             | <ul style="list-style-type: none"> <li>Automotive mid single digit organic growth expected on flat global auto production; Continued strong momentum in Commercial Transportation and Sensors</li> </ul>   |
| Industrial Solutions     | <p><b>Up High Single Digits</b><br/>Up Mid Single Digits Organic</p>            | <ul style="list-style-type: none"> <li>Industrial Solutions growth driven by strength in factory automation and medical applications</li> </ul>  |
| Communications Solutions | <p><b>Up Low Single Digits</b><br/>Up Low Single Digits Organic</p>             | <ul style="list-style-type: none"> <li>Communications Solutions growth expected to be driven by Data &amp; Devices and Appliances</li> </ul>   |
| TE Connectivity          | <p><b>Sales \$3.35B to \$3.45B</b><br/><b>Adjusted EPS \$1.23 to \$1.27</b></p> | <ul style="list-style-type: none"> <li>Sales up 10% Y/Y; Expect organic growth of 5% Y/Y</li> <li>Adjusted EPS up 9% Y/Y at the midpoint                             <ul style="list-style-type: none"> <li>FX tailwind benefiting sales by ~\$85M Y/Y and Adjusted EPS by \$0.03 Y/Y</li> </ul> </li> </ul> |

**Strong start to FY18 with organic growth of 5% and 9% Adjusted EPS growth**

\* Assumes foreign exchange rates and commodity prices that are consistent with current levels

Organic Sales Growth and Adjusted EPS are non-GAAP measures; see Appendix for description and reconciliation.

# FY18 Outlook

|   | Guidance*   | Highlights  |
|---|---|---|
|  <p>Transportation Solutions</p> | <p><b>Up High Single Digits</b><br/>Up Mid Single Digits Organic</p>                  | <ul style="list-style-type: none"> <li>• Expect organic Auto growth of mid-single digits on ~1% production growth, reflecting content gains; Expect continued market outperformance in Commercial Transportation and continued growth in Sensors</li> <li>• Industrial organic growth driven by factory automation and medical applications</li> <li>• Communications organic growth expected to continue in Data &amp; Devices and Appliances offset partially by SubCom program timing</li> </ul> |
|  <p>Industrial Solutions</p>     | <p><b>Up Mid Single Digits</b><br/>Up Mid Single Digits Organic</p>                   |   |
|  <p>Communications Solutions</p> | <p><b>Up Low Single Digits</b><br/>Up Low Single Digits Organic</p>                   |   |
|  <p>TE Connectivity</p>         | <p><b>Sales of \$13.7B to \$14.1B</b><br/><b>Adjusted EPS of \$5.13 to \$5.33</b></p> | <ul style="list-style-type: none"> <li>• Sales up 6% Y/Y; Expect organic growth of 4% Y/Y</li> <li>• Adjusted EPS up 8% Y/Y at midpoint               <ul style="list-style-type: none"> <li>• FX tailwind benefiting sales by ~\$130M Y/Y and Adjusted EPS by \$0.05 Y/Y</li> <li>• Y/Y tax rate negatively impacts Adjusted EPS by \$0.17</li> </ul> </li> </ul>  |

**4% organic growth and Adjusted EPS up 8% Y/Y**



# Additional Information

# Y/Y Q4 2017

|                                   | <b>Sales</b><br>(in millions) | <b>Adjusted</b><br><b>EPS</b> |
|-----------------------------------|-------------------------------|-------------------------------|
| <b>Q4 2016 Results (13 weeks)</b> | <b>\$3,094</b>                | <b>\$1.14</b>                 |
| Operational Performance           | 286                           | 0.14                          |
| Acquisitions / Divestitures, net* | 35                            | 0.03                          |
| Tax Rate Impact                   | -                             | (0.08)                        |
| FX Impact                         | 41                            | 0.02                          |
| <b>Q4 2017 Results</b>            | <b>\$3,456</b>                | <b>\$1.25</b>                 |

\* The impact of Acquisitions and Divestitures is shown until one year after the event. Upon the annual anniversary, the impact is considered to be operational.

# Y/Y FY 2017

|                                   | 1H                     |                 | 2H                     |                 | FY17                   |                 |
|-----------------------------------|------------------------|-----------------|------------------------|-----------------|------------------------|-----------------|
|                                   | Sales<br>(in millions) | Adjusted<br>EPS | Sales<br>(in millions) | Adjusted<br>EPS | Sales<br>(in millions) | Adjusted<br>EPS |
| <b>2016 Results – 52 Weeks</b>    | <b>\$5,785</b>         | <b>\$1.74</b>   | <b>\$6,215</b>         | <b>\$2.21</b>   | <b>\$12,000</b>        | <b>\$3.95</b>   |
| Operational Performance           | 429                    | 0.36            | 545                    | 0.29            | 974                    | 0.65            |
| Acquisitions / Divestitures, net* | 146                    | 0.05            | 76                     | 0.05            | 222                    | 0.10            |
| Share Repurchase                  | -                      | 0.12            | -                      | 0.02            | -                      | 0.14            |
| Tax Rate Impact                   | -                      | 0.10            | -                      | (0.07)          | -                      | 0.03            |
| FX Impact                         | (70)                   | (0.03)          | (13)                   | (0.01)          | (83)                   | (0.04)          |
| <b>2017 Results</b>               | <b>\$6,290</b>         | <b>\$2.34</b>   | <b>\$6,823</b>         | <b>\$2.49</b>   | <b>\$13,113</b>        | <b>\$4.83</b>   |

\* The impact of Acquisitions and Divestitures is shown until one year after the event. Upon the annual anniversary, the impact is considered to be operational.



# Y/Y Q1 2018

|                         | Sales<br>(in millions) | Adjusted<br>EPS |
|-------------------------|------------------------|-----------------|
| <b>Q1 2017 Results</b>  | <b>\$3,063</b>         | <b>\$1.15</b>   |
| Operational Performance | 231                    | 0.06            |
| FX Impact               | 86                     | 0.03            |
| Tax Rate Impact         | -                      | 0.01            |
| <b>Q1 2018 Guidance</b> | <b>\$3,380</b>         | <b>\$1.25</b>   |

Guidance Range:  
Sales of \$3.35B - \$3.45B  
Adjusted EPS of \$1.23 – \$1.27

New acquisitions minimally accretive in first year

# Y/Y FY 2018

|                             | <b>Sales</b><br>(in millions) | <b>Adjusted</b><br><b>EPS</b> |
|-----------------------------|-------------------------------|-------------------------------|
| <b>2017 Results</b>         | <b>\$13,113</b>               | <b>\$4.83</b>                 |
| Operational Performance     | 657                           | 0.39                          |
| FX Impact                   | 130                           | 0.05                          |
| Share Repurchase / Interest | -                             | 0.13                          |
| Tax Rate Impact             | -                             | (0.17)                        |
| <b>2018 Guidance</b>        | <b>\$13,900</b>               | <b>\$5.23</b>                 |

Guidance Range  
Sales of \$13.7B - \$14.1B  
Adjusted EPS of \$5.13 - \$5.33

# Q4 Balance Sheet & Cash Flow Summary

## Free Cash Flow and Working Capital

| (\$ in Millions)  | Q4 2016        | Q4 2017        |
|---|----------------|----------------|
| <b>Cash from Continuing Operations</b>  | \$782          | \$873          |
| Capital expenditures, net   | (203)          | (243)          |
| Cash paid pursuant to collateral requirements related to cross currency swaps | 10             | 61             |
| Pre-separation and BNS related tax payments, net                              | 15             | -              |
| <b>Free Cash Flow</b>   | <b>\$604</b>   | <b>\$691</b>   |
| <b>A/R - \$</b>   | <b>\$2,046</b> | <b>\$2,290</b> |
| Days Sales Outstanding*   | 60             | 60             |
| <b>Inventory (Excl. CIP) - \$</b>   | <b>\$1,414</b> | <b>\$1,696</b> |
| Days on Hand*   | 62             | 66             |
| <b>Accounts Payable - \$</b>  | <b>\$1,090</b> | <b>\$1,436</b> |
| Days Outstanding*   | 47             | 56             |

## Liquidity, Cash & Debt

| (\$ in Millions)                  | Q4 2016        | Q4 2017        |
|-----------------------------------|----------------|----------------|
| <b>Beginning Cash Balance</b>     | \$694          | \$755          |
| <b>Free Cash Flow</b>             | 604            | 691            |
| Dividends                         | (132)          | (141)          |
| Share repurchases                 | (130)          | (238)          |
| Acquisitions and Divestiture, net | (335)          | (173)          |
| Net Increase in Debt              | 32             | 332            |
| Other                             | (86)           | (8)            |
| <b>Ending Cash Balance</b>        | <b>\$647</b>   | <b>\$1,218</b> |
| <b>Total Debt</b>                 | <b>\$4,070</b> | <b>\$4,344</b> |

# Impact of Additional Week in Q4 FY16

|                               | Q4 2016        |                                 |                    | Q4 2017                           |                 |                |
|-------------------------------|----------------|---------------------------------|--------------------|-----------------------------------|-----------------|----------------|
|                               |                |                                 |                    | Based on comparable 13 week basis |                 |                |
|                               | Q4 Sales       | Impact of 14 <sup>th</sup> Week | Sales (Normalized) | Q4 Sales                          | Reported Growth | Organic Growth |
| Automotive                    | \$1,311        | \$(102)                         | \$1,209            | \$1,350                           | 12%             | 10%            |
| Commercial Transportation     | 215            | (15)                            | 200                | 274                               | 37%             | 37%            |
| Sensors                       | 210            | (13)                            | 197                | 220                               | 12%             | 9%             |
| Transportation Solutions      | 1,736          | (130)                           | 1,606              | 1,844                             | 15%             | 13%            |
| Industrial Equipment          | 427            | (32)                            | 395                | 490                               | 24%             | 13%            |
| Aerospace, Defense, Oil & Gas | 299            | (20)                            | 279                | 284                               | 2%              | 1%             |
| Energy                        | 193            | (13)                            | 180                | 180                               | -%              | (2)%           |
| Industrial Solutions          | 919            | (65)                            | 854                | 954                               | 12%             | 6%             |
| Data and Devices              | 262            | (21)                            | 241                | 254                               | 5%              | 6%             |
| Subsea Communications         | 239            | (11)                            | 228                | 222                               | (3)%            | (3)%           |
| Appliances                    | 176            | (11)                            | 165                | 182                               | 10%             | 10%            |
| Communications Solutions      | 677            | (43)                            | 634                | 658                               | 4%              | 4%             |
| <b>Total TE</b>               | <b>\$3,332</b> | <b>\$(238)</b>                  | <b>\$3,094</b>     | <b>\$3,456</b>                    | <b>12%</b>      | <b>9%</b>      |

# Appendix

# Non-GAAP Financial Measures

We present non-GAAP performance and liquidity measures as we believe it is appropriate for investors to consider adjusted financial measures in addition to results in accordance with accounting principles generally accepted in the U.S. (“GAAP”). These non-GAAP financial measures provide supplemental information and should not be considered replacements for results in accordance with GAAP. Management uses non-GAAP financial measures internally for planning and forecasting purposes and in its decision-making processes related to the operations of our company. We believe these measures provide meaningful information to us and investors because they enhance the understanding of our operating performance, ability to generate cash, and the trends of our business. Additionally, we believe that investors benefit from having access to the same financial measures that management uses in evaluating our operations. The primary limitation of these measures is that they exclude the financial impact of items that would otherwise either increase or decrease our reported results. This limitation is best addressed by using these non-GAAP financial measures in combination with the most directly comparable GAAP financial measures in order to better understand the amounts, character, and impact of any increase or decrease in reported amounts. These non-GAAP financial measures may not be comparable to similarly-titled measures reported by other companies.

The following provides additional information regarding our non-GAAP financial measures:

- Organic Net Sales Growth – represents net sales growth (the most comparable GAAP financial measure) excluding the impact of foreign currency exchange rates, and acquisitions and divestitures that occurred in the preceding twelve months, if any. Organic Net Sales Growth is a useful measure of our performance because it excludes items that are not completely under management’s control, such as the impact of changes in foreign currency exchange rates, and items that do not reflect the underlying growth of the company, such as acquisition and divestiture activity. This measure is a significant component in our incentive compensation plans.
- Adjusted Gross Margin and Adjusted Gross Margin Percentage – represent gross margin and gross margin percentage, respectively, (the most comparable GAAP financial measures) before special items including acquisition related charges, if any.
- Adjusted Operating Income and Adjusted Operating Margin – represent operating income and operating margin, respectively, (the most comparable GAAP financial measures) before special items including restructuring and other charges, acquisition related charges, and other income or charges, if any. We utilize these measures to assess segment level operating performance and to provide insight to management in evaluating segment operating plan execution and market conditions. Adjusted Operating Income is a significant component in our incentive compensation plans.
- Adjusted Other Income, Net – represents net other income (the most comparable GAAP financial measure) before special items including tax sharing income related to adjustments to prior period tax returns and other items, if any.
- Adjusted Income Tax Expense and Adjusted Effective Tax Rate – represent income tax expense and effective tax rate, respectively, (the most comparable GAAP financial measures) after adjusting for the tax effect of special items including restructuring and other charges, acquisition related charges, other income or charges, and certain significant tax items, if any.
- Adjusted Income from Continuing Operations – represents income from continuing operations (the most comparable GAAP financial measure) before special items including restructuring and other charges, acquisition related charges, tax sharing income related to adjustments to prior period tax returns and other tax items, other income or charges, and certain significant tax items, if any, and, if applicable, the related tax effects.
- Adjusted Earnings Per Share – represents diluted earnings per share from continuing operations (the most comparable GAAP financial measure) before special items including restructuring and other charges, acquisition related charges, tax sharing income related to adjustments to prior period tax returns and other tax items, other income or charges, and certain significant tax items, if any, and, if applicable, the related tax effects. This measure is a significant component in our incentive compensation plans.

## Non-GAAP Financial Measures (cont.)

- Adjusted Earnings Per Share Excluding the Impact of Changes in the Adjusted Effective Tax Rate – represents Adjusted Earnings Per Share calculated by applying the prior period Adjusted Effective Tax Rate to the current period. We believe this measure provides useful information regarding our Adjusted Earnings Per Share.
- Adjusted Earnings Per Share in Constant Currency Excluding the Impact of Changes in the Adjusted Effective Tax Rate – represents Adjusted Earnings Per Share calculated by excluding the impact of fluctuations in foreign currency exchange rates between periods and by applying the prior period Adjusted Effective Tax Rate to the current period. We believe this measure provides valuable supplemental information regarding our Adjusted Earnings Per Share.
- Adjusted EBITDA and Adjusted EBITDA Margin - represent net income and net income as a percentage of net sales, respectively, (the most comparable GAAP financial measures) before interest expense, interest income, income taxes, depreciation, and amortization, as adjusted for net other income, income from discontinued operations, and special items including restructuring and other charges, acquisition related charges, and other income or charges, if any.
- Net Sales Excluding the Impact of the Additional Week, Net Sales Growth Excluding the Impact of the Additional Week, Organic Net Sales Growth Excluding the Impact of the Additional Week, Adjusted Gross Margin Excluding the Impact of the Additional Week, Adjusted Gross Margin Percentage Excluding the Impact of the Additional Week, Adjusted Operating Income Excluding the Impact of the Additional Week, Adjusted Operating Margin Excluding the Impact of the Additional Week, -Adjusted Earnings Per Share Excluding the Impact of the Additional Week, Adjusted EBITDA Excluding the Impact of the Additional Week, and Adjusted EBITDA Margin Excluding the Impact of the Additional Week – represent certain GAAP and non-GAAP financial measures excluding the impact of the additional week in the fourth quarter of the fiscal year for fiscal years which are 53 weeks in length. The impact of the additional week is estimated using an average weekly sales figure for the last month of the fiscal year.
- Free Cash Flow (FCF) – is a useful measure of our ability to generate cash. The difference between net cash provided by continuing operating activities (the most comparable GAAP financial measure) and Free Cash Flow consists mainly of significant cash outflows and inflows that we believe are useful to identify. We believe Free Cash Flow provides useful information to investors as it provides insight into the primary cash flow metric used by management to monitor and evaluate cash flows generated from our operations.

Free Cash Flow is defined as net cash provided by continuing operating activities excluding voluntary pension contributions and the cash impact of special items, if any, minus net capital expenditures. Voluntary pension contributions are excluded from the GAAP financial measure because this activity is driven by economic financing decisions rather than operating activity. Certain special items, including net payments related to pre-separation tax matters and cash paid (collected) pursuant to collateral requirements related to cross currency swaps, are also excluded by management in evaluating Free Cash Flow. Net capital expenditures consist of capital expenditures less proceeds from the sale of property, plant, and equipment. These items are subtracted because they represent long-term commitments.

In the calculation of Free Cash Flow, we subtract certain cash items that are ultimately within management's and the Board of Directors' discretion to direct and may imply that there is less or more cash available for our programs than the most comparable GAAP financial measure indicates. It should not be inferred that the entire Free Cash Flow amount is available for future discretionary expenditures, as our definition of Free Cash Flow does not consider certain non-discretionary expenditures, such as debt payments. In addition, we may have other discretionary expenditures, such as discretionary dividends, share repurchases, and business acquisitions, that are not considered in the calculation of Free Cash Flow.

- Adjusted Return on Invested Capital (ROIC) – represents adjusted net operating profit after tax divided by average invested capital. We use Adjusted Return on Invested Capital as an indicator of our capital efficiency. Adjusted Return on Invested Capital is not a measure defined by GAAP. It is calculated by us, in part, using non-GAAP financial measures. We are providing our calculation of Adjusted Return on Invested Capital as this measure may not be defined and calculated by other companies in the same manner.

# Segment Summary

|                          | For the Quarters Ended       |                              |                              |                              | For the Years Ended          |                              |                              |                              |              |
|--------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|--------------|
|                          | September 29,<br>2017        |                              | September 30,<br>2016        |                              | September 29,<br>2017        |                              | September 30,<br>2016        |                              |              |
|                          | (\$ in millions)             |                              |                              |                              |                              |                              |                              |                              |              |
|                          | Net Sales                    |                              | Net Sales                    |                              | Net Sales                    |                              | Net Sales                    |                              |              |
| Transportation Solutions | \$                           | 1,844                        | \$                           | 1,736                        | \$                           | 7,039                        | \$                           | 6,503                        |              |
| Industrial Solutions     |                              | 954                          |                              | 919                          |                              | 3,507                        |                              | 3,215                        |              |
| Communications Solutions |                              | 658                          |                              | 677                          |                              | 2,567                        |                              | 2,520                        |              |
| <b>Total</b>             | <b>\$</b>                    | <b>3,456</b>                 | <b>\$</b>                    | <b>3,332</b>                 | <b>\$</b>                    | <b>13,113</b>                | <b>\$</b>                    | <b>12,238</b>                |              |
|                          | <b>Operating</b>             | <b>Operating</b>             | <b>Operating</b>             | <b>Operating</b>             | <b>Operating</b>             | <b>Operating</b>             | <b>Operating</b>             | <b>Operating</b>             |              |
|                          | <b>Income</b>                | <b>Margin</b>                | <b>Income</b>                | <b>Margin</b>                | <b>Income</b>                | <b>Margin</b>                | <b>Income</b>                | <b>Margin</b>                |              |
| Transportation Solutions | \$                           | 328                          | 17.8%                        | \$                           | 344                          | 19.8%                        | \$                           | 1,191                        | 18.3%        |
| Industrial Solutions     |                              | 113                          | 11.8                         |                              | 119                          | 12.9                         |                              | 343                          | 10.7         |
| Communications Solutions |                              | 111                          | 16.9                         |                              | 54                           | 8.0                          |                              | 368                          | 14.6         |
| <b>Total</b>             | <b>\$</b>                    | <b>552</b>                   | <b>16.0%</b>                 | <b>\$</b>                    | <b>517</b>                   | <b>15.5%</b>                 | <b>\$</b>                    | <b>1,902</b>                 | <b>15.5%</b> |
|                          | <b>Adjusted</b>              | <b>Adjusted</b>              | <b>Adjusted</b>              | <b>Adjusted</b>              | <b>Adjusted</b>              | <b>Adjusted</b>              | <b>Adjusted</b>              | <b>Adjusted</b>              |              |
|                          | <b>Operating</b>             | <b>Operating</b>             | <b>Operating</b>             | <b>Operating</b>             | <b>Operating</b>             | <b>Operating</b>             | <b>Operating</b>             | <b>Operating</b>             |              |
|                          | <b>Income <sup>(1)</sup></b> | <b>Margin <sup>(1)</sup></b> | <b>Income <sup>(1)</sup></b> | <b>Margin <sup>(1)</sup></b> | <b>Income <sup>(1)</sup></b> | <b>Margin <sup>(1)</sup></b> | <b>Income <sup>(1)</sup></b> | <b>Margin <sup>(1)</sup></b> |              |
| Transportation Solutions | \$                           | 336                          | 18.2%                        | \$                           | 341                          | 19.6%                        | \$                           | 1,246                        | 19.2%        |
| Industrial Solutions     |                              | 132                          | 13.8                         |                              | 123                          | 13.4                         |                              | 397                          | 12.3         |
| Communications Solutions |                              | 108                          | 16.4                         |                              | 87                           | 12.9                         |                              | 293                          | 11.6         |
| <b>Total</b>             | <b>\$</b>                    | <b>576</b>                   | <b>16.7%</b>                 | <b>\$</b>                    | <b>551</b>                   | <b>16.5%</b>                 | <b>\$</b>                    | <b>1,936</b>                 | <b>15.8%</b> |

<sup>(1)</sup> Adjusted operating income and adjusted operating margin are non-GAAP financial measures. See description of non-GAAP financial measures.



# Reconciliation of Net Sales Growth – Q4 17 vs. Q4 16

## Change in Net Sales for the Quarter Ended September 29, 2017 versus Net Sales for the Quarter Ended September 30, 2016

|   | <u>Net<br/>Sales Growth</u> |              | <u>Organic Net<br/>Sales Growth <sup>(1)</sup></u> |              | <u>Translation <sup>(2)</sup></u> | <u>Acquisitions</u> |
|---|-----------------------------|--------------|--|--------------|-----------------------------------|---------------------|
|   |                             |              | (\$ in millions)                                   |              |                                   |                     |
| <b>Transportation Solutions <sup>(3)</sup>:</b> |                             |              |  |              |                                   |                     |
| Automotive                                      | \$ 39                       | 3.0%         | \$ 19  | 1.5%         | \$ 20                             | \$ -                |
| Commercial transportation                       | 59                          | 27.4         | 58   | 26.9         | 1                                 | -                   |
| Sensors   | 10                          | 4.8          | 5  | 2.2          | 5                                 | -                   |
| Total   | <u>108</u>                  | <u>6.2</u>   | <u>82</u>  | <u>4.7</u>   | <u>26</u>                         | <u>-</u>            |
| <b>Industrial Solutions <sup>(3)</sup>:</b>     |                             |              |  |              |                                   |                     |
| Industrial equipment                            | 63                          | 14.8         | 21   | 5.0          | 7                                 | 35                  |
| Aerospace, defense, oil, and gas                | (15)                        | (5.0)        | (18)   | (6.0)        | 3                                 | -                   |
| Energy  | <u>(13)</u>                 | <u>(6.7)</u> | <u>(17)</u>  | <u>(8.5)</u> | <u>4</u>                          | <u>-</u>            |
| Total   | <u>35</u>                   | <u>3.8</u>   | <u>(14)</u>  | <u>(1.5)</u> | <u>14</u>                         | <u>35</u>           |
| <b>Communications Solutions <sup>(3)</sup>:</b> |                             |              |  |              |                                   |                     |
| Data and devices                                | (8)                         | (3.1)        | (7)  | (2.4)        | (1)                               | -                   |
| Subsea communications                           | (17)                        | (7.1)        | (17)   | (7.1)        | -                                 | -                   |
| Appliances                                      | <u>6</u>                    | <u>3.4</u>   | <u>4</u>   | <u>2.9</u>   | <u>2</u>                          | <u>-</u>            |
| Total   | <u>(19)</u>                 | <u>(2.8)</u> | <u>(20)</u>  | <u>(2.9)</u> | <u>1</u>                          | <u>-</u>            |
| <b>Total</b>                                    | <u>\$ 124</u>               | <u>3.7%</u>  | <u>\$ 48</u>                                       | <u>1.4%</u>  | <u>\$ 41</u>                      | <u>\$ 35</u>        |

<sup>(1)</sup> Organic net sales growth is a non-GAAP financial measure. See description of non-GAAP financial measures.

<sup>(2)</sup> Represents the change in net sales resulting from changes in foreign currency exchange rates.

<sup>(3)</sup> Industry end market information is presented consistently with our internal management reporting and may be periodically revised as management deems necessary.

# Reconciliation of Net Sales Growth – FY 17 vs. FY 16

Change in Net Sales for the Year Ended September 29, 2017  
versus Net Sales for the Year Ended September 30, 2016

|   | Net Sales Growth |             | Organic Net Sales Growth <sup>(1)</sup> |             | Translation <sup>(2)</sup> | Acquisitions (Divestiture) |
|---|------------------|-------------|---|-------------|----------------------------|----------------------------|
|   | (\$ in millions) |             |   |             |                            |                            |
| <b>Transportation Solutions <sup>(3)</sup>:</b> |                  |             |   |             |                            |                            |
| Automotive                                      | \$ 316           | 6.4%        | \$ 349                                  | 7.1%        | \$ (33)                    | \$ -                       |
| Commercial transportation                       | 172              | 20.8        | 181                                     | 21.9        | (9)                        | -                          |
| Sensors   | 48               | 6.3         | 23                                      | 3.0         | (5)                        | 30                         |
| Total   | 536              | 8.2         | 553                                     | 8.5         | (47)                       | 30                         |
| <b>Industrial Solutions <sup>(3)</sup>:</b>     |                  |             |   |             |                            |                            |
| Industrial equipment                            | 328              | 23.1        | 77                                      | 5.5         | (10)                       | 261                        |
| Aerospace, defense, oil, and gas                | (25)             | (2.3)       | (19)                                    | (1.7)       | (7)                        | 1                          |
| Energy  | (11)             | (1.6)       | (8)                                     | (1.0)       | (3)                        | -                          |
| Total   | 292              | 9.1         | 50                                      | 1.6         | (20)                       | 262                        |
| <b>Communications Solutions <sup>(3)</sup>:</b> |                  |             |   |             |                            |                            |
| Data and devices                                | (57)             | (5.6)       | 23                                      | 2.3         | (10)                       | (70)                       |
| Subsea communications                           | 43               | 4.9         | 43                                      | 4.9         | -                          | -                          |
| Appliances                                      | 61               | 9.9         | 67                                      | 10.8        | (6)                        | -                          |
| Total   | 47               | 1.9         | 133                                     | 5.4         | (16)                       | (70)                       |
| <b>Total</b>                                    | <b>\$ 875</b>    | <b>7.1%</b> | <b>\$ 736</b>                           | <b>6.0%</b> | <b>\$ (83)</b>             | <b>\$ 222</b>              |

<sup>(1)</sup> Organic net sales growth is a non-GAAP financial measure. See description of non-GAAP financial measures.

<sup>(2)</sup> Represents the change in net sales resulting from changes in foreign currency exchange rates.

<sup>(3)</sup> Industry end market information is presented consistently with our internal management reporting and may be periodically revised as management deems necessary.

# Reconciliation of Non-GAAP Financial Measures to GAAP Financial Measures for the Quarter Ended September 29, 2017

|  | Adjustments                             |  |  | Adjusted<br>(Non-GAAP) <sup>(2)</sup> |
|--|---|--|--|---------------------------------------|
|  | U.S. GAAP                               | Acquisition<br>Related<br>Charges <sup>(1)</sup> | Restructuring<br>and Other<br>Charges<br>(Credits), Net <sup>(1)</sup> |                                       |
|  | (\$ in millions, except per share data) |  |  |                                       |
| <b>Operating Income:</b>   |   |  |  |                                       |
| Transportation Solutions   | \$ 328                                  | \$ 1   | \$ 7   | \$ 336                                |
| Industrial Solutions   | 113                                     | -  | 19   | 132                                   |
| Communications Solutions   | 111                                     | -  | (3)  | 108                                   |
| <b>Total</b>   | <u>\$ 552</u>                           | <u>\$ 1</u>                                      | <u>\$ 23</u>   | <u>\$ 576</u>                         |
| <b>Operating Margin</b>  | <u>16.0%</u>                            |  |  | <u>16.7%</u>                          |
| <b>Other Expense, Net</b>  | <u>\$ (3)</u>                           | <u>\$ -</u>                                      | <u>\$ -</u>  | <u>\$ (3)</u>                         |
| <b>Income Tax Expense</b>  | <u>\$ (91)</u>                          | <u>\$ (1)</u>                                    | <u>\$ (7)</u>  | <u>\$ (99)</u>                        |
| <b>Effective Tax Rate</b>  | <u>17.5%</u>                            |  |  | <u>18.2%</u>                          |
| <b>Income from Continuing Operations</b>                         | <u>\$ 429</u>                           | <u>\$ -</u>                                      | <u>\$ 16</u>   | <u>\$ 445</u>                         |
| <b>Diluted Earnings per Share from<br/>Continuing Operations</b> | <u>\$ 1.21</u>                          | <u>\$ -</u>                                      | <u>\$ 0.04</u>   | <u>\$ 1.25</u>                        |

<sup>(1)</sup> The tax effect of each non-GAAP adjustment is calculated based on the jurisdictions in which the expense (income) is incurred and the tax laws in effect for each such jurisdiction.

<sup>(2)</sup> See description of non-GAAP financial measures.

# Reconciliation of Non-GAAP Financial Measures to GAAP Financial Measures for the Quarter Ended September 30, 2016

|  | <u>Adjustments</u>                      |   |  | <u>Adjusted<br/>(Non-GAAP) <sup>(2)</sup></u> |
|--|---|---|--|---|
|  | <u>U.S. GAAP</u>                        | <u>Acquisition<br/>Related<br/>Charges <sup>(1)</sup></u> | <u>Restructuring<br/>and Other<br/>Charges<br/>(Credits), Net <sup>(1)</sup></u> |   |
|  | (\$ in millions, except per share data) |   |  |   |
| <b>Operating Income:</b>   |   |   |  |   |
| Transportation Solutions   | \$ 344                                  | \$ 3  | \$ (6)   | \$ 341  |
| Industrial Solutions   | 119                                     | 1   | 3  | 123   |
| Communications Solutions   | 54                                      | -   | 33   | 87  |
| <b>Total</b>   | <u>\$ 517</u>                           | <u>\$ 4</u>   | <u>\$ 30</u>   | <u>\$ 551</u>                                 |
| <b>Operating Margin</b>  | <u>15.5%</u>                            |   |  | <u>16.5%</u>                                  |
| <b>Other Expense, Net</b>  | <u>\$ (1)</u>                           | <u>\$ -</u>   | <u>\$ -</u>  | <u>\$ (1)</u>                                 |
| <b>Income Tax Expense</b>  | <u>\$ (52)</u>                          | <u>\$ (1)</u>   | <u>\$ (15)</u>   | <u>\$ (68)</u>                                |
| <b>Effective Tax Rate</b>  | <u>10.6%</u>                            |   |  | <u>13.0%</u>                                  |
| <b>Income from Continuing Operations</b>                         | <u>\$ 437</u>                           | <u>\$ 3</u>   | <u>\$ 15</u>   | <u>\$ 455</u>                                 |
| <b>Diluted Earnings per Share from<br/>Continuing Operations</b> | <u>\$ 1.22</u>                          | <u>\$ 0.01</u>  | <u>\$ 0.04</u>   | <u>\$ 1.27</u>                                |

<sup>(1)</sup> The tax effect of each non-GAAP adjustment is calculated based on the jurisdictions in which the expense (income) is incurred and the tax laws in effect for each such jurisdiction.

<sup>(2)</sup> See description of non-GAAP financial measures.

# Reconciliation of Non-GAAP Financial Measures to GAAP Financial Measures for the Year Ended September 29, 2017

|  | U.S. GAAP       | Adjustments                                      |   |                             | Adjusted<br>(Non-GAAP) <sup>(3)</sup> |
|--|-----------------|--|---|-----------------------------|---------------------------------------|
|  |                 | Acquisition<br>Related<br>Charges <sup>(1)</sup> | Restructuring<br>and Other<br>Charges, Net <sup>(1)</sup> | Tax<br>Items <sup>(2)</sup> |                                       |
| (\$ in millions, except per share data)                          |                 |  |   |                             |                                       |
| <b>Operating Income:</b>   |                 |  |   |                             |                                       |
| Transportation Solutions   | \$ 1,299        | \$ 3   | \$ 67   | \$ -                        | \$ 1,369                              |
| Industrial Solutions   | 364             | 8  | 73  | -                           | 445                                   |
| Communications Solutions   | 384             | -  | 8   | -                           | 392                                   |
| <b>Total</b>   | <u>\$ 2,047</u> | <u>\$ 11</u>                                     | <u>\$ 148</u>   | <u>\$ -</u>                 | <u>\$ 2,206</u>                       |
| <b>Operating Margin</b>  | <u>15.6%</u>    |  |   |                             | <u>16.8%</u>                          |
| <b>Other Expense, Net</b>  | <u>\$ (9)</u>   | <u>\$ -</u>                                      | <u>\$ -</u>   | <u>\$ 7</u>                 | <u>\$ (2)</u>                         |
| <b>Income Tax Expense</b>  | <u>\$ (255)</u> | <u>\$ (3)</u>                                    | <u>\$ (40)</u>  | <u>\$ (66)</u>              | <u>\$ (364)</u>                       |
| <b>Effective Tax Rate</b>  | <u>13.2%</u>    |  |   |                             | <u>17.4%</u>                          |
| <b>Income from Continuing Operations</b>                         | <u>\$ 1,673</u> | <u>\$ 8</u>                                      | <u>\$ 108</u>   | <u>\$ (59)</u>              | <u>\$ 1,730</u>                       |
| <b>Diluted Earnings per Share from<br/>Continuing Operations</b> | <u>\$ 4.67</u>  | <u>\$ 0.02</u>                                   | <u>\$ 0.30</u>  | <u>\$ (0.16)</u>            | <u>\$ 4.83</u>                        |

<sup>(1)</sup> The tax effect of each non-GAAP adjustment is calculated based on the jurisdictions in which the expense (income) is incurred and the tax laws in effect for each such jurisdiction.

<sup>(2)</sup> Includes income tax benefits associated with the tax impacts of certain intercompany transactions and the corresponding reduction in the valuation allowance for U.S. tax loss carryforwards. Also includes income tax benefits associated with pre-separation tax matters and the related impact to other expense pursuant to the tax sharing agreement with Tyco International and Covidien.

<sup>(3)</sup> See description of non-GAAP financial measures.

# Reconciliation of Non-GAAP Financial Measures to GAAP Financial Measures for the Year Ended September 30, 2016

|  | <u>Adjustments</u> |  |  |                                     | <u>Adjusted<br/>(Non-GAAP) <sup>(4)</sup></u> |
|--|--------------------|--|--|-------------------------------------|---|
|  | <u>U.S. GAAP</u>   | <u>Acquisition<br/>Related<br/>Charges <sup>(1)(2)</sup></u> | <u>Restructuring<br/>and Other<br/>Charges<br/>(Credits), Net <sup>(2)</sup></u> | <u>Tax<br/>Items <sup>(3)</sup></u> |   |
| (\$ in millions, except per share data)                          |                    |  |  |                                     |   |
| <b>Operating Income:</b>   |                    |  |  |                                     |   |
| Transportation Solutions   | \$ 1,191           | \$ 9   | \$ 46  | \$ -                                | \$ 1,246                                      |
| Industrial Solutions   | 343                | 23   | 31   | -                                   | 397   |
| Communications Solutions   | 368                | -  | (75)   | -                                   | 293   |
| <b>Total</b>   | <u>\$ 1,902</u>    | <u>\$ 32</u>   | <u>\$ 2</u>  | <u>\$ -</u>                         | <u>\$ 1,936</u>                               |
| <b>Operating Margin</b>  | <u>15.5%</u>       |  |  |                                     | <u>15.8%</u>                                  |
| <b>Other Income (Expense), Net</b>                               | <u>\$ (632)</u>    | <u>\$ -</u>  | <u>\$ -</u>  | <u>\$ 650</u>                       | <u>\$ 18</u>                                  |
| <b>Income Tax (Expense) Benefit</b>                              | <u>\$ 779</u>      | <u>\$ (7)</u>  | <u>\$ (2)</u>  | <u>\$ (1,111)</u>                   | <u>\$ (341)</u>                               |
| <b>Effective Tax Rate</b>  | <u>(67.0)%</u>     |  |  |                                     | <u>18.5%</u>                                  |
| <b>Income from Continuing Operations</b>                         | <u>\$ 1,941</u>    | <u>\$ 25</u>   | <u>\$ -</u>  | <u>\$ (461)</u>                     | <u>\$ 1,505</u>                               |
| <b>Diluted Earnings per Share from<br/>Continuing Operations</b> | <u>\$ 5.26</u>     | <u>\$ 0.07</u>   | <u>\$ -</u>  | <u>\$ (1.25)</u>                    | <u>\$ 4.08</u>                                |

<sup>(1)</sup> Includes \$22 million of acquisition and integration costs and \$10 million of non-cash amortization associated with fair value adjustments related to acquired inventories and customer order backlog recorded in cost of sales.

<sup>(2)</sup> The tax effect of each non-GAAP adjustment is calculated based on the jurisdictions in which the expense (income) is incurred and the tax laws in effect for each such jurisdiction.

<sup>(3)</sup> Includes \$1,135 million of income tax benefits associated with the settlement of tax matters for the years 1997 through 2000 which resolved all aspects of the disputed debt matter with the IRS through the year 2007, as well as the related impact of \$604 million to other expense pursuant to the tax sharing agreement with Tyco International and Covidien. Also includes income tax charges related to a \$91 million increase in the valuation allowance for certain U.S. deferred tax assets; and an \$83 million net income tax benefit related to tax settlements in certain other tax jurisdictions, as well as the related impact of \$46 million to other expense pursuant to the tax sharing agreement with Tyco International and Covidien.

<sup>(4)</sup> See description of non-GAAP financial measures.

# Reconciliation of Non-GAAP Financial Measures to GAAP Financial Measures for the Six Months Ended March 31, 2017

|  | U.S. GAAP      | Adjustments                                      |   |                             | Adjusted<br>(Non-GAAP) <sup>(3)</sup> |
|--|----------------|--|---|-----------------------------|---------------------------------------|
|  |                | Acquisition<br>Related<br>Charges <sup>(1)</sup> | Restructuring<br>and Other<br>Charges, Net <sup>(1)</sup> | Tax<br>Items <sup>(2)</sup> |                                       |
| (\$ in millions, except per share data)                          |                |  |   |                             |                                       |
| <b>Operating Income:</b>   |                |  |   |                             |                                       |
| Transportation Solutions   | \$ 643         | \$ 1   | \$ 57   | \$ -                        | \$ 701                                |
| Industrial Solutions   | 153            | 5  | 40  | -                           | 198                                   |
| Communications Solutions   | 163            | -  | 9   | -                           | 172                                   |
| <b>Total</b>   | <u>\$ 959</u>  | <u>\$ 6</u>                                      | <u>\$ 106</u>   | <u>\$ -</u>                 | <u>\$ 1,071</u>                       |
| <b>Operating Margin</b>  | <u>15.2%</u>   |  |   |                             | <u>17.0%</u>                          |
| <b>Other Expense, Net</b>  | <u>\$ (2)</u>  | <u>\$ -</u>                                      | <u>\$ -</u>   | <u>\$ -</u>                 | <u>\$ (2)</u>                         |
| <b>Income Tax Expense</b>  | <u>\$ (93)</u> | <u>\$ (1)</u>                                    | <u>\$ (30)</u>  | <u>\$ (52)</u>              | <u>\$ (176)</u>                       |
| <b>Effective Tax Rate</b>  | <u>10.3%</u>   |  |   |                             | <u>17.3%</u>                          |
| <b>Income from Continuing Operations</b>                         | <u>\$ 812</u>  | <u>\$ 5</u>                                      | <u>\$ 76</u>  | <u>\$ (52)</u>              | <u>\$ 841</u>                         |
| <b>Diluted Earnings per Share from<br/>Continuing Operations</b> | <u>\$ 2.26</u> | <u>\$ 0.01</u>                                   | <u>\$ 0.21</u>  | <u>\$ (0.14)</u>            | <u>\$ 2.34</u>                        |

<sup>(1)</sup> The tax effect of each non-GAAP adjustment is calculated based on the jurisdictions in which the expense (income) is incurred and the tax laws in effect for each such jurisdiction.

<sup>(2)</sup> Income tax benefits associated with the tax impacts of certain intercompany transactions and the corresponding reduction in the valuation allowance for U.S. tax loss carry forwards.

<sup>(3)</sup> See description of non-GAAP financial measures.

# Reconciliation of Non-GAAP Financial Measures to GAAP Financial Measures for the Quarter Ended June 30, 2017

|  | U.S. GAAP      | Adjustments                                      |   |                             | Adjusted<br>(Non-GAAP) <sup>(3)</sup> |
|--|----------------|--|---|-----------------------------|---------------------------------------|
|  |                | Acquisition<br>Related<br>Charges <sup>(1)</sup> | Restructuring<br>and Other<br>Charges, Net <sup>(1)</sup> | Tax<br>Items <sup>(2)</sup> |                                       |
| (\$ in millions, except per share data)                          |                |  |   |                             |                                       |
| <b>Operating Income:</b>   |                |  |   |                             |                                       |
| Transportation Solutions   | \$ 328         | \$ 1   | \$ 3  | \$ -                        | \$ 332                                |
| Industrial Solutions   | 98             | 3  | 14  | -                           | 115                                   |
| Communications Solutions   | 110            | -  | 2   | -                           | 112                                   |
| <b>Total</b>   | <u>\$ 536</u>  | <u>\$ 4</u>                                      | <u>\$ 19</u>  | <u>\$ -</u>                 | <u>\$ 559</u>                         |
| <b>Operating Margin</b>  | <u>15.9%</u>   |  |   |                             | <u>16.6%</u>                          |
| <b>Other Income (Expense), Net</b>                               | <u>\$ (4)</u>  | <u>\$ -</u>                                      | <u>\$ -</u>   | <u>\$ 7</u>                 | <u>\$ 3</u>                           |
| <b>Income Tax Expense</b>  | <u>\$ (71)</u> | <u>\$ (1)</u>                                    | <u>\$ (3)</u>   | <u>\$ (14)</u>              | <u>\$ (89)</u>                        |
| <b>Effective Tax Rate</b>  | <u>14.1%</u>   |  |   |                             | <u>16.7%</u>                          |
| <b>Income from Continuing Operations</b>                         | <u>\$ 432</u>  | <u>\$ 3</u>                                      | <u>\$ 16</u>  | <u>\$ (7)</u>               | <u>\$ 444</u>                         |
| <b>Diluted Earnings per Share from<br/>Continuing Operations</b> | <u>\$ 1.21</u> | <u>\$ 0.01</u>                                   | <u>\$ 0.04</u>  | <u>\$ (0.02)</u>            | <u>\$ 1.24</u>                        |

<sup>(1)</sup> The tax effect of each non-GAAP adjustment is calculated based on the jurisdictions in which the expense (income) is incurred and the tax laws in effect for each such jurisdiction.

<sup>(2)</sup> Income tax benefits associated with pre-separation tax matters and the related impact to other expense pursuant to the tax sharing agreement with Tyco International and Covidien.

<sup>(3)</sup> See description of non-GAAP financial measures.



# Reconciliation of Non-GAAP Financial Measures to GAAP Financial Measures for the Six Months Ended March 25, 2016

|  | Adjustments                             |  |   |                             | Adjusted<br>(Non-GAAP) <sup>(4)</sup> |
|--|---|--|---|-----------------------------|---------------------------------------|
|  | U.S. GAAP                               | Acquisition<br>Related<br>Charges <sup>(1)</sup> | Restructuring<br>and Other<br>Charges<br>(Credits), Net <sup>(1)(2)</sup> | Tax<br>Items <sup>(3)</sup> |                                       |
|  | (\$ in millions, except per share data) |  |   |                             |                                       |
| <b>Operating Income:</b>   |   |  |   |                             |                                       |
| Transportation Solutions   | \$ 550                                  | \$ 4   | \$ 31   | \$ -                        | \$ 585                                |
| Industrial Solutions   | 129                                     | 6  | 27  | -                           | 162                                   |
| Communications Solutions   | 254                                     | -  | (117)   | -                           | 137                                   |
| <b>Total</b>   | <u>\$ 933</u>                           | <u>\$ 10</u>                                     | <u>\$ (59)</u>  | <u>\$ -</u>                 | <u>\$ 884</u>                         |
| <b>Operating Margin</b>  | <u>16.1%</u>                            |  |   |                             | <u>15.3%</u>                          |
| <b>Other Income, Net</b>   | <u>\$ 20</u>                            | <u>\$ -</u>                                      | <u>\$ -</u>   | <u>\$ -</u>                 | <u>\$ 20</u>                          |
| <b>Income Tax Expense</b>  | <u>\$ (188)</u>                         | <u>\$ (3)</u>                                    | <u>\$ 23</u>  | <u>\$ (25)</u>              | <u>\$ (193)</u>                       |
| <b>Effective Tax Rate</b>  | <u>20.9%</u>                            |  |   |                             | <u>22.7%</u>                          |
| <b>Income from Continuing Operations</b>                         | <u>\$ 713</u>                           | <u>\$ 7</u>                                      | <u>\$ (36)</u>  | <u>\$ (25)</u>              | <u>\$ 659</u>                         |
| <b>Diluted Earnings per Share from<br/>Continuing Operations</b> | <u>\$ 1.88</u>                          | <u>\$ 0.02</u>                                   | <u>\$ (0.09)</u>  | <u>\$ (0.07)</u>            | <u>\$ 1.74</u>                        |

<sup>(1)</sup> The tax effect of each non-GAAP adjustment is calculated based on the jurisdictions in which the expense (income) is incurred and the tax laws in effect for each such jurisdiction.

<sup>(2)</sup> Includes the gain on the divestiture of our Circuit Protection Devices business.

<sup>(3)</sup> Includes income tax benefits related to deferred tax assets recognized in connection with the sale of the Circuit Protection Devices business.

<sup>(4)</sup> See description of non-GAAP financial measures.

# Reconciliation of Non-GAAP Financial Measures to GAAP Financial Measures for the Quarter Ended June 24, 2016

|  | <u>Adjustments</u>                      |  |  |                                     | <u>Adjusted<br/>(Non-GAAP) <sup>(4)</sup></u> |
|--|---|--|--|-------------------------------------|---|
|  | <u>U.S. GAAP</u>                        | <u>Acquisition<br/>Related<br/>Charges <sup>(1)(2)</sup></u> | <u>Restructuring<br/>and Other<br/>Charges, Net <sup>(2)</sup></u> | <u>Tax<br/>Items <sup>(3)</sup></u> |   |
|  | (\$ in millions, except per share data) |  |  |                                     |   |
| <b>Operating Income:</b>   |   |  |  |                                     |   |
| Transportation Solutions   | \$ 297                                  | \$ 2   | \$ 21  | \$ -                                | \$ 320  |
| Industrial Solutions   | 95                                      | 16   | 1  | -                                   | 112   |
| Communications Solutions   | 60                                      | -  | 9  | -                                   | 69  |
| <b>Total</b>   | <u>\$ 452</u>                           | <u>\$ 18</u>   | <u>\$ 31</u>   | <u>\$ -</u>                         | <u>\$ 501</u>                                 |
| <b>Operating Margin</b>  | <u>14.5%</u>                            |  |  |                                     | <u>16.1%</u>                                  |
| <b>Other Expense, Net</b>  | <u>\$ (651)</u>                         | <u>\$ -</u>  | <u>\$ -</u>  | <u>\$ 650</u>                       | <u>\$ (1)</u>                                 |
| <b>Income Tax (Expense) Benefit</b>                              | <u>\$ 1,019</u>                         | <u>\$ (3)</u>  | <u>\$ (10)</u>   | <u>\$ (1,086)</u>                   | <u>\$ (80)</u>                                |
| <b>Effective Tax Rate</b>  | <u>446.9%</u>                           |  |  |                                     | <u>17.0%</u>                                  |
| <b>Income from Continuing Operations</b>                         | <u>\$ 791</u>                           | <u>\$ 15</u>   | <u>\$ 21</u>   | <u>\$ (436)</u>                     | <u>\$ 391</u>                                 |
| <b>Diluted Earnings per Share from<br/>Continuing Operations</b> | <u>\$ 2.19</u>                          | <u>\$ 0.04</u>   | <u>\$ 0.06</u>   | <u>\$ (1.21)</u>                    | <u>\$ 1.08</u>                                |

<sup>(1)</sup> Includes \$11 million of acquisition and integration costs and \$7 million of non-cash amortization associated with fair value adjustments related to acquired inventories and customer order backlog recorded in cost of sales.

<sup>(2)</sup> The tax effect of each non-GAAP adjustment is calculated based on the jurisdictions in which the expense (income) is incurred and the tax laws in effect for each such jurisdiction.

<sup>(3)</sup> Includes \$1,135 million of income tax benefits associated with the settlement of tax matters for the years 1997 through 2000 which resolved all aspects of the disputed debt matter with the IRS through the year 2007, as well as the related impact of \$604 million to other expense pursuant to the tax sharing agreement with Tyco International and Covidien. Also includes income tax charges related to a \$91 million increase in the valuation allowance for certain U.S. deferred tax assets; and an \$83 million net income tax benefit related to tax settlements in certain other tax jurisdictions, as well as the related impact of \$46 million to other expense pursuant to the tax sharing agreement with Tyco International and Covidien.

<sup>(4)</sup> See description of non-GAAP financial measures.

# Reconciliation of Non-GAAP Financial Measures to GAAP

## Financial Measures for the Quarter Ended December 30, 2016

|  | U.S. GAAP      | Adjustments                                      |   |                             | Adjusted<br>(Non-GAAP) <sup>(3)</sup> |
|--|----------------|--|---|-----------------------------|---------------------------------------|
|  |                | Acquisition<br>Related<br>Charges <sup>(1)</sup> | Restructuring<br>and Other<br>Charges, Net <sup>(1)</sup> | Tax<br>Items <sup>(2)</sup> |                                       |
| (\$ in millions, except per share data)                          |                |  |   |                             |                                       |
| <b>Operating Income:</b>   |                |  |   |                             |                                       |
| Transportation Solutions   | \$ 343         | \$ 1   | \$ 24   | \$ -                        | \$ 368                                |
| Industrial Solutions   | 67             | 2  | 21  | -                           | 90                                    |
| Communications Solutions   | 76             | -  | 2   | -                           | 78                                    |
| <b>Total</b>   | <u>\$ 486</u>  | <u>\$ 3</u>                                      | <u>\$ 47</u>  | <u>\$ -</u>                 | <u>\$ 536</u>                         |
| <b>Operating Margin</b>  | <u>15.9%</u>   |  |   |                             | <u>17.5%</u>                          |
| <b>Income Tax Expense</b>  | <u>\$ (54)</u> | <u>\$ (1)</u>                                    | <u>\$ (13)</u>  | <u>\$ (30)</u>              | <u>\$ (98)</u>                        |
| <b>Effective Tax Rate</b>  | <u>11.7%</u>   |  |   |                             | <u>19.2%</u>                          |
| <b>Income from Continuing Operations</b>                         | <u>\$ 406</u>  | <u>\$ 2</u>                                      | <u>\$ 34</u>  | <u>\$ (30)</u>              | <u>\$ 412</u>                         |
| <b>Diluted Earnings per Share from<br/>Continuing Operations</b> | <u>\$ 1.13</u> | <u>\$ 0.01</u>                                   | <u>\$ 0.09</u>  | <u>\$ (0.08)</u>            | <u>\$ 1.15</u>                        |

<sup>(1)</sup> The tax effect of each non-GAAP adjustment is calculated based on the jurisdictions in which the expense (income) is incurred and the tax laws in effect for each such jurisdiction.

<sup>(2)</sup> Income tax benefits associated with the tax impacts of certain intercompany restructurings and the corresponding reduction in the valuation allowance for U.S. tax loss carry forwards.

<sup>(3)</sup> See description of non-GAAP financial measures.

# Impact of Additional Week for Q4 2016

|                                  | For the<br>Quarter Ended<br>September 29,<br>2017 | For the Quarter Ended September 30, 2016 |                        |  | Change in Net Sales for the Quarter Ended<br>September 29, 2017 versus Net Sales for the<br>Quarter Ended September 30, 2016 |                        |  | Change in Organic Net Sales for the Quarter Ended<br>September 29, 2017 versus Organic Net Sales for the<br>Quarter Ended September 30, 2016 <sup>(1)</sup> |             |  |
|----------------------------------|---|--|------------------------|--|--|------------------------|--|---|-------------|--|
|                                  |   | 14 Weeks                                 |                        | 13 Weeks<br>(Non-GAAP) <sup>(1)(2)</sup> | Adjustment   |                        | 13 Weeks<br>(Non-GAAP) <sup>(1)(2)</sup> | Adjustment  |             | 13 Weeks<br>(Non-GAAP) <sup>(1)(2)</sup> |
|                                  |   | U.S. GAAP                                | Impact of<br>14th Week |  | Impact of<br>14th Week   | Impact of<br>14th Week |  |   |             |  |
| (\$ in millions)                 |   |  |                        |  |  |                        |  |   |             |  |
| <b>Net Sales:</b>                |   |  |                        |  |  |                        |  |   |             |  |
| <b>Transportation Solutions</b>  |   |  |                        |  |  |                        |  |   |             |  |
| Automotive                       | \$ 1,350  | \$ 1,311                                 | \$ (102)               | \$ 1,209                                 | 3.0%   | 8.7%                   | 11.7%                                    | 1.5%  | 8.6%        | 10.1%                                    |
| Commercial transportation        | 274   | 215                                      | (15)                   | 200                                      | 27.4   | 9.6                    | 37.0                                     | 26.9  | 9.6         | 36.5                                     |
| Sensors                          | 220   | 210                                      | (13)                   | 197                                      | 4.8  | 6.9                    | 11.7                                     | 2.2   | 6.4         | 8.6                                      |
| Total                            | 1,844   | 1,736                                    | (130)                  | 1,606                                    | 6.2  | 8.6                    | 14.8                                     | 4.7   | 8.5         | 13.2                                     |
| <b>Industrial Solutions</b>      |   |  |                        |  |  |                        |  |   |             |  |
| Industrial equipment             | 490   | 427                                      | (32)                   | 395                                      | 14.8   | 9.3                    | 24.1                                     | 5.0   | 8.4         | 13.4                                     |
| Aerospace, defense, oil, and gas | 284   | 299                                      | (20)                   | 279                                      | (5.0)  | 6.8                    | 1.8                                      | (6.0)   | 6.7         | 0.7                                      |
| Energy                           | 180   | 193                                      | (13)                   | 180                                      | (6.7)  | 6.7                    | -  | (8.5)   | 6.8         | (1.7)                                    |
| Total                            | 954   | 919                                      | (65)                   | 854                                      | 3.8  | 7.9                    | 11.7                                     | (1.5)   | 7.5         | 6.0                                      |
| <b>Communications Solutions</b>  |   |  |                        |  |  |                        |  |   |             |  |
| Data and devices                 | 254   | 262                                      | (21)                   | 241                                      | (3.1)  | 8.5                    | 5.4                                      | (2.4)   | 8.4         | 6.0                                      |
| Subsea communications            | 222   | 239                                      | (11)                   | 228                                      | (7.1)  | 4.5                    | (2.6)                                    | (7.1)   | 4.5         | (2.6)                                    |
| Appliances                       | 182   | 176                                      | (11)                   | 165                                      | 3.4  | 6.9                    | 10.3                                     | 2.9   | 7.4         | 10.3                                     |
| Total                            | 658   | 677                                      | (43)                   | 634                                      | (2.8)  | 6.6                    | 3.8                                      | (2.9)   | 6.7         | 3.8                                      |
| <b>Total</b>                     | <b>\$ 3,456</b>                                   | <b>\$ 3,332</b>                          | <b>\$ (238)</b>        | <b>\$ 3,094</b>                          | <b>3.7%</b>  | <b>8.0%</b>            | <b>11.7%</b>                             | <b>1.4%</b>   | <b>7.9%</b> | <b>9.3%</b>                              |

|  | For the Quarter Ended September 30, 2016 |                                   |  |   |                        |  |
|--|--|-----------------------------------|--|---|------------------------|--|
|  | U.S. GAAP                                | Adjustments                       |  |   | Adjustment             |  |
|  |  | Acquisition<br>Related<br>Charges | Restructuring<br>and Other<br>Charges, Net | 14 Weeks<br>Adjusted<br>(Non-GAAP) <sup>(2)</sup> | Impact of<br>14th Week | 13 Weeks<br>Adjusted<br>(Non-GAAP) <sup>(1)(2)</sup> |
| (\$ in millions, except per share data)                          |  |                                   |  |   |                        |  |
| <b>Gross Margin</b>  | \$ 1,104                                 | \$ 1                              | \$ -                                       | \$ 1,105  | \$ (89)                | \$ 1,016   |
| <b>Gross Margin Percentage</b>                                   | 33.1%                                    |                                   |  | 33.2%   |                        | 32.8%  |
| <b>Operating Income:</b>   |  |                                   |  |   |                        |  |
| Transportation Solutions   | \$ 344                                   | \$ 3                              | \$ (6)                                     | \$ 341  | \$ (33)                | \$ 308   |
| Industrial Solutions   | 119                                      | 1                                 | 3  | 123   | (12)                   | 111  |
| Communications Solutions   | 54                                       | -                                 | 33   | 87  | (10)                   | 77   |
| <b>Operating Income</b>  | <b>\$ 517</b>                            | <b>\$ 4</b>                       | <b>\$ 30</b>                               | <b>\$ 551</b>                                     | <b>\$ (55)</b>         | <b>\$ 496</b>  |
| <b>Operating Margin:</b>   |  |                                   |  |   |                        |  |
| Transportation Solutions   | 19.8%                                    |                                   |  | 19.6%   |                        | 19.2%  |
| Industrial Solutions   | 12.9%                                    |                                   |  | 13.4%   |                        | 13.0%  |
| Communications Solutions   | 8.0%                                     |                                   |  | 12.9%   |                        | 12.1%  |
| <b>Operating Margin</b>  | <b>15.5%</b>                             |                                   |  | <b>16.5%</b>                                      |                        | <b>16.0%</b>   |
| <b>Diluted Earnings per Share from<br/>Continuing Operations</b> |  |                                   |  |   |                        |  |
|  | \$ 1.22                                  | \$ 0.01                           | \$ 0.04                                    | \$ 1.27   | \$ (0.13)              | \$ 1.14  |

<sup>(1)</sup> Excludes the impact of an additional week in the fourth quarter of fiscal 2016. The impact of the additional week was estimated using an average weekly sales figure for the last month of the fiscal year.

<sup>(2)</sup> See description of non-GAAP financial measures.

# Impact of Additional Week for Fiscal 2016

| Fiscal 2017                      | Fiscal 2016           |                        |  |                       | Change in Net Sales for Fiscal 2017<br>versus Net Sales for Fiscal 2016 |                        |  | Change in Organic Net Sales for Fiscal 2017<br>versus Organic Net Sales for Fiscal 2016 <sup>(2)</sup> |             |  |
|----------------------------------|-----------------------|------------------------|--|-----------------------|---|------------------------|--|--|-------------|--|
|                                  | Adjustment            |                        | 52 Weeks<br>(Non-GAAP) <sup>(1)(2)</sup> | 53 Weeks<br>U.S. GAAP | Adjustment  |                        | 52 Weeks<br>(Non-GAAP) <sup>(1)(2)</sup> | Adjustment   |             | 52 Weeks<br>(Non-GAAP) <sup>(1)(2)</sup> |
|                                  | 53 Weeks<br>U.S. GAAP | Impact of<br>53rd Week |  |                       | Impact of<br>53rd Week  | Impact of<br>53rd Week |  |  |             |  |
| <b>Net Sales:</b>                |                       |                        |  |                       |   |                        |  |  |             |  |
| <b>Transportation Solutions</b>  |                       |                        |  |                       |   |                        |  |  |             |  |
| Automotive                       | \$ 5,228              | \$ 4,912               | \$ (102)                                 | \$ 4,810              | 6.4%  | 2.3%                   | 8.7%                                     | 7.1%   | 2.3%        | 9.4%                                     |
| Commercial transportation        | 997                   | 825                    | (15)                                     | 810                   | 20.8  | 2.3                    | 23.1                                     | 21.9   | 2.2         | 24.1                                     |
| Sensors                          | 814                   | 766                    | (13)                                     | 753                   | 6.3   | 1.8                    | 8.1                                      | 3.0  | 1.7         | 4.7                                      |
| Total                            | 7,039                 | 6,503                  | (130)                                    | 6,373                 | 8.2   | 2.3                    | 10.5                                     | 8.5  | 2.1         | 10.6                                     |
| <b>Industrial Solutions</b>      |                       |                        |  |                       |   |                        |  |  |             |  |
| Industrial equipment             | 1,747                 | 1,419                  | (32)                                     | 1,387                 | 23.1  | 2.9                    | 26.0                                     | 5.5  | 2.4         | 7.9                                      |
| Aerospace, defense, oil, and gas | 1,075                 | 1,100                  | (20)                                     | 1,080                 | (2.3)   | 1.8                    | (0.5)                                    | (1.7)  | 1.8         | 0.1                                      |
| Energy                           | 685                   | 696                    | (13)                                     | 683                   | (1.6)   | 1.9                    | 0.3                                      | (1.0)  | 1.9         | 0.9                                      |
| Total                            | 3,507                 | 3,215                  | (65)                                     | 3,150                 | 9.1   | 2.2                    | 11.3                                     | 1.6  | 2.1         | 3.7                                      |
| <b>Communications Solutions</b>  |                       |                        |  |                       |   |                        |  |  |             |  |
| Data and devices                 | 963                   | 1,020                  | (21)                                     | 999                   | (5.6)   | 2.0                    | (3.6)                                    | 2.3  | 2.3         | 4.6                                      |
| Subsea communications            | 928                   | 885                    | (11)                                     | 874                   | 4.9   | 1.3                    | 6.2                                      | 4.9  | 1.3         | 6.2                                      |
| Appliances                       | 676                   | 615                    | (11)                                     | 604                   | 9.9   | 2.0                    | 11.9                                     | 10.8   | 2.2         | 13.0                                     |
| Total                            | 2,567                 | 2,520                  | (43)                                     | 2,477                 | 1.9   | 1.7                    | 3.6                                      | 5.4  | 1.8         | 7.2                                      |
| <b>Total</b>                     | <b>\$ 13,113</b>      | <b>\$ 12,238</b>       | <b>\$ (238)</b>                          | <b>\$ 12,000</b>      | <b>7.1%</b>   | <b>2.2%</b>            | <b>9.3%</b>                              | <b>6.0%</b>  | <b>2.1%</b> | <b>8.1%</b>                              |

## For the Year Ended September 30, 2016

| U.S. GAAP  | Adjustments                                      |  |                          |   | 53 Weeks<br>Adjusted<br>(Non-GAAP) <sup>(2)</sup> | Adjustment<br>Impact of<br>53rd Week | 52 Weeks<br>Adjusted<br>(Non-GAAP) <sup>(1)(2)</sup> |
|--|--|--|--------------------------|---|---|--------------------------------------|--|
|  | Acquisition<br>Related<br>Charges <sup>(3)</sup> | Restructuring<br>and Other<br>Charges, Net | Tax Items <sup>(4)</sup> | (\$ in millions, except per share data) |   |                                      |  |
|  |  |  |                          |   |   |                                      |  |
| <b>Gross Margin</b>  | \$ 4,033   | \$ 10                                      | \$ -                     | \$ -                                    | \$ 4,043  | \$ (89)                              | \$ 3,954   |
| <b>Gross Margin Percentage</b>                               | 33.0%  |  |                          |   | 33.0%   |                                      | 33.0%  |
| <b>Operating Income:</b>                                     |  |  |                          |   |   |                                      |  |
| Transportation Solutions                                     | \$ 1,191   | \$ 9                                       | \$ 46                    | \$ -                                    | \$ 1,246  | \$ (33)                              | \$ 1,213   |
| Industrial Solutions   | 343  | 23   | 31                       | -                                       | 397   | (12)                                 | 385  |
| Communications Solutions                                     | 368  | -  | (75)                     | -                                       | 293   | (10)                                 | 283  |
| <b>Operating Income</b>                                      | <b>\$ 1,902</b>                                  | <b>\$ 32</b>                               | <b>\$ 2</b>              | <b>\$ -</b>                             | <b>\$ 1,936</b>                                   | <b>\$ (55)</b>                       | <b>\$ 1,881</b>                                      |
| <b>Operating Margin:</b>                                     |  |  |                          |   |   |                                      |  |
| Transportation Solutions                                     | 18.3%  |  |                          |   | 19.2%   |                                      | 19.0%  |
| Industrial Solutions   | 10.7%  |  |                          |   | 12.3%   |                                      | 12.2%  |
| Communications Solutions                                     | 14.6%  |  |                          |   | 11.6%   |                                      | 11.4%  |
| <b>Operating Margin</b>                                      | <b>15.5%</b>                                     |  |                          |   | <b>15.8%</b>                                      |                                      | <b>15.7%</b>   |
| <b>Diluted Earnings per Share from Continuing Operations</b> |  |  |                          |   |   |                                      |  |
|  | \$ 5.26  | \$ 0.07                                    | \$ -                     | \$ (1.25)                               | \$ 4.08   | \$ (0.13)                            | \$ 3.95  |

<sup>(1)</sup> Excludes the impact of an additional week in the fourth quarter of fiscal 2016. The impact of the additional week was estimated using an average weekly sales figure for the last month of the fiscal year.

<sup>(2)</sup> See description of non-GAAP financial measures.

<sup>(3)</sup> Includes \$22 million of acquisition and integration costs and \$10 million of non-cash amortization associated with fair value adjustments related to acquired inventories and customer order backlog recorded in cost of sales.

<sup>(4)</sup> Includes \$1,135 million of income tax benefits associated with the settlement of tax matters for the years 1997 through 2000 which resolved all aspects of the disputed debt matter with the IRS through the year 2007, as well as the related impact of \$604 million to other expense pursuant to the tax sharing agreement with Tyco International and Covidien. Also includes income tax charges related to a \$91 million increase in the valuation allowance for certain U.S. deferred tax assets; and an \$83 million net income tax benefit related to tax settlements in certain other tax jurisdictions, as well as the related impact of \$46 million to other expense pursuant to the tax sharing agreement with Tyco International and Covidien.

# Reconciliation of Gross Margin & Gross Margin Percentage

|   | For the Quarters Ended |                       | For the Years Ended   |                       |
|---|------------------------|-----------------------|-----------------------|-----------------------|
|   | September 29,<br>2017  | September 30,<br>2016 | September 29,<br>2017 | September 30,<br>2016 |
|   | (\$ in millions)       |                       |                       |                       |
| Net Sales   | \$ 3,456               | \$ 3,332              | \$ 13,113             | \$ 12,238             |
| Cost of Sales   | 2,317                  | 2,228                 | 8,663                 | 8,205                 |
| <b>Gross Margin</b>                                   | <u>1,139</u>           | <u>1,104</u>          | <u>4,450</u>          | <u>4,033</u>          |
| <b>Gross Margin Percentage</b>                        | <u>33.0%</u>           | <u>33.1%</u>          | <u>33.9%</u>          | <u>33.0%</u>          |
| Acquisition Related Charges                           | -                      | 1                     | 5                     | 10                    |
| <b>Adjusted Gross Margin<sup>(1)</sup></b>            | <u>\$ 1,139</u>        | <u>\$ 1,105</u>       | <u>\$ 4,455</u>       | <u>\$ 4,043</u>       |
| <b>Adjusted Gross Margin Percentage<sup>(1)</sup></b> | <u>33.0%</u>           | <u>33.2%</u>          | <u>34.0%</u>          | <u>33.0%</u>          |

<sup>(1)</sup> See description of non-GAAP financial measures.

# Reconciliation of Free Cash Flow

|  | For the Quarters Ended |                       | For the Years Ended   |                       |
|--|------------------------|-----------------------|-----------------------|-----------------------|
|  | September 29,<br>2017  | September 30,<br>2016 | September 29,<br>2017 | September 30,<br>2016 |
|  | (in millions)          |                       |                       |                       |
| Net cash provided by operating activities:   |                        |                       |                       |                       |
| Net cash provided by continuing operating activities                                     | \$ 873                 | \$ 782                | \$ 2,322              | \$ 2,044              |
| Net cash used in discontinued operating activities                                       | -                      | (98)                  | (1)                   | (97)                  |
|  | 873                    | 684                   | 2,321                 | 1,947                 |
| Net cash used in investing activities  | (394)                  | (524)                 | (932)                 | (1,581)               |
| Net cash used in financing activities  | (23)                   | (218)                 | (814)                 | (3,055)               |
| Effect of currency translation on cash   | 7                      | 11                    | (4)                   | 7                     |
| <b>Net increase (decrease) in cash and cash equivalents</b>                              | <b>\$ 463</b>          | <b>\$ (47)</b>        | <b>\$ 571</b>         | <b>\$ (2,682)</b>     |
| Net cash provided by continuing operating activities                                     | \$ 873                 | \$ 782                | \$ 2,322              | \$ 2,044              |
| Excluding:   |                        |                       |                       |                       |
| Payments (receipts) related to pre-separation U.S. tax matters, net                      | -                      | 5                     | (23)                  | 150                   |
| Payments related to income taxes on the sale of the Broadband Network Solutions business | -                      | 10                    | -                     | 36                    |
| Cash paid pursuant to collateral requirements related to cross currency swaps            | 61                     | 10                    | 80                    | 29                    |
| Capital expenditures, net  | (243)                  | (203)                 | (683)                 | (620)                 |
| <b>Free cash flow<sup>(1)</sup></b>  | <b>\$ 691</b>          | <b>\$ 604</b>         | <b>\$ 1,696</b>       | <b>\$ 1,639</b>       |

<sup>(1)</sup> Free cash flow is a non-GAAP financial measure. See description of non-GAAP financial measures.

# Reconciliation of Adjusted EBITDA Margin for Q4

|  | For the Quarters Ended |                    |
|--|------------------------|--------------------|
|  | September 29, 2017     | September 30, 2016 |
|  | (\$ in millions)       |                    |
| <b>Net Income</b>  | \$ 434                 | \$ 437             |
| Income from discontinued operations  | (5)                    | -                  |
| Income tax expense   | 91                     | 52                 |
| Other expense, net   | 3                      | 1                  |
| Interest expense   | 35                     | 34                 |
| Interest income  | (6)                    | (7)                |
| <b>Operating Income</b>  | <u>552</u>             | <u>517</u>         |
| Acquisition related charges  | 1                      | 4                  |
| Restructuring and other charges, net   | 23                     | 30                 |
| <b>Adjusted Operating Income</b> <sup>(1)</sup>  | <u>576</u>             | <u>551</u>         |
| Depreciation and amortization <sup>(2)</sup>   | 166                    | 146                |
| <b>Adjusted EBITDA</b> <sup>(1)</sup>  | <u>\$ 742</u>          | <u>\$ 697</u>      |
| Impact of additional week in fiscal 2016   |                        | (55)               |
| <b>Adjusted EBITDA excluding the impact of the additional week in fiscal 2016</b> <sup>(1)</sup> |                        | <u>\$ 642</u>      |
| <b>Net Sales</b>   | <u>\$ 3,456</u>        | <u>\$ 3,332</u>    |
| Impact of additional week in fiscal 2016   |                        | (238)              |
| <b>Net sales excluding the impact of the additional week in fiscal 2016</b> <sup>(1)</sup>       |                        | <u>\$ 3,094</u>    |
| Net income as a percentage of net sales  | 12.6%                  | 13.1%              |
| Adjusted EBITDA margin <sup>(1)</sup>  | 21.5%                  | 20.9%              |
| Adjusted EBITDA margin excluding the impact of the additional week in fiscal 2016 <sup>(1)</sup> |                        | 20.7%              |

|  | For the Quarters Ended   |                      |                          |                 |                          |                      |                          |                    |
|--|--------------------------|----------------------|--------------------------|-----------------|--------------------------|----------------------|--------------------------|--------------------|
|  | September 29, 2017       |                      |                          |                 | September 30, 2016       |                      |                          |                    |
|  | Transportation Solutions | Industrial Solutions | Communications Solutions | Total           | Transportation Solutions | Industrial Solutions | Communications Solutions | Total              |
|  | (\$ in millions)         |                      |                          |                 |                          |                      |                          |                    |
| <b>Operating Income</b>  | \$ 328                   | \$ 113               | \$ 111                   | \$ 552          | \$ 344                   | \$ 119               | \$ 54                    | \$ 517             |
| Acquisition related charges  | 1                        | -                    | -                        | 1               | 3                        | 1                    | -                        | 4                  |
| Restructuring and other charges (credits), net   | 7                        | 19                   | (3)                      | 23              | (6)                      | 3                    | 33                       | 30                 |
| <b>Adjusted Operating Income</b> <sup>(1)</sup>  | <u>336</u>               | <u>132</u>           | <u>108</u>               | <u>576</u>      | <u>341</u>               | <u>123</u>           | <u>87</u>                | <u>551</u>         |
| Depreciation and amortization  | 95                       | 44                   | 27                       | 166             | 84                       | 33                   | 29                       | 146 <sup>(2)</sup> |
| <b>Adjusted EBITDA</b> <sup>(1)</sup>  | <u>\$ 431</u>            | <u>\$ 176</u>        | <u>\$ 135</u>            | <u>\$ 742</u>   | <u>\$ 425</u>            | <u>\$ 156</u>        | <u>\$ 116</u>            | <u>\$ 697</u>      |
| Impact of additional week in fiscal 2016   |                          |                      |                          |                 | (33)                     | (12)                 | (10)                     | (55)               |
| <b>Adjusted EBITDA excluding the impact of the additional week in fiscal 2016</b> <sup>(1)</sup> |                          |                      |                          |                 | <u>\$ 392</u>            | <u>\$ 144</u>        | <u>\$ 106</u>            | <u>\$ 642</u>      |
| <b>Net Sales</b>   | <u>\$ 1,844</u>          | <u>\$ 954</u>        | <u>\$ 658</u>            | <u>\$ 3,456</u> | <u>\$ 1,736</u>          | <u>\$ 919</u>        | <u>\$ 677</u>            | <u>\$ 3,332</u>    |
| Impact of additional week in fiscal 2016   |                          |                      |                          |                 | (130)                    | (65)                 | (43)                     | (238)              |
| <b>Net sales excluding the impact of the additional week in fiscal 2016</b> <sup>(1)</sup>       |                          |                      |                          |                 | <u>\$ 1,606</u>          | <u>\$ 854</u>        | <u>\$ 634</u>            | <u>\$ 3,094</u>    |
| Operating margin   | 17.8%                    | 11.8%                | 16.9%                    | 16.0%           | 19.8%                    | 12.9%                | 8.0%                     | 15.5%              |
| Adjusted operating margin <sup>(1)</sup>   | 18.2%                    | 13.8%                | 16.4%                    | 16.7%           | 19.6%                    | 13.4%                | 12.9%                    | 16.5%              |
| Adjusted EBITDA margin <sup>(1)</sup>  | 23.4%                    | 18.4%                | 20.5%                    | 21.5%           | 24.5%                    | 17.0%                | 17.1%                    | 20.9%              |
| Adjusted EBITDA margin excluding the impact of the additional week in fiscal 2016 <sup>(1)</sup> |                          |                      |                          |                 | 24.4%                    | 16.9%                | 16.7%                    | 20.7%              |

<sup>(1)</sup> See description of non-GAAP financial measures.

<sup>(2)</sup> Excludes non-cash amortization associated with fair value adjustments related to acquired customer order backlog of \$1 million for the quarter ended September 30, 2016, as these charges are included in the acquisition related charges line.



# Reconciliation of Adjusted EBITDA Margin for Full Year

|  | For the Years Ended   |                       |
|--|-----------------------|-----------------------|
|  | September 29,<br>2017 | September 30,<br>2016 |
|  | (\$ in millions)      |                       |
| <b>Net Income</b>  | \$ 1,683              | \$ 2,009              |
| Income from discontinued operations  | (10)                  | (68)                  |
| Income tax expense (benefit)   | 255                   | (779)                 |
| Other expense, net   | 9                     | 632                   |
| Interest expense   | 130                   | 127                   |
| Interest income  | (20)                  | (19)                  |
| <b>Operating Income</b>  | <u>2,047</u>          | <u>1,902</u>          |
| Acquisition related charges  | 11                    | 32                    |
| Restructuring and other charges, net   | 148                   | 2                     |
| <b>Adjusted Operating Income</b> <sup>(1)</sup>  | <u>2,206</u>          | <u>1,936</u>          |
| Depreciation and amortization <sup>(2)</sup>   | 630                   | 580                   |
| <b>Adjusted EBITDA</b> <sup>(1)</sup>  | <u>\$ 2,836</u>       | <u>\$ 2,516</u>       |
| Impact of additional week in fiscal 2016   |                       | (55)                  |
| <b>Adjusted EBITDA excluding the impact of the additional week in fiscal 2016</b> <sup>(1)</sup> |                       | <u>\$ 2,461</u>       |
| <b>Net Sales</b>   | <u>\$ 13,113</u>      | <u>\$ 12,238</u>      |
| Impact of additional week in fiscal 2016   |                       | (238)                 |
| <b>Net sales excluding the impact of the additional week in fiscal 2016</b> <sup>(1)</sup>       |                       | <u>\$ 12,000</u>      |
| Net income as a percentage of net sales  | 12.8%                 | 16.4%                 |
| Adjusted EBITDA margin <sup>(1)</sup>  | 21.6%                 | 20.6%                 |
| Adjusted EBITDA margin excluding the impact of the additional week in fiscal 2016 <sup>(1)</sup> |                       | 20.5%                 |

|  | For the Years Ended      |                      |                          |                    |                          |                      |                          |                  |
|--|--------------------------|----------------------|--------------------------|--------------------|--------------------------|----------------------|--------------------------|------------------|
|  | September 29, 2017       |                      |                          |                    | September 30, 2016       |                      |                          |                  |
|  | Transportation Solutions | Industrial Solutions | Communications Solutions | Total              | Transportation Solutions | Industrial Solutions | Communications Solutions | Total            |
|  | (\$ in millions)         |                      |                          |                    |                          |                      |                          |                  |
| <b>Operating Income</b>  | \$ 1,299                 | \$ 364               | \$ 384                   | \$ 2,047           | \$ 1,191                 | \$ 343               | \$ 368                   | \$ 1,902         |
| Acquisition related charges  | 3                        | 8                    | -                        | 11                 | 9                        | 23                   | -                        | 32               |
| Restructuring and other charges (credits), net   | 67                       | 73                   | 8                        | 148                | 46                       | 31                   | (75)                     | 2                |
| <b>Adjusted Operating Income</b> <sup>(1)</sup>  | <u>1,369</u>             | <u>445</u>           | <u>392</u>               | <u>2,206</u>       | <u>1,246</u>             | <u>397</u>           | <u>293</u>               | <u>1,936</u>     |
| Depreciation and amortization  | 359                      | 160                  | 111                      | 630 <sup>(2)</sup> | 337                      | 126                  | 117                      | 580              |
| <b>Adjusted EBITDA</b> <sup>(1)</sup>  | <u>\$ 1,728</u>          | <u>\$ 605</u>        | <u>\$ 503</u>            | <u>\$ 2,836</u>    | <u>\$ 1,583</u>          | <u>\$ 523</u>        | <u>\$ 410</u>            | <u>\$ 2,516</u>  |
| Impact of additional week in fiscal 2016   |                          |                      |                          |                    | (33)                     | (12)                 | (10)                     | (55)             |
| <b>Adjusted EBITDA excluding the impact of the additional week in fiscal 2016</b> <sup>(1)</sup> |                          |                      |                          |                    | <u>\$ 1,550</u>          | <u>\$ 511</u>        | <u>\$ 400</u>            | <u>\$ 2,461</u>  |
| <b>Net Sales</b>   | <u>\$ 7,039</u>          | <u>\$ 3,507</u>      | <u>\$ 2,567</u>          | <u>\$ 13,113</u>   | <u>\$ 6,503</u>          | <u>\$ 3,215</u>      | <u>\$ 2,520</u>          | <u>\$ 12,238</u> |
| Impact of additional week in fiscal 2016   |                          |                      |                          |                    | (130)                    | (65)                 | (43)                     | (238)            |
| <b>Net sales excluding the impact of the additional week in fiscal 2016</b> <sup>(1)</sup>       |                          |                      |                          |                    | <u>\$ 6,373</u>          | <u>\$ 3,150</u>      | <u>\$ 2,477</u>          | <u>\$ 12,000</u> |
| Operating margin   | 18.5%                    | 10.4%                | 15.0%                    | 15.6%              | 18.3%                    | 10.7%                | 14.6%                    | 15.5%            |
| Adjusted operating margin <sup>(1)</sup>   | 19.4%                    | 12.7%                | 15.3%                    | 16.8%              | 19.2%                    | 12.3%                | 11.6%                    | 15.8%            |
| Adjusted EBITDA margin <sup>(1)</sup>  | 24.5%                    | 17.3%                | 19.6%                    | 21.6%              | 24.3%                    | 16.3%                | 16.3%                    | 20.6%            |
| Adjusted EBITDA margin excluding the impact of the additional week in fiscal 2016 <sup>(1)</sup> |                          |                      |                          |                    | 24.3%                    | 16.2%                | 16.1%                    | 20.5%            |

<sup>(1)</sup> See description of non-GAAP financial measures.

<sup>(2)</sup> Excludes non-cash amortization associated with fair value adjustments related to acquired customer order backlog of \$5 million for both the years ended September 29, 2017 and September 30, 2016, as these charges are included in the acquisition related charges line.

# Adjusted Return on Invested Capital (ROIC)

|   | As of or for the Years Ended |                       |                       |
|---|------------------------------|-----------------------|-----------------------|
|   | September 29,<br>2017        | September 30,<br>2016 | September 25,<br>2015 |
|   | (\$ in millions)             |                       |                       |
| <b>Operating income</b>   | \$ 2,047                     | \$ 1,902              |                       |
| Acquisition related charges   | 11                           | 32                    |                       |
| Restructuring and other charges, net  | 148                          | 2                     |                       |
| Adjusted Operating Income <sup>(1)</sup>                                      | 2,206                        | 1,936                 |                       |
| <b>Adjusted amortization expense<sup>(2)</sup></b>                            | 164                          | 144                   |                       |
| <b>Adjusted operating income plus adjusted amortization expense</b>           | <u>\$ 2,370</u>              | <u>\$ 2,080</u>       |                       |
| <br>  |                              |                       |                       |
| <b>Income from continuing operations before income taxes</b>                  | \$ 1,928                     | \$ 1,162              |                       |
| Acquisition related charges   | 11                           | 32                    |                       |
| Restructuring and other charges, net  | 148                          | 2                     |                       |
| Tax items   | 7                            | 650                   |                       |
| <b>Adjusted income from continuing operations before income taxes</b>         | <u>\$ 2,094</u>              | <u>\$ 1,846</u>       |                       |
| <br>  |                              |                       |                       |
| <b>Income taxes paid, net of refunds</b>                                      | \$ 323                       | \$ 806                |                       |
| (Payments) refunds for tax deficiencies related to pre-separation tax matters | 23                           | (471)                 |                       |
| Payments related to income taxes on the sale of the Broadband Network         |                              |                       |                       |
| Solutions business  | -                            | (36)                  |                       |
| <b>Adjusted income taxes paid, net of refunds</b>                             | <u>\$ 346</u>                | <u>\$ 299</u>         |                       |
| <b>Adjusted cash tax rate</b>   | 16.5%                        | 16.2%                 |                       |
| <br>  |                              |                       |                       |
| <b>Adjusted net operating profit after taxes</b>                              | <u>\$ 1,978</u>              | <u>\$ 1,743</u>       |                       |
| <br>  |                              |                       |                       |
| Total debt  | \$ 4,344                     | \$ 4,070              | \$ 3,884              |
| Total equity  | 9,751                        | 8,485                 | 9,585                 |
| <b>Invested capital</b>   | <u>\$ 14,095</u>             | <u>\$ 12,555</u>      | <u>\$ 13,469</u>      |
| <br>  |                              |                       |                       |
| <b>Average invested capital</b>   | <u>\$ 13,325</u>             | <u>\$ 13,012</u>      |                       |
| <br>  |                              |                       |                       |
| <b>Adjusted ROIC<sup>(1)</sup></b>  | <u>14.8%</u>                 | <u>13.4%</u>          |                       |

<sup>(1)</sup> See description of non-GAAP financial measures.

<sup>(2)</sup> Excludes non-cash amortization associated with fair value adjustments related to acquired customer order backlog of \$5 million for both the years ended September 29, 2017 and September 30, 2016 as these charges are included in the acquisition related charges line.

# Reconciliation of Forward-Looking Non-GAAP Financial Measures to Forward-Looking GAAP Financial Measures

|   | <b>Outlook for<br/>Quarter Ending<br/>December 29,<br/>2017 <sup>(1)</sup></b> | <b>Outlook for<br/>Fiscal 2018 <sup>(1)</sup></b> |
|---|--|---|
| <b>Diluted earnings per share from continuing operations (GAAP)</b>                             | \$1.12 - \$1.16  | \$4.78 - \$4.98                                   |
| Restructuring and other charges, net  | 0.10   | 0.31  |
| Acquisition related charges   | 0.01   | 0.04  |
| <b>Adjusted diluted earnings per share from continuing operations (non-GAAP) <sup>(2)</sup></b> | <u>\$1.23 - \$1.27</u>   | <u>\$5.13 - \$5.33</u>                            |
| <br>  |  |   |
| <b>Net sales growth (GAAP)</b>  | 9% - 12%   | 4% - 8%   |
| Translation   | (3)  | (1)   |
| (Acquisitions) divestitures, net  | (2)  | (1)   |
| <b>Organic net sales growth (non-GAAP) <sup>(2)</sup></b>                                       | <u>4% - 7%</u>   | <u>2% - 6%</u>                                    |
| <br>  |  |   |
| <b>Effective tax rate (GAAP)</b>  | 17.8%  | 19.5%   |
| Effective tax rate adjustments <sup>(3)</sup>   | 0.7  | 0.5   |
| <b>Adjusted effective tax rate (non-GAAP) <sup>(2)</sup></b>                                    | <u>18.5%</u>   | <u>20.0%</u>                                      |

<sup>(1)</sup> Outlook is as of November 1, 2017

<sup>(2)</sup> See description of non-GAAP financial measures.

<sup>(3)</sup> Includes adjustments for special tax items and the tax effect of acquisition related charges and restructuring and other charges, calculated based on the jurisdictions in which the expense (income) is incurred and the tax laws in effect for each such jurisdiction.