
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

**Amendment No. 2 to
FORM 10**

**GENERAL FORM FOR REGISTRATION OF SECURITIES
Pursuant to Section 12(b) or (g) of The Securities Exchange Act of 1934**

Adient Limited

(Exact Name of Registrant as Specified in Its Charter)

Ireland
(State or Other Jurisdiction of
Incorporation or Organization)

None
(I.R.S. Employer
Identification No.)

25-28 North Wall Quay, IFSC, Dublin 1, Ireland
(Address of Principal Executive Offices)

414-220-8900
(Registrant's telephone number, including area code)

Securities to be registered pursuant to Section 12(b) of the Act:

<u>Title of each class to be so registered</u>	<u>Name of each exchange on which each class is to be registered</u>
Ordinary Shares, par value \$0.001	New York Stock Exchange

Securities to be registered pursuant to Section 12(g) of the Act:

None

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Securities Exchange Act of 1934, as amended. (Check one):

Large accelerated filer ☐

Accelerated filer ☐

Non-accelerated filer ☒
(Do not check if a
smaller reporting company)

Smaller reporting company ☐

**INFORMATION REQUIRED IN REGISTRATION STATEMENT
CROSS-REFERENCE SHEET BETWEEN INFORMATION STATEMENT
AND ITEMS OF FORM 10**

Certain information required to be included herein is incorporated by reference to specifically identified portions of the body of the information statement filed herewith as Exhibit 99.1. None of the information contained in the information statement shall be incorporated by reference herein or deemed to be a part hereof unless such information is specifically incorporated by reference.

Item 1. *Business.*

The information required by this item is contained under the sections of the information statement entitled "Information Statement Summary," "Risk Factors," "Management's Discussion and Analysis of Financial Condition and Results of Operations," "Business," "Certain Relationships and Related Person Transactions," and "Where You Can Find More Information." Those sections are incorporated herein by reference.

Item 1A. *Risk Factors.*

The information required by this item is contained under the section of the information statement entitled "Risk Factors." That section is incorporated herein by reference.

Item 2. *Financial Information.*

The information required by this item is contained under the sections of the information statement entitled "Selected Historical Combined Financial Data of Adient," "Unaudited Pro Forma Condensed Combined Financial Statements," and "Management's Discussion and Analysis of Financial Condition and Results of Operations." Those sections are incorporated herein by reference.

Item 3. *Properties.*

The information required by this item is contained under the section of the information statement entitled "Business." That section is incorporated herein by reference.

Item 4. *Security Ownership of Certain Beneficial Owners and Management.*

The information required by this item is contained under the section of the information statement entitled "Security Ownership of Certain Beneficial Owners and Management." That section is incorporated herein by reference.

Item 5. *Directors and Executive Officers.*

The information required by this item is contained under the sections of the information statement entitled "Management" and "Directors." Those sections are incorporated herein by reference.

Item 6. *Executive Compensation.*

The information required by this item is contained under the sections of the information statement entitled "Compensation Discussion and Analysis" and "Executive Compensation." Those sections are incorporated herein by reference.

Item 7. *Certain Relationships and Related Transactions.*

The information required by this item is contained under the sections of the information statement entitled "Management" and "Certain Relationships and Related Person Transactions." Those sections are incorporated herein by reference.

Item 8. *Legal Proceedings.*

The information required by this item is contained under the section of the information statement entitled "Business—Legal Proceedings." That section is incorporated herein by reference.

Item 9. *Market Price of, and Dividends on, the Registrant's Common Equity and Related Stockholder Matters.*

The information required by this item is contained under the sections of the information statement entitled "The Separation and Distribution," "Dividend Policy," "Capitalization," and "Description of Adient's Share Capital." Those sections are incorporated herein by reference.

Item 10. *Recent Sales of Unregistered Securities.*

The information required by this item is contained under the sections of the information statement entitled "Description of Material Indebtedness" and "Description of Adient's Share Capital—Sale of Unregistered Securities." Those sections are incorporated herein by reference.

Item 11. *Description of Registrant's Securities to be Registered.*

The information required by this item is contained under the sections of the information statement entitled "The Separation and Distribution," "Dividend Policy," and "Description of Adient's Share Capital." Those sections are incorporated herein by reference.

Item 12. *Indemnification of Directors and Officers.*

The information required by this item is contained under the section of the information statement entitled "Description of Adient's Share Capital—Indemnification of Officers and Directors and Insurance." That section is incorporated herein by reference.

Item 13. *Financial Statements and Supplementary Data.*

The information required by this item is contained under the section of the information statement entitled "Index to Financial Statements" and the financial statements referenced therein. That section is incorporated herein by reference.

Item 14. *Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.*

None.

Item 15. *Financial Statements and Exhibits.*

(a) *Financial Statements*

The information required by this item is contained under the section of the information statement entitled "Index to Financial Statements" and the financial statements referenced therein. That section is incorporated herein by reference.

(b) Exhibits

See below.

The following documents are filed as exhibits hereto:

Exhibit Number	Exhibit Description
2.1	Form of Separation and Distribution Agreement by and between Johnson Controls and Adient.†
3.1	Form of Memorandum of Association and Amended and Restated Articles of Association of Adient.*
10.1	Form of Transition Services Agreement by and between Johnson Controls and Adient.†
10.2	Form of Tax Matters Agreement by and between Johnson Controls and Adient.†
10.3	Form of Employee Matters Agreement by and between Johnson Controls and Adient.†
10.4	Form of Transitional Trademark License Agreement between Johnson Controls and Adient.†
10.5	Form of Indemnification Agreement (Ireland) with individual directors and officers.**
10.6	Form of Indemnification Agreement (US) with individual directors and officers.**
10.7	Joint Venture Contract, dated October 22, 1997, between Shanghai Yanfeng Automotive Trim Company, Ltd. and Johnson Controls International, Inc., as amended.†
10.8	Credit Agreement, dated as of July 27, 2016, among Adient Global Holdings Ltd, JPMorgan Chase Bank, N.A., as administrative agent, and the other lenders and agents party thereto.**
21.1	List of Subsidiaries.*
99.1	Information Statement of Adient Limited, preliminary and subject to completion, dated July 28, 2016.**
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*	To be filed by amendment.
**	Filed herewith.
†	Filed previously.

SIGNATURES

Pursuant to the requirements of Section 12 of the Securities Exchange Act of 1934, the registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized.

Adient Limited

By: /s/ R. Bruce McDonald

Name: R. Bruce McDonald

Title: Chairman and Chief Executive Officer

Date: July 28, 2016

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DEED OF INDEMNITY

This deed ("Deed") is made as of _____, 2016 by and between Adient plc, a public limited company organized under the laws of Ireland ("Adient"), and ("Indemnatee"). Except as provided herein, this Deed supersedes and replaces any and all previous agreements between Adient and Indemnatee covering the subject matter of this Deed.

RECITALS

WHEREAS, it is essential to Adient that Adient retain and attract as directors and secretary the most capable persons available;

WHEREAS, due to restrictions imposed by the laws of Ireland, the Articles of Association of Adient (the "Adient Articles") do not confer indemnification and advance rights on its directors and secretary as broad as the indemnification and advance rights that are customarily provided to the directors and secretary of a company organized under the laws of the State of Delaware;

WHEREAS, the Board of Directors of Adient believes that highly competent persons have become more reluctant to serve publicly-held corporations as directors or officers or in other capacities unless they are provided with adequate protection through insurance or adequate indemnification against inordinate risks of claims and actions against them arising out of their service to and activities on behalf of the corporation;

WHEREAS, Adient has requested that the Indemnatee serve as an Official of Adient, and, if requested to do so by Adient, as an Official of another foreign or domestic corporation, partnership, limited liability company, joint venture, employee benefit plan, trust, or other Enterprise;

WHEREAS, it is reasonable, prudent and necessary for Adient contractually to obligate itself to indemnify, and to advance expenses to, the Indemnatee to the fullest extent permitted by applicable law, including the Act, so that he or she will serve or continue to serve Adient free from undue concern that he or she will not be so indemnified;

WHEREAS, in recognition of Indemnatee's need for (a) substantial protection against personal liability, (b) specific contractual assurance that such protection will be available to Indemnatee, Adient wishes to provide in this Deed for the indemnification by Adient of and the advancing by Adient of expenses to Indemnatee as set forth in this Deed; and

WHEREAS, this Deed is a supplement to and in furtherance of any insurance maintained by Adient and the Adient Articles, and shall not be deemed a substitute therefor, nor to diminish or abrogate any rights of Indemnatee thereunder.

NOW, THEREFORE, in consideration of the premises and the covenants contained herein, Adient and Indemnatee do hereby covenant and agree as follows:

Section 1. Definitions. As used in this Deed:

- (a) The “Act” shall mean the Irish Companies Act 2014 as amended from time to time.
- (b) References to “agent” shall mean, with respect to any Enterprise, any person who is or was a director, officer, or employee of such Enterprise or a subsidiary of the Enterprise or other person authorized by the Enterprise to act for the Enterprise, to include such person serving in such capacity as an Official of another corporation, partnership, limited liability company, joint venture, trust or other enterprise at the request of, for the convenience of, or to represent the interests of the Enterprise or a subsidiary of the Enterprise.
- (c) “Associated Company” shall mean a company formed under the Act, or any predecessor to the Act, that is a subsidiary, under the Act, of Adient.
- (d) “Beneficially Own” and “Beneficial Ownership” shall have the meanings given to such terms in Rule 13d-3 under the Exchange Act.
- (e) “Board” shall mean the board of directors of Adient.
- (f) A “Change in Control” shall be deemed to occur upon the earliest to occur after the date of this Deed of any of the following events:
 - i. the acquisition by any Person (as defined below) of Beneficial Ownership, directly or indirectly, of securities of Adient representing twenty percent (20%) or more of either (1) the then outstanding ordinary shares of Adient (the “Outstanding Adient Shares”) or (2) the combined voting power of the then outstanding voting securities of Adient entitled to vote generally in the election of directors (the “Outstanding Adient Voting Securities”); provided, that for purposes of this subsection (i), the following acquisitions shall not constitute a Change in Control: (1) any acquisition directly from Adient, (2) any acquisition by Adient or any of its subsidiaries, (3) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by Adient or any of its subsidiaries or (4) an acquisition by any Person pursuant to a transaction that complies with clauses (A), (B) and (C) of subsection (iii) of this Section 1(f);
 - ii. individuals who, as of the date of this Deed, constitute the Board (the “Incumbent Board”) cease for any reason to constitute at least a majority of the Board; provided, that any individual becoming a director of the Board after the date of this Deed whose election, or nomination for election by Adient’s shareholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board shall be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of either an actual or threatened election contest, a resolution proposed under Section 338 of the Act, or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board;
 - iii. consummation of a reorganization, merger, statutory share exchange or consolidation or similar transaction involving Adient or any of its subsidiaries with any Person other than its subsidiaries or other disposition of all or substantially all of the assets

of Adient to a Person other than a subsidiary of Adient (a “Business Combination”), in each case, unless, following such Business Combination, (A) all or substantially all of the individuals, and entities who were the beneficial owners, respectively, of the Outstanding Adient Shares and Outstanding Adient Voting Securities immediately prior to such Business Combination Beneficially Own, directly or indirectly, more than 50% of, respectively, the then outstanding shares of voting securities and the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the corporation resulting from such Business Combination in substantially the same proportions as their ownership, immediately prior to such Business Combination of the Outstanding Adient Shares and Outstanding Adient Voting Securities, as the case may be; (B) no Person (excluding any entity resulting from such Business Combination or any parent of such entity, and excluding any employee benefit plan (or related trust) of Adient, such entity resulting from such Business Combination or such parent) Beneficially Owns, directly or indirectly, more than 50%, respectively, of the then outstanding voting securities of the entity resulting from such Business Combination or the combined voting power of the then outstanding voting securities of such entity, except to the extent that such ownership existed prior to the Business Combination, and (C) at least a majority of the members of the board of directors or equivalent governing body of the entity resulting from such Business Combination were members of the Incumbent Board at the time of the execution of the initial agreement, or of the action of the Board, providing for such Business Combination; or

- iv. the approval by the shareholders of Adient of a complete liquidation or dissolution of Adient.

For purposes of this Section 1(f), the term “Person” shall have the meaning as set forth in Sections 13(d)(3) and 14(d)(2) of the Exchange Act; provided, that Person shall exclude (i) Adient, (ii) any trustee or other fiduciary holding securities under an employee benefit plan of Adient, and (iii) any corporation owned, directly or indirectly, by the shareholders of Adient in substantially the same proportions as their ownership of ordinary shares of Adient.

- (g) “Corporate Status” describes the status of a person who is or was an Official of an Enterprise.

(h) The term “Criminal Proceeding” shall mean any threatened, actual or completed proceedings brought in any jurisdiction concerning a criminal offence, whether committed by way of act or omission, in which Indemnitee was, is or will be involved as a party, or potential party to such proceedings, by reason of any act or omission taken by Indemnitee or of any action or omission on Indemnitee’s part while acting pursuant to Indemnitee’s Corporate Status.

(i) “Disinterested Director” shall mean a director of the Board who is not and was not a party to the Proceeding or Criminal Proceeding in respect of which indemnification is sought by Indemnitee, and who has no conflict of interest under the duties laid down in the Act, in relation to such Proceeding or Criminal Proceeding.

- (j) “Enterprise” shall mean Adient and any other corporation, limited liability company, partnership, joint venture, trust, employee benefit plan or other enterprise of which Indemnitee is or was serving at the request of Adient as an Official.
- (k) “ERISA” shall mean the Employee Retirement Income Security Act of 1974, as amended.
- (l) “Exchange Act” shall mean the Securities Exchange Act of 1934, as amended from time to time.
- (m) “Expenses” shall include all reasonable fees of attorneys, solicitors, barristers and other counsel, retainers, court costs, transcript costs, fees of experts and other professionals, witness fees, travel expenses, duplicating costs, printing and binding costs, telephone charges, postage, delivery service fees, any federal, state, local or foreign taxes imposed on Indemnitee as a result of the actual or deemed receipt of any payments under this Deed, ERISA excise taxes and penalties, and all other disbursements or expenses of the types customarily incurred in connection with prosecuting, defending, claiming, preparing to prosecute or defend, investigating, being or preparing to be a witness in, or otherwise participating in, a Proceeding. Expenses also shall include Expenses incurred in connection with any appeal resulting from any Proceeding, including without limitation the premium, security for, and other costs relating to any cost bond, supersedeas bond, or other appeal bond or its equivalent. Expenses, however, shall not include amounts paid in settlement by Indemnitee or the amount of Judgments.
- (n) “Fines” shall mean any fine imposed in Criminal Proceedings, or any sum or fine payable to any regulatory authority regardless of whether such authority has a statutory footing or not, by way of a penalty in respect of non-compliance with any requirement of a regulatory nature however so arising.
- (o) “Independent Counsel” shall mean a law firm, or a member of a law firm, that is experienced in matters of Irish company law and US corporation law and neither presently is, nor in the past three (3) years has been, retained to represent: (i) Adient or Indemnitee in any matter material to either such party (other than with respect to matters concerning the Indemnitee under this Deed, or of other indemnitees under similar indemnification agreements), or (ii) any other party to the Proceeding giving rise to a claim for indemnification hereunder. Notwithstanding the foregoing, the term “Independent Counsel” shall not include any person who, under the applicable standards of professional conduct then prevailing, would have a conflict of interest in representing Adient or Indemnitee in an action to determine Indemnitee’s rights under this Deed.
- (p) “Judgment” shall mean any ruling of any civil or administrative court in any jurisdiction that directs the Indemnitee to pay a fixed sum to the other party whether for costs, damages or other monies.
- (q) “Official” shall mean a director, officer, secretary, employee, trustee, agent, partner, managing member, fiduciary or other official of Adient or another Enterprise.

(r) The term “Proceeding” shall include any threatened, pending or completed action, suit, claim, counterclaim, cross claim, arbitration, mediation, alternate dispute resolution mechanism, investigation, inquiry, administrative hearing or any other actual, threatened or completed proceeding, whether brought in the right of Adient or otherwise and whether of a civil, administrative, legislative, or investigative (formal or informal) nature, including any appeal therefrom, in which Indemnitee was, is or will be involved as a party, potential party, non-party witness or otherwise by reason of the Indemnitee’s Corporate Status, by reason of any action taken by Indemnitee (or a failure to take action by Indemnitee) or of any action (or failure to act) on Indemnitee’s part while acting pursuant to Indemnitee’s Corporate Status, in each case whether or not serving in such capacity at the time any liability or Expense is incurred for which indemnification, reimbursement, or advance of Expenses can be provided under this Deed. For the avoidance of doubt, Proceedings shall not include Criminal Proceedings.

(s) “Prohibited Expense Payment” shall mean any direct or indirect payment by way of indemnification by Adient or an Associated Company to Indemnitee of Expenses or any arrangement by which Adient or Associated Company enables Indemnitee to avoid incurring Expenses, where Indemnitee is defending any Criminal Proceedings or any Proceedings or other claims in connection with any alleged negligence, default, breach of duty, or breach of trust by Indemnitee in relation to Adient or Associated Company, or applying for relief under either section 233 or 234 of the Act (until such time as such relief is granted, subject to the provisions of this Deed).

(t) References to “serving at the request of Adient” shall include any service as a director, officer, employee or agent of Adient that imposes duties on, or involves services by, such director, officer, secretary, employee or agent with respect to an employee benefit plan, its participants or beneficiaries; and a person who acted in good faith and in a manner Indemnitee reasonably believed to be in the best interests of the participants and beneficiaries of an employee benefit plan shall be deemed to have acted in a manner “not opposed to the best interests of Adient” as referred to in this Deed.

Section 2. Indemnity in Third-Party Proceedings. Adient shall indemnify Indemnitee in accordance with the provisions of this Section 2 if Indemnitee is, or is threatened to be made, a party to or a participant in any Proceeding, other than a Proceeding by or in the right of Adient or an Associated Company, to procure a judgment in its favor, by reason of Indemnitee’s Corporate Status (“Third Party Proceedings”). Pursuant to this Section 2, Indemnitee shall be indemnified to the fullest extent permitted by applicable law, including the Act, against all Expenses, Judgments and amounts paid in settlement (including all interest, assessments and other charges paid or payable in connection with or in respect of such Expenses, Judgments, and amounts paid in settlement) actually and reasonably incurred by Indemnitee or on Indemnitee’s behalf in connection with such Third Party Proceeding or any claim, issue or matter therein, if Indemnitee acted in good faith and in a manner Indemnitee reasonably believed to be in or not opposed to the best interests of Adient. The parties hereto intend that this Deed (a) shall provide to the fullest extent permitted by law, including the Act, for indemnification in excess of that expressly permitted by statute, including, without limitation, any indemnification provided by the Adient Articles, a vote of Adient’s shareholders, disinterested directors or applicable law, including the Act and (b) shall not be deemed a substitute for, nor to diminish or abrogate any rights of Indemnitee under any insurance maintained by Adient. Nothing in this Section 2 or this Deed

shall indemnify an Indemnatee in respect of any liability incurred by the Indemnatee prohibited in the Act, including the payment of Fines, Judgments against Indemnatee or Prohibited Expense Payments.

Section 3. Advancement of Expenses to directors in Proceedings and Criminal Proceedings. Adient may, to the fullest extent permitted by applicable law, advance such funds to Indemnatee as Adient, in its reasonable discretion, considers appropriate for Indemnatee to cover Expenses incurred or to be incurred by Indemnatee, (a) in defending any Criminal Proceedings, (b) in defending any Proceedings in connection with any alleged negligence, default, breach of duty or breach of trust by the Indemnatee in relation to Adient or Associated Company, (c) in connection with any application for relief under either section 233 or 234 of the Act or (d) any other Proceedings. If Adient considers it appropriate to make any advance pursuant to this Section 3, such advance is to be repaid or any liability of Adient incurred in any transaction connected with the thing done is to be discharged in the event of (i) the Indemnatee being convicted in Criminal Proceedings, (ii) judgment being given against the Indemnatee in Proceedings or (iii) the court refusing to grant relief in the circumstances set out in either section 233 or 234 of the Act.

Section 4. Indemnification for Expenses of a Party Who is Wholly or Partly Successful. Notwithstanding any other provisions of this Deed, to the fullest extent permitted by applicable law, including the Act, and to the extent that Indemnatee is defending any Proceedings or Criminal Proceedings or making any application for relief under either section 233 or 234 of the Act and is wholly successful, on the merits or otherwise, in any Proceedings, Criminal Proceedings or in defense of any claim, issue or matter therein, Adient shall indemnify Indemnatee against all Expenses actually and reasonably incurred by Indemnatee in connection therewith. If Indemnatee is not wholly successful in Proceedings but is successful, on the merits or otherwise, as to one or more but less than all claims, issues or matters in such Proceeding, but not Criminal Proceedings, Adient shall indemnify Indemnatee against all Expenses actually and reasonably incurred by Indemnatee or on Indemnatee's behalf in connection with or related to each successfully resolved claim, issue or matter to the fullest extent permitted by law, including the Act. For the purposes of this Section 4 and without limitation, the termination of any claim, issue or matter in Proceedings or Criminal Proceedings by dismissal, with or without prejudice, shall be deemed to be a successful result as to such claim, issue or matter. Nothing in this Section 4 or this Deed shall indemnify an Indemnatee in respect of any liability incurred by the Indemnatee prohibited in the Act.

Section 5. Indemnification For Expenses of a Witness. Notwithstanding any other provision of this Deed, to the fullest extent permitted by applicable law, including the Act, and to the extent that Indemnatee is, by reason of Indemnatee's Corporate Status, a witness or otherwise asked to participate in any Proceeding or Criminal Proceeding to which Indemnatee is not a party, Indemnatee shall be indemnified against all Expenses actually and reasonably incurred by Indemnatee or on Indemnatee's behalf in connection therewith.

Section 6. Partial Indemnification. If Indemnatee is entitled under any provision of this Deed to indemnification by Adient for some or a portion of Expenses, but not, however, for the total amount thereof, Adient shall nevertheless indemnify Indemnatee for the portion thereof to which Indemnatee is entitled.

Section 7. Exclusions. Notwithstanding any provision in this Deed, Adient shall not be obligated under this Deed to make any indemnification payment in connection with any Proceedings or Criminal Proceedings involving Indemnitee:

(a) for which payment has actually been made to or on behalf of Indemnitee under any insurance policy or other indemnity provision, except with respect to any excess beyond the amount paid under any insurance policy or other indemnity provision;

(b) for (i) an accounting of profits made from the purchase and sale (or sale and purchase) by Indemnitee of securities of Adient within the meaning of Section 14(b) of the Exchange Act or similar provisions of state statutory law or common law, (ii) any reimbursement of Adient by Indemnitee of any bonus or other incentive-based or equity-based compensation or of any profits realized by Indemnitee from the sale of securities of Adient, as required in each case under the Exchange Act (including any such reimbursements that arise from an accounting restatement of Adient pursuant to Section 304 of the Sarbanes-Oxley Act of 2002 (the "Sarbanes-Oxley Act"), or Section 904 of the Dodd-Frank Wall Street Reform and Consumer Protection Act, or the payment to Adient of profits arising from the purchase and sale by Indemnitee of securities in violation of Section 306 of the Sarbanes-Oxley Act) or (iii) any reimbursement of Adient by Indemnitee of any compensation pursuant to any compensation recoupment or clawback policy adopted by the Board or the compensation committee of the Board, including but not limited to any such policy adopted to comply with stock exchange listing requirements implementing Section 10D of the Exchange Act; or

(c) in connection with any Proceeding (or any part of any Proceeding) initiated by Indemnitee, including any Proceeding (or any part of any Proceeding) initiated by Indemnitee against Adient and its directors, officers, employees or other indemnitees, unless (i) the Board authorized the Proceeding (or any part of any Proceeding) prior to its initiation or (ii) Adient provides the indemnification, in its sole discretion, pursuant to the powers vested in Adient, as applicable, under applicable law, including the Act;

(d) in respect of any Fines; or

(e) in respect of any Prohibited Expense Payment.

Notwithstanding any other provision of this Deed, Adient shall not indemnify and does not intend to indemnify Indemnitee in respect of Proceedings, Criminal Proceedings or any other action, except as to the fullest extent permitted by the Act.

Section 8. Procedure for Notification and Defense of Claim; Exhaustion of Remedies.

(a) Indemnitee shall notify Adient in writing of any matter with respect to which Indemnitee intends to seek indemnification or an advance under this Deed, of Expenses hereunder as soon as reasonably practicable following the receipt by Indemnitee of written notice thereof. The written notification to Adient shall include a description of the nature of the Proceeding or Criminal Proceeding and the facts underlying the Proceeding or Criminal Proceeding. To obtain indemnification under this Deed, Indemnitee shall submit to Adient a written request, including therein or therewith such documentation and information as is

reasonably available to Indemnatee and is reasonably necessary to determine whether and to what extent Indemnatee is entitled to indemnification following the final disposition of such Proceeding. The omission by Indemnatee to notify Adient hereunder will not relieve Adient from any liability which it may have to Indemnatee hereunder or otherwise than under this Deed except to the extent that such delay materially and adversely affects Adient's ability to participate in the defense of such Proceeding or Criminal Proceeding, and any delay in so notifying Adient shall not constitute a waiver by Indemnatee of any rights under this Deed. The Secretary of Adient shall, promptly upon receipt of such a request for indemnification, advise the Board in writing that Indemnatee has requested indemnification.

(b) Adient will be entitled to participate in the Proceeding or Criminal Proceeding at its own expense and, except as otherwise provided below, to the extent Adient so wishes, it may assume the defense thereof with counsel reasonably satisfactory to Indemnatee. After notice from Adient to Indemnatee of its election to assume the defense of any such claim, Adient shall not be liable to Indemnatee under this Deed or otherwise for any Expenses subsequently directly incurred by Indemnatee in connection with Indemnatee's defense of such claim except as otherwise provided below and allowed under applicable law, including the Act. Indemnatee shall have the right to employ its own legal counsel in such claim, but all Expenses related to such counsel incurred after notice from Adient of its assumption of the defense shall be at Indemnatee's own expense; provided, that if (i) Indemnatee's employment of its own legal counsel has been authorized by Adient, (ii) Indemnatee has reasonably determined that there may be a conflict of interest between Indemnatee and Adient in the defense of such claim, (iii) after a Change in Control, Indemnatee's employment of its own counsel has been approved by the Independent Counsel or (iv) Adient shall not in fact have employed counsel to assume the defense of such claim, then Indemnatee shall be entitled to retain its own separate counsel (but not more than one law firm plus, if applicable, local counsel in respect of any such claim) and all Expenses related to such separate counsel shall be borne by Adient provided such payment does not amount to a Prohibited Expense Payment.

(c) Prior to making a written request for indemnification or an advance pursuant to Section 8(a), Indemnatee shall (i) seek such indemnification or advance of Expenses, as applicable, under any applicable insurance policy and (ii) request that Adient consider in its discretion, and as permitted by this Deed and applicable law, including the Act, whether to make such indemnification or advance of Expenses, as applicable. Upon any such request by Indemnatee of Adient, Adient shall consider whether to make such indemnification or advance of Expenses, as applicable, based on the facts and circumstances related to the request. Adient may require, as a condition to making any indemnification or advance of Expenses, as applicable, that Indemnatee enter into an agreement providing for such indemnification or advance of Expenses, as applicable, to be made subject to substantially the same terms and conditions applicable to an indemnification or advance of Expenses, as applicable, by Adient under this Deed. If indemnification or advance of Expenses, as applicable, is not received pursuant to an insurance policy, or from Adient, within five (5) business days of the later of Indemnatee's request of the insurer and Indemnatee's request of Adient pursuant to the first sentence of this Section 8(c), Indemnatee may make written demand on Adient for indemnification pursuant to Section 8(a) or make a request for an advance of Expenses pursuant to Section 3, as applicable.

Section 9. Procedure Upon Application for Indemnification.

(a) Upon written request by Indemnatee for indemnification or an advance pursuant to Section 8(a), a determination, if required by applicable law, including the Act, with respect to Indemnatee's entitlement thereto shall be made in the specific case: (i) if a Change in Control shall have occurred, by Independent Counsel in a written opinion to the Board, a copy of which shall be delivered to Indemnatee; or (ii) if a Change in Control shall not have occurred, (A) by a majority vote of the Disinterested Directors, even though less than a quorum of the Board, (B) by a committee of Disinterested Directors designated by a majority vote of the Disinterested Directors, even though less than a quorum of the Board, or (C) if there are no such Disinterested Directors or, if such Disinterested Directors so direct, by Independent Counsel in a written opinion to the Board, a copy of which shall be delivered to Indemnatee (collectively, the "Reviewing Party"); and, if it is so determined that Indemnatee is entitled to indemnification or an advance, payment by way of indemnification or an advance, as applicable, to Indemnatee shall be made within ten (10) days after such determination. Indemnatee shall cooperate with the Reviewing Party with respect to Indemnatee's entitlement to indemnification, including providing to the Reviewing Party upon reasonable advance request any documentation or information that is not privileged or otherwise protected from disclosure and that is reasonably available to Indemnatee and reasonably necessary to such determination.

(b) If the determination of entitlement to indemnification is to be made by Independent Counsel pursuant to Section 9(a), the Independent Counsel shall be selected as provided in this Section 9(b). If a Change in Control shall not have occurred, the Independent Counsel shall be selected by the Board, and Adient shall give written notice to Indemnatee advising Indemnatee of the identity of the Independent Counsel so selected. If a Change in Control shall have occurred, the Independent Counsel shall be selected by Indemnatee (unless Indemnatee shall request that such selection be made by the Board, in which event the preceding sentence shall apply), and Indemnatee shall give written notice to Adient advising it of the identity of the Independent Counsel so selected. In either event, Indemnatee or Adient, as the case may be, may, within ten (10) days after such written notice of selection shall have been given, deliver to Adient or to Indemnatee, as the case may be, a written objection to such selection; provided, that such objection may be asserted only on the ground that the Independent Counsel so selected does not meet the requirements of "Independent Counsel" as defined in Section 1, and the objection shall set forth with particularity the factual basis of such assertion. Absent a proper and timely objection, the person so selected shall act as Independent Counsel. If such written objection is so made and substantiated, the Independent Counsel so selected may not serve as Independent Counsel unless and until such objection is withdrawn or the Irish Court has determined that such objection is without merit. If, within twenty (20) days after the later of submission by Indemnatee of a written request for indemnification pursuant to Section 9(a) and the final disposition of the Proceeding, no Independent Counsel shall have been selected and not objected to, either Adient or Indemnatee may petition the Irish Court for resolution of any objection which shall have been made by Adient or Indemnatee to the other's selection of Independent Counsel and/or for the appointment as Independent Counsel of a person selected by such court or by such other person as such court shall designate, and the person with respect to whom all objections are so resolved or the person so appointed shall act as Independent Counsel under Section 9(a). Upon the due commencement of any judicial proceeding or arbitration pursuant to Section 11(a), Independent Counsel shall be discharged and relieved of any further responsibility in such capacity (subject to the applicable standards of professional conduct then prevailing).

Section 10. Presumptions and Effect of Certain Proceedings.

(a) In making a determination with respect to entitlement to indemnification hereunder, the Reviewing Party shall, to the fullest extent not prohibited by law, including the Act, presume that Indemnatee is entitled to indemnification under this Deed if Indemnatee has submitted a request for indemnification in accordance with Section 8(a), and the Reviewing Party shall, to the fullest extent not prohibited by law, including the Act, have the burden of proof to overcome that presumption in connection with the making by any person, persons or entity of any determination contrary to that presumption. Neither the failure of the Reviewing Party to have made a determination prior to the commencement of any action pursuant to this Deed that indemnification is proper in the circumstances because Indemnatee has met the applicable standard of conduct, nor an actual determination by the Reviewing Party that Indemnatee has not met such applicable standard of conduct, shall be a defense to the action or create a presumption that Indemnatee has not met the applicable standard of conduct.

(b) The termination of any Proceeding or Criminal Proceeding or of any claim, issue or matter therein, by judgment, order, settlement or its equivalent, shall not (except as otherwise expressly provided in this Deed) of itself adversely affect the right of Indemnatee to indemnification or create a presumption that Indemnatee did not act in good faith and in a manner which Indemnatee reasonably believed to be in or not opposed to the best interests of Adient or, with respect to any criminal Proceeding, that Indemnatee had reasonable cause to believe that Indemnatee's conduct was unlawful.

(c) For purposes of any determination of good faith, Indemnatee shall be deemed to have acted in good faith if Indemnatee's action is based on the records or books of account of any Enterprise, including financial statements, or on information supplied to Indemnatee by the directors, officers or other Officials of such Enterprise in the course of their duties, or on the advice of legal counsel for such Enterprise or on information or records given or reports made to such Enterprise by an independent certified public accountant or by an appraiser, financial advisor or other expert selected with reasonable care by or on behalf of such Enterprise as to matters Indemnatee reasonably believes are within such Person's professional or expert competence. The provisions of this Section 10(c) shall not be deemed to be exclusive or to limit in any way the other circumstances in which the Indemnatee may be deemed to have met the applicable standard of conduct set forth in this Deed.

(d) The knowledge and/or actions, or failure to act, of any Official of any Enterprise or any other person shall not be imputed to Indemnatee for purposes of determining the right to indemnification under this Deed.

Section 11. Remedies of Indemnatee.

(a) Subject to Section 11(e), if (i) a determination is made pursuant to Section 9 of this Deed that Indemnatee is not entitled to indemnification under this Deed, (ii) an advance of Expenses is not timely made pursuant to Section 3 of this Deed, (iii) no determination of entitlement to indemnification shall have been made pursuant to Section 9(a) of this Deed within ninety (90) days after receipt by Adient of a request for indemnification (after Indemnatee has exhausted the procedures set forth in Section 8(c)), (iv) payment of indemnification is not made

pursuant to Section 4, 5 or 6 within ten (10) days after receipt by Adient of a written request therefor (after Indemnatee has exhausted the procedures set forth in Section 8(c)), or (v) payment of indemnification pursuant to Section 2 is not made within ten (10) days after a determination has been made that Indemnatee is entitled to indemnification, or (vi) if Adient or any other person takes or threatens to take any action to declare this Deed void or unenforceable, or institutes any litigation or other action or Proceeding designed to deny, or to recover from, the Indemnatee the benefits provided or intended to be provided to the Indemnatee hereunder, Indemnatee shall be entitled to an adjudication by the Irish Court of Indemnatee's entitlement to such indemnification or advancement of Expenses. Alternatively, Indemnatee, at Indemnatee's option, may seek an award in arbitration to be conducted by a single arbitrator pursuant to the Commercial Arbitration Rules of the American Arbitration Association. Indemnatee shall commence such proceeding seeking an adjudication or an award in arbitration within 180 days following the date on which Indemnatee first has the right to commence such proceeding pursuant to this Section 11(a). Adient shall not oppose Indemnatee's right to seek any such adjudication or award in arbitration.

(b) If a determination shall have been made pursuant to Section 9(a) of this Deed that Indemnatee is not entitled to indemnification, any judicial proceeding or arbitration commenced pursuant to this Section 11 shall be conducted in all respects as a de novo trial, or arbitration, on the merits and Indemnatee shall not be prejudiced by reason of that adverse determination. In any judicial proceeding or arbitration commenced pursuant to this Section 11, Adient shall have the burden of proving Indemnatee is not entitled to indemnification or an advance of Expenses, as the case may be.

(c) If a determination shall have been made pursuant to Section 9(a) that Indemnatee is entitled to indemnification, Adient shall be bound by such determination in any judicial proceeding or arbitration commenced pursuant to this Section 11, absent (i) a misstatement by Indemnatee of a material fact, or an omission of a material fact necessary to make Indemnatee's statement not materially misleading, in connection with the request for indemnification, but only to the extent that the misstatement or omission affected such determination, or (ii) a prohibition of such indemnification under applicable law, including the Act.

(d) Adient shall, to the fullest extent not prohibited by law, including the Act, be precluded from asserting in any judicial proceeding or arbitration commenced pursuant to this Section 11 that the procedures and presumptions of this Deed are not valid, binding and enforceable and shall stipulate in any such court or before any such arbitrator that Adient is bound by all the provisions of this Deed.

(e) Notwithstanding anything in this Deed to the contrary, no determination as to entitlement of Indemnatee to indemnification under this Deed shall be required to be made prior to the final disposition of the Proceeding or Criminal Proceeding.

Section 12. Non-exclusivity; Survival of Rights; Insurance; Subrogation.

(a) The rights of Indemnatee under this Deed shall not be deemed exclusive of any other rights to which Indemnatee may at any time be entitled under applicable law,

including the Act, the Adient Articles, any agreement, a vote of Adient's shareholders, a resolution of directors, any insurance maintained by Adient or otherwise. No amendment, alteration or repeal of this Deed or of any provision hereof shall limit or restrict any right of Indemnitee under this Deed in respect of any action taken or omitted by Indemnitee in Indemnitee's Corporate Status prior to such amendment, alteration or repeal. To the extent that a change in Irish Law, including the Act, or any other applicable laws, whether by statute or judicial decision, permits greater indemnification or advance of Expenses than would be afforded currently under the Adient Articles, and this Deed, it is the intent of the parties hereto that Indemnitee shall enjoy by this Deed the greater benefits so afforded by such change. No right or remedy herein conferred is intended to be exclusive of any other right or remedy, and every other right and remedy shall be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other right or remedy.

(b) To the extent that Adient maintains an insurance policy or policies providing liability insurance for directors, officers, secretaries, employees, or agents of any Enterprise, Indemnitee shall be covered by such policy or policies in accordance with its or their terms to the maximum extent of the coverage available for any such director, officer, secretary, employee or agent under such policy or policies. If, at the time of the receipt of a notice of a claim pursuant to the terms hereof, Adient has director and officer liability insurance in effect, Adient shall give prompt notice of such claim or of the commencement of a Proceeding or Criminal Proceeding, as the case may be, to the insurers in accordance with the procedures set forth in the respective policies. Adient shall thereafter take all necessary or desirable action to cause such insurers to pay, on behalf of the Indemnitee, all amounts payable as a result of such Proceeding in accordance with the terms of such policies.

(c) In the event of any payment made by Adient under this Deed, Adient shall be subrogated to the extent of such payment to all of the rights of recovery of Indemnitee, who shall execute all papers required and take all action necessary to secure such rights, including execution of such documents as are necessary to enable Adient to bring suit to enforce such rights.

(d) Adient shall not be liable under this Deed to make any payment of amounts otherwise indemnifiable (or provide an advance pursuant to Section 3 of this Deed) hereunder if and to the extent that Indemnitee has otherwise actually received such payment under any insurance policy, contract, agreement or otherwise. Notwithstanding the foregoing, Adient shall be required to make payments under this Deed within the time periods set forth in this Deed regardless of whether, at the time such payments are due, the Indemnitee is pursuing recovery under any such policy, contract, agreement or other means.

(e) Adient's obligation to indemnify or advance Expenses hereunder to Indemnitee who is or was serving at the request of Adient as an Official of any other Enterprise shall be reduced by any amount Indemnitee has actually received as indemnification or advance of Expenses from such Enterprise. Notwithstanding the foregoing, Adient shall be required to make payments under this Deed within the time periods set forth in this Deed regardless of

whether, at the time such payments are due, the Indemnitee is pursuing recovery from such other Enterprise.

Section 13. Duration of this Deed; Successors and Assigns. All agreements and obligations of Adient contained in this Deed shall continue for so long as Indemnitee shall be subject to, or involved in, any Proceeding for which indemnification is provided pursuant to this Deed. Notwithstanding the foregoing, no legal action shall be brought and no cause of action shall be asserted by or on behalf of Adient or any of its subsidiaries against Indemnitee, Indemnitee's spouse, heirs, executors, or personal or legal representatives after the expiration of two (2) years from the date of accrual of such cause of action, or such longer period as may be required by the laws of Ireland under the circumstances. Any claim or cause of action of Adient or any of its subsidiaries shall be extinguished and deemed released unless asserted by the timely filing and notice of a legal action within such period; provided, that if any shorter period of limitations is otherwise applicable to any such cause of action, the shorter period shall govern. The indemnification and advance of expenses rights provided by or granted pursuant to this Deed shall be binding upon and be enforceable by the parties hereto and their respective successors and assigns (including any direct or indirect successor by purchase, merger, consolidation or otherwise to all or substantially all of the business or assets of Adient), shall continue as to an Indemnitee who has ceased to be an Official of Adient or of any other Enterprise, and shall inure to the benefit of Indemnitee and Indemnitee's spouse, assigns, heirs, devisees, executors and administrators and other legal representatives.

Section 14. Severability. If any provision or provisions of this Deed shall be held to be invalid, illegal or unenforceable for any reason whatsoever: (a) the validity, legality and enforceability of the remaining provisions of this Deed (including each portion of any section of this Deed containing any such provision held to be invalid, illegal or unenforceable, that is not itself invalid, illegal or unenforceable) shall not in any way be affected or impaired thereby and shall remain enforceable to the fullest extent permitted by law, including the Act; (b) such provision or provisions shall be deemed reformed to the extent necessary to conform to applicable law, including the Act and to give the maximum effect to the intent of the parties hereto; and (c) to the fullest extent possible, the provisions of this Deed (including each portion of any section of this Deed containing any such provision held to be invalid, illegal or unenforceable, that is not itself invalid, illegal or unenforceable) shall be construed so as to give effect to the intent manifested thereby.

Section 15. Enforcement.

(a) Adient expressly confirms and agrees that it has entered into this Deed and assumed the obligations imposed on it hereby to induce Indemnitee to serve as a director or officer of Adient, and Adient acknowledges that Indemnitee is relying upon this Deed in serving or continuing to serve as a director or officer of Adient. Accordingly, the parties hereto agree that in the event of any actual or threatened default in, or breach of, any of the terms, conditions and provisions of this Deed, Indemnitee shall have the right to specific performance and injunctive or other equitable relief in respect of his or her rights under this Deed, in addition to any and all other rights and remedies at law or in equity, and all such rights and remedies shall be cumulative. The parties hereto also agree that the remedies at law for any breach or threatened breach of this Deed, including monetary damages, are inadequate compensation for any loss and

that any defense in any action for specific performance that a remedy at law would be adequate is waived. Any requirements for the securing or posting of any bond with such remedy are waived by each of the parties hereto.

(b) This Deed constitutes the entire agreement between the parties hereto with respect to the subject matter hereof and supersedes all prior agreements and understandings, oral, written and implied, between the parties hereto with respect to the subject matter hereof; provided, that this Deed is a supplement to and in furtherance of the Adient Articles, any insurance maintained by Adient and applicable law, including the Act, and shall not be deemed a substitute therefor, nor to diminish or abrogate any rights of Indemnatee thereunder.

Section 16. Modification and Waiver. No supplement, modification or amendment of this Deed shall be binding unless executed in writing by the parties hereto. No waiver of any of the provisions of this Deed shall be deemed or shall constitute a waiver of any other provisions of this Deed nor shall any waiver constitute a continuing waiver.

Section 17. Notice by Indemnatee. Indemnatee agrees promptly to notify Adient in writing upon being served with any summons, citation, subpoena, complaint, indictment, information or other document relating to any Proceeding or Criminal Proceeding or matter which may be subject to indemnification or advance of Expenses covered hereunder. The failure of Indemnatee to so notify Adient shall not relieve Adient of any obligation which it may have to the Indemnatee under this Deed or otherwise, except to the extent that Adient is materially and adversely prejudiced by such failure.

Section 18. Notices. All notices, requests, demands and other communications under this Deed shall be in writing and shall be deemed to have been duly given if (a) delivered by hand and receipted for by the party to whom said notice or other communication shall have been directed, (b) mailed by certified or registered mail with postage prepaid, on the third business day after the date on which it is so mailed, (c) mailed by reputable overnight courier and receipted for by the party to whom said notice or other communication shall have been directed or (d) sent by facsimile transmission, with receipt of oral confirmation that such transmission has been received:

(a) If to Indemnatee, at the address indicated on the signature page of this Agreement, or such other address as Indemnatee shall provide to Adient.

(b) If to Adient to:

Adient plc
833 East Michigan Street
Milwaukee, Wisconsin 53202
Attn: General Counsel
Email:

or to any other address as may have been furnished to Indemnatee by Adient.

Section 19. Applicable Law and Consent to Jurisdiction. This Deed is to be governed by and construed in accordance with Irish law. Any matter, claim or dispute arising out of or in

connection with this Deed, whether contractual or non-contractual, is to be governed by and determined in accordance with Irish law. Except with respect to any arbitration commenced by Indemnatee pursuant to Section 11(a), Adient and Indemnatee hereby irrevocably and unconditionally (i) agree that the courts of Ireland (the “Irish Court”) are to have exclusive jurisdiction to settle any dispute arising out of or in connection with this Deed, and any action or proceeding arising out of or in connection with this Deed shall be brought only in the Irish Court and not in any court in any other country, (ii) consent to submit to the exclusive jurisdiction of the Irish Court for purposes of any action or proceeding arising out of or in connection with this Deed and (iii) waive, and agree not to plead or to make, any claim that any such action or proceeding brought in the Irish Court has been brought in an improper or inconvenient forum. The Indemnatee irrevocably and unconditionally appoints to the extent such a party is not otherwise subject to service of process in Ireland, as its agent in Ireland for the acceptance of legal process in connection with any action or proceeding against the Indemnatee with the same legal force and validity as if served upon such party personally within Ireland.

Section 20. The Act. Adient’s obligations under this Deed remain subject at all times to the provisions of section 235 of the Act.

Section 21. Identical Counterparts. This Deed may be executed in one or more counterparts, each of which shall for all purposes be deemed to be an original but all of which together shall constitute one and the same Deed. Only one such counterpart signed by the party against whom enforceability is sought needs to be produced to evidence the existence of this Deed. Signatures to this Deed transmitted by facsimile transmission, by electronic mail in “portable document format” (“pdf”) form, or by any other electronic means intended to preserve the original graphic and pictorial appearance of a document, will have the same effect as physical delivery of the paper document bearing the original signatures.

Section 22. Miscellaneous. Use of the masculine pronoun shall be deemed to include usage of the feminine pronoun where appropriate. The headings of this Deed are inserted for convenience only and shall not be deemed to constitute part of this Deed or to affect the construction thereof. Unless otherwise specified, references to a Section or clause refer to Sections or clauses of this Deed. The word “including” and words of similar import shall mean “including without limitation” unless otherwise specified. The word “or” shall not be exclusive. Any reference to “days” means calendar days unless Business Days are expressly specified.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the parties have caused this Deed to be executed and delivered as of the day and year first above written.

Given under the common seal of
Adient plc
the presence of:

)
)
)
)

Authorized signatory

Executed as a deed by
in the presence of:

)
)

(Signature of individual)

Witness's signature:

Witness's name (print):

Witness's occupation:

Witness's address:

[Signature Page to Deed of Indemnity]

INDEMNIFICATION AGREEMENT

This Indemnification Agreement ("Agreement") is made as of _____, 2016 by and between Adient Holdings LLC, a Delaware limited liability company ("Company"), and _____ ("Indemnitee"). Except as provided herein, this Agreement supersedes and replaces any and all previous agreements between the Company and Indemnitee covering the subject matter of this Agreement.

RECITALS

WHEREAS, the Company is a subsidiary of Adient plc, a public limited company organized under the laws of Ireland ("Adient");

WHEREAS, it is essential to the Company and Adient that Adient retain and attract as directors and secretary the most capable persons available;

WHEREAS, due to restrictions imposed by the laws of Ireland, the Articles of Association of Adient (the "Adient Articles") do not confer indemnification and advancement rights on its directors and secretary as broad as the indemnification and advancement rights that are customarily provided to the directors and secretary of a company organized under the laws of the State of Delaware;

WHEREAS, the Board of Directors of the Company believes that highly competent persons have become more reluctant to serve publicly-held corporations as directors, officers, secretaries or in other capacities unless they are provided with adequate protection through insurance and adequate indemnification against inordinate risks of claims and actions against them arising out of their service to and activities on behalf of the corporation;

WHEREAS, the Company has requested that the Indemnitee serve as an Official of Adient, and, if requested to do so by the Company, as an Official of another foreign or domestic corporation, partnership, limited liability company, joint venture, employee benefit plan, trust, or other Enterprise;

WHEREAS, it is reasonable, prudent and necessary for the Company contractually to obligate itself to indemnify, and to advance expenses on behalf of, the Indemnitee to the fullest extent permitted by applicable law so that he or she will serve or continue to serve Adient or the Company free from undue concern that he or she will not be so indemnified;

WHEREAS, in recognition of Indemnitee's need for (a) substantial protection against personal liability, (b) specific contractual assurance that such protection will be available to Indemnitee (regardless of, among other things, any amendment to or revocation of the Adient Articles, the limited liability company operating agreement of the Company (the "Operating Agreement") or any change in the composition of the Board of Directors of the Company or acquisition transaction relating to Adient), the Company wishes to provide in this Agreement for

the indemnification by the Company of and the advancing by the Company of expenses to Indemnatee as set forth in this Agreement;

WHEREAS, this Agreement is a supplement to and in furtherance of any insurance maintained by Adient or the Company, the Adient Articles, the Deed of Indemnity which Indemnatee has with Adient (the "Adient Deed of Indemnity"), the Operating Agreement and any resolutions adopted pursuant thereto, and shall not be deemed a substitute therefor, nor to diminish or abrogate any rights of Indemnatee thereunder; and

WHEREAS, Indemnatee does not regard the protection available under the Adient Articles, the Adient Deed of Indemnity, the Operating Agreement and insurance as adequate in the present circumstances, and may not be willing to serve or continue to serve as an officer or director of Adient without adequate protection, and the Company desires Indemnatee to serve or continue to serve in such capacity.

NOW, THEREFORE, in consideration of the premises and the covenants contained herein, the Company and Indemnatee do hereby covenant and agree as follows:

Section 1. Definitions. As used in this Agreement:

(a) References to "agent" shall mean, with respect to any Enterprise, any person who is or was a director, officer, or employee of such Enterprise or a subsidiary of the Enterprise or other person authorized by the Enterprise to act for the Enterprise, to include such person serving in such capacity as an Official of another corporation, partnership, limited liability company, joint venture, trust or other enterprise at the request of, for the convenience of, or to represent the interests of the Enterprise or a subsidiary of the Enterprise.

(b) "Beneficially Own" shall have the meanings given to such terms in Rule 13d-3 under the Exchange Act.

(c) "Board" shall mean the board of directors of Adient.

(d) A "Change in Control" shall be deemed to occur upon the earliest to occur after the date of this Agreement of any of the following events:

i. The acquisition by any Person (as defined below) of Beneficial Ownership, directly or indirectly, of securities of Adient representing twenty percent (20%) or more of either (1) the then outstanding ordinary shares of Adient (the "Outstanding Adient Shares") or (2) the combined voting power of the then outstanding voting securities of Adient entitled to vote generally in the election of directors (the "Outstanding Adient Voting Securities"); provided, that for purposes of this subsection (i), the following acquisitions shall not constitute a Change in Control: (1) any acquisition directly from Adient, (2) any acquisition by Adient or any of its subsidiaries, (3) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by Adient or any of its subsidiaries or (4) an acquisition by any Person pursuant to a transaction that complies with clauses (A), (B) and (C) of subsection (iii) of this Section 1(d);

ii. Individuals who, as of the date of this Agreement, constitute the Board (the “Incumbent Board”) cease for any reason to constitute at least a majority of the Board; provided, that any individual becoming a director of the Board after the date of this Agreement whose election, or nomination for election by Adient’s shareholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board shall be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of either an actual or threatened election contest or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board;

iii. Consummation of a reorganization, merger, statutory share exchange or consolidation or similar transaction involving Adient or any of its subsidiaries with any Person other than Adient or its subsidiaries or other disposition of all or substantially all of the assets of Adient to a Person other than a subsidiary of Adient (a “Business Combination”), in each case, unless, following such Business Combination, (A) all or substantially all of the individuals, and entities who were the beneficial owners, respectively, of the Outstanding Adient Shares and Outstanding Adient Voting Securities immediately prior to such Business Combination Beneficially Own, directly or indirectly, more than 50% of, respectively, the then outstanding shares of voting securities and the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the corporation resulting from such Business Combination in substantially the same proportions as their ownership, immediately prior to such Business Combination of the Outstanding Adient Shares and Outstanding Adient Voting Securities, as the case may be; (B) no Person (excluding any entity resulting from such Business Combination or any parent of such entity, and excluding any employee benefit plan (or related trust) of Adient, such entity resulting from such Business Combination or such parent) Beneficially Owns, directly or indirectly, more than 50%, respectively, of the then outstanding voting securities of the entity resulting from such Business Combination or the combined voting power of the then outstanding voting securities of such entity, except to the extent that such ownership existed prior to the Business Combination; and (C) at least a majority of the members of the board of directors or equivalent governing body of the entity resulting from such Business Combination were members of the Incumbent Board at the time of the execution of the initial agreement, or of the action of the Board, providing for such Business Combination; or

iv. The approval by the shareholders of Adient of a complete liquidation or dissolution of Adient.

For purposes of this Section 1(d), the term “Person” shall have the meaning as set forth in Sections 13(d)(3) and 14(d)(2) of the Exchange Act; provided, that Person shall exclude (i) Adient, (ii) any trustee or other fiduciary holding securities under an employee benefit plan of Adient, and (iii) any corporation owned, directly or indirectly, by the shareholders of Adient in substantially the same proportions as their ownership of ordinary shares of Adient.

(e) “Corporate Status” describes the status of a person who is or was an Official of an Enterprise.

(f) “Delaware Act” shall mean the Delaware Limited Liability Company Act, 6 Del C. Section 18-101, et seq., as amended, supplemented or restated from time to time, and any successor to such statute.

(g) “Disinterested Director” shall mean a director of the Board who is not and was not a party to the Proceeding in respect of which indemnification is sought by Indemnitee.

(h) “Enterprise” shall mean Adient, the Company and any other corporation, limited liability company, partnership, joint venture, trust, employee benefit plan or other enterprise of which Indemnitee is or was serving at the request of the Company as an Official.

(i) “ERISA” shall mean the Employee Retirement Income Security Act of 1974, as amended.

(j) “Exchange Act” shall mean the Securities Exchange Act of 1934, as amended from time to time.

(k) “Expenses” shall include all reasonable attorneys’ fees, retainers, court costs, transcript costs, fees of experts and other professionals, witness fees, travel expenses, duplicating costs, printing and binding costs, telephone charges, postage, delivery service fees, any federal, state, local or foreign taxes imposed on Indemnitee as a result of the actual or deemed receipt of any payments under this Agreement, ERISA excise taxes and penalties, and all other disbursements or expenses of the types customarily incurred in connection with prosecuting, defending, preparing to prosecute or defend, investigating, being or preparing to be a witness in, or otherwise participating in, a Proceeding. Expenses also shall include (i) judgments, fines and amounts paid in settlement, (ii) Expenses incurred in connection with any appeal resulting from any Proceeding, including the premium, security for, and other costs relating to any cost bond, supersedeas bond, or other appeal bond or its equivalent, (iii) for purposes of Section 12(d) only, Expenses incurred by Indemnitee in connection with the interpretation, enforcement or defense of Indemnitee’s rights under this Agreement, by litigation or otherwise and (iv) including all interest, assessments and other charges paid or payable in connection with or in respect of Expenses.

(l) “Independent Counsel” shall mean a law firm, or a member of a law firm, that is experienced in matters of corporation law and neither presently is, nor in the past three (3) years has been, retained to represent: (i) Adient, the Company or Indemnitee in any matter material to either such party (other than with respect to matters concerning the Indemnitee under this Agreement, or of other indemnitees under similar indemnification agreements), or (ii) any other party to the Proceeding giving rise to a claim for indemnification hereunder. Notwithstanding the foregoing, the term “Independent Counsel” shall not include any person who, under the applicable standards of professional conduct then prevailing, would have a conflict of interest in representing Adient, the Company or Indemnitee in an action to determine Indemnitee’s rights under this Agreement.

(m) “Official” shall mean a director, officer, secretary, employee, trustee, agent, partner, managing member, fiduciary or other official of the Company, Adient or another Enterprise.

(n) The term “Proceeding” shall include any threatened, pending or completed action, suit, claim, counterclaim, cross claim, arbitration, mediation, alternate dispute resolution mechanism, investigation, inquiry, administrative hearing or any other actual, threatened or completed proceeding, whether brought in the right of Adient, the Company or otherwise and whether of a civil, criminal, administrative, legislative, or investigative (formal or informal) nature, including any appeal therefrom, in which Indemnitee was, is or will be involved as a party, potential party, non-party witness or otherwise by reason of the Indemnitee’s Corporate Status, by reason of any action taken by Indemnitee (or a failure to take action by Indemnitee) or of any action (or failure to act) on Indemnitee’s part while acting pursuant to Indemnitee’s Corporate Status, in each case whether or not serving in such capacity at the time any liability or Expense is incurred for which indemnification, reimbursement, or advancement of Expenses can be provided under this Agreement.

(o) References to “fines” shall include any excise tax assessed with respect to any employee benefit plan; references to “serving at the request of the Company” shall include any service as a director, officer, secretary, employee or agent of Adient or the Company that imposes duties on, or involves services by, such director, officer, secretary, employee or agent with respect to an employee benefit plan, its participants or beneficiaries.

Section 2. Indemnity in Third-Party Proceedings. The Company shall indemnify Indemnitee in accordance with the provisions of this Section 2 if Indemnitee is, or is threatened to be made, a party to or a participant in any Proceeding by reason of Indemnitee’s Corporate Status. Pursuant to this Section 2, Indemnitee shall be indemnified to the fullest extent permitted by applicable law against all Expenses actually and reasonably incurred by Indemnitee or on Indemnitee’s behalf in connection with such Proceeding or any claim, issue or matter therein; provided that the Indemnitee shall not be indemnified and held harmless pursuant to this Agreement if there has been a final and non-appealable judgment entered by a court of competent jurisdiction determining that, in respect of the matter for which the Indemnitee is seeking indemnification pursuant to this Agreement, the Indemnitee acted in bad faith or engaged in fraud, willful misconduct or, in the case of a criminal matter, acted with knowledge that the Indemnitee’s conduct was unlawful. The parties hereto intend that this Agreement (a) shall provide to the fullest extent permitted by law for indemnification in excess of that expressly permitted by statute, including any indemnification provided by the Adient Articles, the Adient Deed of Indemnity, the Operating Agreement, vote of Adient’s shareholders, vote of the Company’s members or disinterested directors or applicable law and (b) shall not be deemed a substitute for, nor to diminish or abrogate any rights of Indemnitee under any insurance maintained by Adient or the Company.

Section 3. Indemnification for Expenses of a Party Who is Wholly or Partly Successful. Notwithstanding any other provisions of this Agreement, to the fullest extent permitted by applicable law and to the extent that Indemnitee is a party to (or a participant in) and is successful, on the merits or otherwise, in any Proceeding or in defense of any claim, issue or matter therein, in whole or in part, the Company shall indemnify Indemnitee against all Expenses actually and reasonably incurred by Indemnitee in connection therewith. If Indemnitee is not wholly successful in such Proceeding but is successful, on the merits or otherwise, as to one or more but less than all claims, issues or matters in such Proceeding, the Company shall indemnify Indemnitee against all Expenses actually and reasonably incurred by Indemnitee or on

Indemnitee's behalf in connection with or related to each successfully resolved claim, issue or matter to the fullest extent permitted by law. For purposes of this Section 3 and without limitation, the termination of any claim, issue or matter in such a Proceeding by dismissal, with or without prejudice, shall be deemed to be a successful result as to such claim, issue or matter.

Section 4. Indemnification For Expenses of a Witness. Notwithstanding any other provision of this Agreement, to the fullest extent permitted by applicable law and to the extent that Indemnitee is, by reason of Indemnitee's Corporate Status, a witness or otherwise asked to participate in any Proceeding to which Indemnitee is not a party, Indemnitee shall be indemnified against all Expenses actually and reasonably incurred by Indemnitee or on Indemnitee's behalf in connection therewith.

Section 5. Partial Indemnification. If Indemnitee is entitled under any provision of this Agreement to indemnification by the Company for some or a portion of Expenses, but not, however, for the total amount thereof, the Company shall nevertheless indemnify Indemnitee for the portion thereof to which Indemnitee is entitled.

Section 6. Additional Indemnification.

(a) Notwithstanding any limitation in Sections 2 or 3, the Company shall indemnify Indemnitee to the fullest extent permitted by applicable law if Indemnitee is a party to or threatened to be made a party to any Proceeding by reason of Indemnitee's Corporate Status.

(b) For purposes of Section 6(a), the meaning of the phrase "to the fullest extent permitted by applicable law" shall include, but not be limited to:

i. to the fullest extent permitted by the provision of the Delaware Act that authorizes or contemplates additional indemnification by agreement, or the corresponding provision of any amendment to or replacement of the Delaware Act; and

ii. to the fullest extent authorized or permitted by any amendments to or replacements of the Delaware Act adopted after the date of this Agreement that increase the extent to which a corporation may indemnify its officers and directors.

Section 7. Exclusions. Notwithstanding any provision in this Agreement, the Company shall not be obligated under this Agreement to make any indemnification payment in connection with any claim involving Indemnitee:

(a) for which payment has actually been made to or on behalf of Indemnitee under any insurance policy or other indemnity provision, except with respect to any excess beyond the amount paid under any insurance policy or other indemnity provision;

(b) for (i) an accounting of profits made from the purchase and sale (or sale and purchase) by Indemnitee of securities of Adient within the meaning of Section 14(b) of the Exchange Act or similar provisions of state statutory law or common law, (ii) any reimbursement of Adient by the Indemnitee of any bonus or other incentive-based or equity-based compensation or of any profits realized by the Indemnitee from the sale of securities of Adient, as required in each case under the Exchange Act (including any such reimbursements that arise from an

accounting restatement of Adient pursuant to Section 304 of the Sarbanes-Oxley Act of 2002 (the "Sarbanes-Oxley Act"), or Section 904 of the Dodd-Frank Wall Street Reform and Consumer Protection Act, or the payment to Adient of profits arising from the purchase and sale by Indemnatee of securities in violation of Section 306 of the Sarbanes-Oxley Act) or (iii) any reimbursement of Adient by Indemnatee of any compensation pursuant to any compensation recoupment or clawback policy adopted by the Board or the compensation committee of the Board, including but not limited to any such policy adopted to comply with stock exchange listing requirements implementing Section 10D of the Exchange Act; or

(c) except as provided in Section 12(d) of this Agreement, in connection with any Proceeding (or any part of any Proceeding) initiated by Indemnatee, including any Proceeding (or any part of any Proceeding) initiated by Indemnatee against Adient, the Company or their respective directors, officers, secretary, employees or other indemnitees, unless (i) the Board authorized the Proceeding (or any part of any Proceeding) prior to its initiation or (ii) Adient or the Company provides the indemnification, in its sole discretion, pursuant to the powers vested in Adient or the Company, as applicable, under applicable law.

Section 8. Advances of Expenses. Notwithstanding any provision of this Agreement to the contrary (other than Section 12(d)), the Company shall advance, to the extent not prohibited by law, the Expenses (other than judgments, fines and amounts paid in settlement) incurred and paid by Indemnatee in connection with any Proceeding (or any part of any Proceeding) not initiated by Indemnatee or any Proceeding initiated by Indemnatee with the prior approval of the Board as provided in Section 7(c), and such advancement shall be made within thirty (30) days after the receipt by the Company of a statement or statements requesting such advances from time to time, whether prior to or after final disposition of any Proceeding. Advances shall be unsecured and interest free. Advances shall be made without regard to Indemnatee's ability to repay such Expenses and without regard to Indemnatee's ultimate entitlement to indemnification under the other provisions of this Agreement. In accordance with Section 12(d), advances shall include any and all reasonable Expenses (other than judgments, fines and amounts paid in settlement) incurred pursuing an action to enforce this right of advancement, including Expenses incurred preparing and forwarding statements to the Company to support the advances claimed. The Indemnatee shall qualify for advances upon the execution and delivery to the Company of this Agreement, which shall constitute an undertaking providing that the Indemnatee undertakes to repay the amounts advanced (without interest) to the extent that it is ultimately determined that Indemnatee is not entitled to be indemnified by the Company. No other form of undertaking shall be required other than the execution of this Agreement. This Section 8 shall not apply to any claim made by Indemnatee for which indemnity is excluded pursuant to Section 7.

Section 9. Procedure for Notification and Defense of Claim; Exhaustion of Remedies.

(a) Indemnatee shall notify Adient and the Company in writing of any matter with respect to which Indemnatee intends to seek indemnification or advancement of Expenses hereunder as soon as reasonably practicable following the receipt by Indemnatee of written notice thereof. The written notification to Adient and the Company shall include a description of the nature of the Proceeding and the facts underlying the Proceeding. To obtain indemnification

under this Agreement, Indemnitee shall submit to Adient and the Company a written request, including therein or therewith such documentation and information as is reasonably available to Indemnitee and is reasonably necessary to determine whether and to what extent Indemnitee is entitled to indemnification following the final disposition of such Proceeding. The omission by Indemnitee to notify Adient and the Company hereunder will not relieve the Company from any liability which it may have to Indemnitee hereunder or otherwise than under this Agreement except to the extent that such delay materially and adversely affects the Company's ability to participate in the defense of such Proceeding, and any delay in so notifying Adient and the Company shall not constitute a waiver by Indemnitee of any rights under this Agreement. The Secretary of the Company shall, promptly upon receipt of such a request for indemnification, advise the Board in writing that Indemnitee has requested indemnification.

(b) The Company will be entitled to participate in the Proceeding at its own expense and, except as otherwise provided below, to the extent the Company so wishes, it may assume the defense thereof with counsel reasonably satisfactory to Indemnitee. After notice from the Company to Indemnitee of its election to assume the defense of any such claim, the Company shall not be liable to Indemnitee under this Agreement or otherwise for any Expenses (other than judgments, fines and amounts paid in settlement) subsequently directly incurred by Indemnitee in connection with Indemnitee's defense of such claim other than reasonable costs of investigation or as otherwise provided below. Indemnitee shall have the right to employ its own legal counsel in such claim, but all Expenses related to such counsel incurred after notice from the Company of its assumption of the defense shall be at Indemnitee's own expense; provided, that if (i) Indemnitee's employment of its own legal counsel has been authorized by the Company, (ii) Indemnitee has reasonably determined that there may be a conflict of interest between Indemnitee and the Company in the defense of such claim, (iii) after a Change in Control, Indemnitee's employment of its own counsel has been approved by the Independent Counsel or (iv) the Company shall not in fact have employed counsel to assume the defense of such claim, then Indemnitee shall be entitled to retain its own separate counsel (but not more than one law firm plus, if applicable, local counsel in respect of any such claim) and all Expenses related to such separate counsel shall be borne by the Company.

(c) Prior to making a written request for indemnification pursuant to Section 9(a) or making a request for advancement of Expenses pursuant to Section 8, Indemnitee shall (i) seek such indemnification or advancement of such Expenses, as applicable, under any applicable insurance policy and (ii) request that Adient consider in its discretion whether to make such indemnification or advancement of such Expenses, as applicable. Upon any such request by Indemnitee of Adient, it is expected that Adient will consider whether to make such indemnification or advancement of such Expenses, as applicable, based on the facts and circumstances related to the request. Adient may require, as a condition to making any indemnification or advancement of Expenses, as applicable, that Indemnitee enter into an agreement providing for such indemnification or advancement of such Expenses, as applicable, to be made subject to substantially the same terms and conditions applicable to an indemnification or advancement of Expenses, as applicable, by the Company under this Agreement (including conditioning any advancement of Expenses upon delivery to Adient of an undertaking of the type described in Section 8). If indemnification or advancement of Expenses (other than judgments, fines and amounts paid in settlement), as applicable, is not received pursuant to an insurance policy, or from Adient, within five (5) business days of the later of

Indemnatee's request of the insurer and Indemnatee's request of Adient pursuant to the first sentence of this Section 9(c), Indemnatee may make written demand on the Company for indemnification pursuant to Section 9(a) or make a request for advancement of Expenses pursuant to Section 8, as applicable.

Section 10. Procedure Upon Application for Indemnification.

(a) Upon written request by Indemnatee for indemnification pursuant to Section 9(a), a determination, if required by applicable law, with respect to Indemnatee's entitlement thereto shall be made in the specific case: (i) if a Change in Control shall have occurred, by Independent Counsel in a written opinion to the Board, a copy of which shall be delivered to Indemnatee; or (ii) if a Change in Control shall not have occurred, (A) by a majority vote of the Disinterested Directors, even though less than a quorum of the Board, (B) by a committee of Disinterested Directors designated by a majority vote of the Disinterested Directors, even though less than a quorum of the Board, or (C) if there are no such Disinterested Directors or, if such Disinterested Directors so direct, by Independent Counsel in a written opinion to the Board, a copy of which shall be delivered to Indemnatee (collectively, the "Reviewing Party"); and, if it is so determined that Indemnatee is entitled to indemnification, payment to Indemnatee shall be made within ten (10) days after such determination. Indemnatee shall cooperate with the Reviewing Party with respect to Indemnatee's entitlement to indemnification, including providing to the Reviewing Party upon reasonable advance request any documentation or information that is not privileged or otherwise protected from disclosure and that is reasonably available to Indemnatee and reasonably necessary to such determination. Any costs or Expenses (including reasonable attorneys' fees and disbursements, but excluding judgments, fines and amounts paid in settlement) incurred by Indemnatee in so cooperating with the Reviewing Party shall be borne by the Company irrespective of the determination as to Indemnatee's entitlement to indemnification, and the Company hereby indemnifies and agrees to hold Indemnatee harmless therefrom. The Company promptly will advise Indemnatee in writing with respect to any determination that Indemnatee is or is not entitled to indemnification, including a description of any reason or basis for which indemnification has been denied.

(b) If the determination of entitlement to indemnification is to be made by Independent Counsel pursuant to Section 10(a), the Independent Counsel shall be selected as provided in this Section 10(b). If a Change in Control shall not have occurred, the Independent Counsel shall be selected by the Board, and the Company shall give written notice to Indemnatee advising Indemnatee of the identity of the Independent Counsel so selected. If a Change in Control shall have occurred, the Independent Counsel shall be selected by Indemnatee (unless Indemnatee shall request that such selection be made by the Board, in which event the preceding sentence shall apply), and Indemnatee shall give written notice to Adient and the Company advising it of the identity of the Independent Counsel so selected. In either event, Indemnatee or the Company, as the case may be, may, within ten (10) days after such written notice of selection shall have been given, deliver to Adient and the Company or to Indemnatee, as the case may be, a written objection to such selection; provided, that such objection may be asserted only on the ground that the Independent Counsel so selected does not meet the requirements of "Independent Counsel" as defined in Section 1, and the objection shall set forth with particularity the factual basis of such assertion. Absent a proper and timely objection, the person so selected shall act as Independent Counsel. If such written objection is so made and substantiated, the Independent

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Counsel so selected may not serve as Independent Counsel unless and until such objection is withdrawn or the Delaware Court has determined that such objection is without merit. If, within twenty (20) days after the later of submission by Indemnatee of a written request for indemnification pursuant to Section 9(a) and the final disposition of the Proceeding, no Independent Counsel shall have been selected and not objected to, either the Company or Indemnatee may petition the Delaware Court for resolution of any objection which shall have been made by the Company or Indemnatee to the other's selection of Independent Counsel and/or for the appointment as Independent Counsel of a person selected by such court or by such other person as such court shall designate, and the person with respect to whom all objections are so resolved or the person so appointed shall act as Independent Counsel under Section 10(a). Upon the due commencement of any judicial proceeding or arbitration pursuant to Section 12(a), Independent Counsel shall be discharged and relieved of any further responsibility in such capacity (subject to the applicable standards of professional conduct then prevailing).

Section 11. Presumptions and Effect of Certain Proceedings.

(a) In making a determination with respect to entitlement to indemnification hereunder, the Reviewing Party shall, to the fullest extent not prohibited by law, presume that Indemnatee is entitled to indemnification under this Agreement if Indemnatee has submitted a request for indemnification in accordance with Section 9(a), and the Reviewing Party shall, to the fullest extent not prohibited by law, have the burden of proof to overcome that presumption in connection with the making by any person, persons or entity of any determination contrary to that presumption. Neither the failure of the Reviewing Party to have made a determination prior to the commencement of any action pursuant to this Agreement that indemnification is proper in the circumstances because Indemnatee has met the applicable standard of conduct, nor an actual determination by the Reviewing Party that Indemnatee has not met such applicable standard of conduct, shall be a defense to the action or create a presumption that Indemnatee has not met the applicable standard of conduct.

(b) The termination of any Proceeding or of any claim, issue or matter therein, by judgment, order, settlement or conviction, or upon a plea of nolo contendere or its equivalent, shall not (except as otherwise expressly provided in this Agreement) of itself adversely affect the right of Indemnatee to indemnification or create a presumption that Indemnatee acted in bad faith or engaged in fraud, willful misconduct or, in the case of a criminal matter, acted with knowledge that the Indemnatee's conduct was unlawful.

(c) Indemnatee shall be deemed to have acted in good faith if Indemnatee's action is based on the records or books of account of any Enterprise, including financial statements, or on information supplied to Indemnatee by the directors, officers or other Officials of such Enterprise in the course of their duties, or on the advice of legal counsel for such Enterprise or on information or records given or reports made to such Enterprise by an independent certified public accountant or by an appraiser, financial advisor or other expert selected with reasonable care by or on behalf of such Enterprise as to matters Indemnatee reasonably believes are within such Person's professional or expert competence. The provisions of this Section 11(c) shall not be deemed to be exclusive or to limit in any way the other circumstances in which the Indemnatee may be deemed to have met the applicable standard of conduct set forth in this Agreement.

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(d) The knowledge and/or actions, or failure to act, of any Official of any Enterprise or any other person shall not be imputed to Indemnitee for purposes of determining the right to indemnification under this Agreement.

Section 12. Remedies of Indemnitee.

(a) Subject to Section 12(e), if (i) a determination is made pursuant to Section 10 of this Agreement that Indemnitee is not entitled to indemnification under this Agreement, (ii) advancement of Expenses (other than judgments, fines and amounts paid in settlement) is not timely made pursuant to Section 8 of this Agreement, (iii) no determination of entitlement to indemnification shall have been made pursuant to Section 10(a) of this Agreement within ninety (90) days after receipt by Adient and the Company of a request for indemnification (after Indemnitee has exhausted the procedures set forth in Section 9(c)), (iv) payment of indemnification is not made pursuant to Section 3, 4 or 5 or the second to last sentence of Section 10(a) within ten (10) days after receipt by Adient and the Company of a written request therefor (after Indemnitee has exhausted the procedures set forth in Section 9(c)), (v) payment of indemnification pursuant to Section 2 or 6 is not made within ten (10) days after a determination has been made that Indemnitee is entitled to indemnification, or (vi) if Adient, the Company or any other person takes or threatens to take any action to declare this Agreement void or unenforceable, or institutes any litigation or other action or Proceeding designed to deny, or to recover from, the Indemnitee the benefits provided or intended to be provided to the Indemnitee hereunder, Indemnitee shall be entitled to an adjudication by the Delaware Court of Indemnitee's entitlement to such indemnification or advancement of Expenses. Alternatively, Indemnitee, at Indemnitee's option, may seek an award in arbitration to be conducted by a single arbitrator pursuant to the Commercial Arbitration Rules of the American Arbitration Association. Indemnitee shall commence such proceeding seeking an adjudication or an award in arbitration within 180 days following the date on which Indemnitee first has the right to commence such proceeding pursuant to this Section 12(a). Neither Adient nor the Company shall oppose Indemnitee's right to seek any such adjudication or award in arbitration.

(b) If a determination shall have been made pursuant to Section 10(a) that Indemnitee is not entitled to indemnification, any judicial proceeding or arbitration commenced pursuant to this Section 12 shall be conducted in all respects as a de novo trial, or arbitration, on the merits and Indemnitee shall not be prejudiced by reason of that adverse determination. In any judicial proceeding or arbitration commenced pursuant to this Section 12, the Company shall have the burden of proving Indemnitee is not entitled to indemnification or advancement of Expenses, as the case may be.

(c) If a determination shall have been made pursuant to Section 10(a) that Indemnitee is entitled to indemnification, Adient and the Company shall be bound by such determination in any judicial proceeding or arbitration commenced pursuant to this Section 12, absent (i) a misstatement by Indemnitee of a material fact, or an omission of a material fact necessary to make Indemnitee's statement not materially misleading, in connection with the request for indemnification, but only to the extent that the misstatement or omission affected the such determination, or (ii) a prohibition of such indemnification under applicable law.

(d) Adient and the Company shall, to the fullest extent not prohibited by law, be precluded from asserting in any judicial proceeding or arbitration commenced pursuant to this Section 12 that the procedures and presumptions of this Agreement are not valid, binding and enforceable and shall stipulate in any such court or before any such arbitrator that the Company is bound by all of the provisions of this Agreement. It is the intent of the Company that, to the fullest extent permitted by law, the Indemnatee not be required to incur Expenses associated with the interpretation, enforcement or defense of Indemnatee's rights under this Agreement by litigation or otherwise because the cost and expense thereof would substantially detract from the benefits intended to be extended to the Indemnatee hereunder. The Company shall, to the fullest extent permitted by law, indemnify Indemnatee against any and all Expenses (other than judgments, fines and amounts paid in settlement) and, if requested by Indemnatee, shall (within ten (10) days after receipt by the Company of a written request therefor) advance, to the extent not prohibited by law, such Expenses to Indemnatee, which are incurred by Indemnatee in connection with any action brought by Indemnatee for indemnification or advancement of Expenses from the Company under this Agreement or under any directors' and officers' liability insurance policies maintained by the Company if Indemnatee is successful in such action.

(e) Notwithstanding anything in this Agreement to the contrary, no determination as to entitlement of Indemnatee to indemnification under this Agreement shall be required to be made prior to the final disposition of the Proceeding.

Section 13. Non-exclusivity; Survival of Rights; Insurance; Subrogation.

(a) The rights of indemnification and to receive advancement of Expenses as provided by this Agreement shall not be deemed exclusive of any other rights to which Indemnatee may at any time be entitled under applicable law, the Adient Articles, the Adient Deed of Indemnity, the Operating Agreement, any agreement, a vote of Adient shareholders, a vote of the Company's stockholders, a resolution of directors, any insurance maintained by Adient or the Company or otherwise. No amendment, alteration or repeal of this Agreement or of any provision hereof shall limit or restrict any right of Indemnatee under this Agreement in respect of any action taken or omitted by Indemnatee in Indemnatee's Corporate Status prior to such amendment, alteration or repeal. To the extent that a change in Delaware law, whether by statute or judicial decision, permits greater indemnification or advancement of Expenses than would be afforded currently under the Adient Articles, the Adient Deed of Indemnity, the Operating Agreement and this Agreement, it is the intent of the parties hereto that Indemnatee shall enjoy by this Agreement the greater benefits so afforded by such change. No right or remedy herein conferred is intended to be exclusive of any other right or remedy, and every other right and remedy shall be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other right or remedy.

(b) To the extent that the Company maintains an insurance policy or policies providing liability insurance for directors, officers, secretaries, employees, or agents of any Enterprise, Indemnatee shall be covered by such policy or policies in accordance with its or their terms to the maximum extent of the coverage available for any such director, officer, secretary, employee or agent under such policy or policies. If, at the time of the receipt of a notice of a

claim pursuant to the terms hereof, Adient or the Company has director and officer liability insurance in effect, the Company shall give prompt notice of such claim or of the commencement of a Proceeding, as the case may be, to the insurers in accordance with the procedures set forth in the respective policies. The Company shall thereafter take all necessary or desirable action to cause such insurers to pay, on behalf of the Indemnitee, all amounts payable as a result of such Proceeding in accordance with the terms of such policies.

(c) In the event of any payment made by the Company under this Agreement, the Company shall be subrogated to the extent of such payment to all of the rights of recovery of Indemnitee, who shall execute all papers required and take all action necessary to secure such rights, including execution of such documents as are necessary to enable the Company to bring suit to enforce such rights.

(d) The Company shall not be liable under this Agreement to make any payment of amounts otherwise indemnifiable (or for which advancement is provided hereunder) hereunder if and to the extent that Indemnitee has otherwise actually received such payment under any insurance policy, contract, agreement or otherwise. Notwithstanding the foregoing, the Company shall be required to make payments under this Agreement within the time periods set forth in this Agreement regardless of whether, at the time such payments are due, the Indemnitee is pursuing recovery under any such policy, contract, agreement or other means.

(e) The Company's obligation to indemnify or advance Expenses hereunder to Indemnitee who is or was serving at the request of the Company as an Official of any other Enterprise shall be reduced by any amount Indemnitee has actually received as indemnification or advancement of Expenses from such other Enterprise. Notwithstanding the foregoing, the Company shall be required to make payments under this Agreement within the time periods set forth in this Agreement regardless of whether, at the time such payments are due, the Indemnitee is pursuing recovery from such other Enterprise.

Section 14. Duration of Agreement; Successors and Assigns. All agreements and obligations of the Company contained in this Agreement shall continue for so long as Indemnitee shall be subject to, or involved in, any proceeding for which indemnification is provided pursuant to this Agreement. Notwithstanding the foregoing, no legal action shall be brought and no cause of action shall be asserted by or on behalf of Adient, the Company or any of their subsidiaries against Indemnitee, Indemnitee's spouse, heirs, executors, or personal or legal representatives after the expiration of two (2) years from the date of accrual of such cause of action, or such longer period as may be required by the laws of Delaware under the circumstances. Any claim or cause of action of Adient, the Company or any of their subsidiaries shall be extinguished and deemed released unless asserted by the timely filing and notice of a legal action within such period; provided, that if any shorter period of limitations is otherwise applicable to any such cause of action, the shorter period shall govern. The indemnification and advancement of expenses rights provided by or granted pursuant to this Agreement shall be binding upon and be enforceable by the parties hereto and their respective successors and assigns (including any direct or indirect successor by purchase, merger, consolidation or otherwise to all or substantially all of the business or assets of the Company), shall continue as to an Indemnitee who has ceased to be an Official of Adient, the Company or of any other Enterprise, and shall

inure to the benefit of Indemnitee and Indemnitee's spouse, assigns, heirs, devisees, executors and administrators and other legal representatives.

Section 15. Severability. If any provision or provisions of this Agreement shall be held to be invalid, illegal or unenforceable for any reason whatsoever: (a) the validity, legality and enforceability of the remaining provisions of this Agreement (including each portion of any section of this Agreement containing any such provision held to be invalid, illegal or unenforceable, that is not itself invalid, illegal or unenforceable) shall not in any way be affected or impaired thereby and shall remain enforceable to the fullest extent permitted by law; (b) such provision or provisions shall be deemed reformed to the extent necessary to conform to applicable law and to give the maximum effect to the intent of the parties hereto; and (c) to the fullest extent possible, the provisions of this Agreement (including each portion of any section of this Agreement containing any such provision held to be invalid, illegal or unenforceable, that is not itself invalid, illegal or unenforceable) shall be construed so as to give effect to the intent manifested thereby.

Section 16. Enforcement.

(a) The Company expressly confirms and agrees that it has entered into this Agreement and assumed the obligations imposed on it hereby to induce Indemnitee to serve as a director or officer of Adient or the Company, and the Company acknowledges that Indemnitee is relying upon this Agreement in serving or continuing to serve as a director or officer of Adient or the Company, as applicable. Accordingly, the parties hereto agree that in the event of any actual or threatened default in, or breach of, any of the terms, conditions and provisions of this Agreement, Indemnitee shall have the right to specific performance and injunctive or other equitable relief in respect of his or her rights under this Agreement, in addition to any and all other rights and remedies at law or in equity, and all such rights and remedies shall be cumulative. The parties hereto also agree that the remedies at law for any breach or threatened breach of this Agreement, including monetary damages, are inadequate compensation for any loss and that any defense in any action for specific performance that a remedy at law would be adequate is waived. Any requirements for the securing or posting of any bond with such remedy are waived by each of the parties hereto.

(b) This Agreement constitutes the entire agreement between the parties hereto with respect to the subject matter hereof and supersedes all prior agreements and understandings, oral, written and implied, between the parties hereto with respect to the subject matter hereof; provided, that this Agreement is a supplement to and in furtherance of the Adient Articles, the Adient Deed of Indemnity, the Operating Agreement, any insurance maintained by Adient or the Company and applicable law, and shall not be deemed a substitute therefor, nor to diminish or abrogate any rights of Indemnitee thereunder.

Section 17. Modification and Waiver. No supplement, modification or amendment of this Agreement shall be binding unless executed in writing by the parties hereto. No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provisions of this Agreement nor shall any waiver constitute a continuing waiver.

Section 18. Notice by Indemnatee. Indemnatee agrees promptly to notify Adient and the Company in writing upon being served with any summons, citation, subpoena, complaint, indictment, information or other document relating to any Proceeding or matter which may be subject to indemnification or advancement of Expenses covered hereunder. The failure of Indemnatee to so notify Adient and the Company shall not relieve the Company of any obligation which it may have to the Indemnatee under this Agreement or otherwise, except to the extent that the Company is materially and adversely prejudiced by such failure.

Section 19. Notices. All notices, requests, demands and other communications under this Agreement shall be in writing and shall be deemed to have been duly given if (a) delivered by hand and receipted for by the party to whom said notice or other communication shall have been directed, (b) mailed by certified or registered mail with postage prepaid, on the third business day after the date on which it is so mailed, (c) mailed by reputable overnight courier and receipted for by the party to whom said notice or other communication shall have been directed or (d) sent by facsimile transmission, with receipt of oral confirmation that such transmission has been received:

(a) If to Indemnatee, at the address indicated on the signature page of this Agreement, or such other address as Indemnatee shall provide to the Company.

(b) If to the Company to:

Adient Holdings LLC
833 East Michigan Street
Milwaukee, Wisconsin 53202
Attn: General Counsel
Email:

or to any other address as may have been furnished to Indemnatee by the Company.

Section 20. Contribution. To the fullest extent permissible under applicable law, if the indemnification provided for in this Agreement is unavailable to Indemnatee for any reason whatsoever, the Company, in lieu of indemnifying Indemnatee, shall contribute to the Expenses incurred by Indemnatee in connection with any claim relating to an indemnifiable event under this Agreement, in such proportion as is deemed fair and reasonable in light of all of the circumstances of such Proceeding to reflect (i) the relative benefits received by Adient and the Company, on the one hand, and Indemnatee, on the other hand, as a result of the event(s) and/or transaction(s) giving cause to such Proceeding; and/or (ii) the relative fault of Adient and the Company (and their respective directors, officers, employees and agents), on the one hand, and Indemnatee, on the other hand, in connection with such event(s) and/or transaction(s).

Section 21. Applicable Law and Consent to Jurisdiction. This Agreement and the legal relations among the parties shall be governed by, and construed and enforced in accordance with, the laws of the State of Delaware, without regard to its conflict of laws rules. Except with respect to any arbitration commenced by Indemnatee pursuant to Section 12(a), the Company and Indemnatee hereby irrevocably and unconditionally (i) agree that any action or proceeding arising out of or in connection with this Agreement shall be brought only in the Court of Chancery of the

State of Delaware (the “Delaware Court”), and not in any other state or federal court in the United States of America or any court in any other country, (ii) consent to submit to the exclusive jurisdiction of the Delaware Court for purposes of any action or proceeding arising out of or in connection with this Agreement, (iii) appoint, to the extent such party is not otherwise subject to service of process in the State of Delaware, irrevocably The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington, New Castle County, Delaware 19801 as its agent in the State of Delaware as such party’s agent for acceptance of legal process in connection with any such action or proceeding against such party with the same legal force and validity as if served upon such party personally within the State of Delaware, (iv) waive any objection to the laying of venue of any such action or proceeding in the Delaware Court, and (v) waive, and agree not to plead or to make, any claim that any such action or proceeding brought in the Delaware Court has been brought in an improper or inconvenient forum.

Section 22. Identical Counterparts. This Agreement may be executed in one or more counterparts, each of which shall for all purposes be deemed to be an original but all of which together shall constitute one and the same Agreement. Only one such counterpart signed by the party against whom enforceability is sought needs to be produced to evidence the existence of this Agreement. Signatures to this Agreement transmitted by facsimile transmission, by electronic mail in “portable document format” (“pdf”) form, or by any other electronic means intended to preserve the original graphic and pictorial appearance of a document, will have the same effect as physical delivery of the paper document bearing the original signatures.

Section 23. Miscellaneous. Use of the masculine pronoun shall be deemed to include usage of the feminine pronoun where appropriate. The headings of this Agreement are inserted for convenience only and shall not be deemed to constitute part of this Agreement or to affect the construction thereof. Unless otherwise specified, references to a Section or clause refer to Sections or clauses of this Agreement. The word “including” and words of similar import shall mean “including without limitation” unless otherwise specified. The word “or” shall not be exclusive. Any reference to “days” means calendar days unless business days are expressly specified.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the parties have caused this Agreement to be signed as of the day and year first above written.

ADIENT HOLDINGS LLC

INDEMNITEE

By: _____
Name: _____
Office: _____

By: _____
Name: _____
Address: _____

[Signature Page to Indemnification Agreement]

CREDIT AGREEMENT

dated as of July 27, 2016

among

ADIENT GLOBAL HOLDINGS LTD,
as the Initial Borrower,

THE LENDERS PARTY HERETO,

JPMORGAN CHASE BANK, N.A.,
as Administrative Agent and Collateral Agent,BANK OF AMERICA, N.A.,
as Syndication Agent,BARCLAYS BANK PLC, CITIBANK, N.A., CREDIT AGRICOLE CORPORATE AND INVESTMENT BANK, WELLS FARGO BANK, NATIONAL
ASSOCIATION, THE BANK OF TOKYO-MITSUBISHI UFJ, LTD., U.S. BANK NATIONAL ASSOCIATION, COMMERZBANK AG, ING CAPITAL LLC,
UNICREDIT BANK AG, INTESA SANPAOLO S.P.A., GOLDMAN SACHS BANK USA AND THE TORONTO-DOMINION BANK,
as Documentation Agents,JPMORGAN CHASE BANK, N.A., MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED, BARCLAYS BANK PLC, CITIGROUP GLOBAL
MARKETS INC. AND CREDIT AGRICOLE CORPORATE AND INVESTMENT BANK,
as Joint Lead Arrangers and Joint Bookrunners,

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CREDIT AGREEMENT dated as of July 27, 2016 (this “Agreement”), among Adient Global Holdings Ltd (as defined below), JPMorgan Chase Bank, N.A., as Administrative Agent (in such capacity, the “Administrative Agent”) and Collateral Agent, and each Issuing Bank and Lender (each as defined below) party hereto from time to time.

WHEREAS, the Borrowers (as defined below) have requested that the Lenders and the Issuing Banks extend credit as set forth herein;

NOW, THEREFORE, the Lenders and the Issuing Banks are willing to extend such credit to the Borrowers on the terms and subject to the conditions set forth herein.

Accordingly, the parties hereto agree as follows:

ARTICLE I

Definitions

Section 1.01 Defined Terms. As used in this Agreement, the following terms shall have the meanings specified below:

“ABR” shall mean, for any day, a rate *per annum* equal to the greatest of (a) the Prime Rate in effect on such day, (b) the NYFRB Rate in effect on such day plus ½ of 1% and (c) the Adjusted LIBO Rate for a one month Interest Period on such day (or if such day is not a Business Day, the immediately preceding Business Day) plus 1%, provided that for the purpose of this definition, the Adjusted LIBO Rate for any day shall be determined as if the relevant ABR Borrowing were a Eurocurrency Borrowing based on the LIBO Screen Rate (or if the LIBO Screen Rate is not available for such one month Interest Period, the Interpolated Rate) at approximately 11:00 a.m. London time on such day. Any change in the ABR due to a change in the Prime Rate, the NYFRB Rate or the Adjusted LIBO Rate shall be effective from and including the effective date of such change in the Prime Rate, the NYFRB Rate or the Adjusted LIBO Rate, respectively. Notwithstanding the foregoing, in no event shall ABR be less than 1.00% per annum.

“ABR Borrowing” shall mean a Borrowing comprised of ABR Loans.

“ABR Loan” shall mean any ABR Term Loan or ABR Revolving Loan.

“ABR Revolving Facility Borrowing” shall mean a Borrowing comprised of ABR Revolving Loans.

“ABR Revolving Loan” shall mean any Revolving Facility Loan bearing interest at a rate determined by reference to the ABR in accordance with the provisions of Article II.

“ABR Term Loan” shall mean any Term Loan bearing interest at a rate determined by reference to the ABR in accordance with the provisions of Article II.

“Accepting Term Lender” shall have the meaning assigned that term in Section 2.10(d).

“Adient Global Holdings Ltd” shall mean Adient Global Holdings Ltd, a public company organized under the Companies (Jersey) Law 1991 with registered number 121385 (together with its permitted successors), which, prior to the Borrower Transfer Date, is the “Initial Borrower” under this Agreement.

“Additional Borrower” shall mean a company which becomes a Borrower hereunder pursuant to Section 2.25, Section 6.05 or Section 9.04, and, from and after the Spinoff Date, the Subsidiary Borrower.

“Additional Mortgage” shall have the meaning assigned that term in Section 5.10(c).

“Adjusted Consolidated EBITDA” shall mean, with respect to Parent and the Subsidiaries on a consolidated basis for any period, the Consolidated Net Income of Parent and the Subsidiaries for such period plus

- (a) the sum of, without duplication, in each case, to the extent deducted in or otherwise reducing Consolidated Net Income for such period:
- (i) provision for Taxes based on income, profits or capital of Parent and the Subsidiaries for such period, without duplication, including, without limitation, state franchise and similar Taxes, and foreign withholding Taxes (including penalties and interest related to Taxes or arising from tax examinations); plus
 - (ii) (x) Interest Expense of Parent and the Subsidiaries for such period and (y) all cash dividend payments (excluding items eliminated in consolidation) on any series of preferred stock of any Subsidiary of Parent or any Disqualified Stock of Parent and the Subsidiaries; plus
 - (iii) depreciation, amortization (including amortization of intangibles, deferred financing fees and actuarial gains and losses related to pensions and other post-employment benefits, but excluding amortization of prepaid cash expenses that were paid in a prior period) and other non-cash expenses (excluding any such non-cash charges or expenses to the extent that it represents an accrual of or reserve for cash expenses in any future period or amortization of a prepaid cash expense that was paid in a prior period) of Parent and the Subsidiaries for such period; plus
 - (iv) any costs or expenses incurred pursuant to any management equity plan or stock option plan or any other management or employee benefit plan or agreement or any stock subscription or shareholder agreement, to the extent that such costs or expenses are funded with cash proceeds contributed to the capital of Parent or net cash proceeds of an issuance of Equity Interests of Parent (other than Disqualified Stock) solely to the extent that such net cash proceeds are excluded from the calculation of the Available Amount; plus
 - (v) any non-cash losses related to non-operational hedging, including, without limitation, resulting from hedging transactions for interest rate or currency exchange risks associated with this Agreement; minus
- (b) the sum of, without duplication, in each case, to the extent added back in or otherwise increasing Consolidated Net Income for such period:
- (i) non-cash items increasing such Consolidated Net Income for such period (excluding the recognition of deferred revenue or any non-cash items which represent the reversal of any accrual of, or reserve for, anticipated cash charges in any prior period that reduced Adjusted Consolidated EBITDA in an earlier period and any items for which cash was received in any prior period); plus
 - (ii) any non-cash gains related to non-operational hedging, including, without limitation, resulting from hedging transactions for interest rate or currency exchange risks associated with this Agreement;

in each case, on a consolidated basis and determined in accordance with GAAP.

Notwithstanding the preceding, the provision for Taxes based on the income or profits of, the Interest Expense of, the depreciation and amortization and other non-cash expenses or non-cash items of and the restructuring charges or expenses of, a Subsidiary (other than any Wholly Owned Subsidiary) of Parent will be added to (or subtracted from, in the case of non-cash items described in clause (b) above) Consolidated Net Income to compute Adjusted Consolidated EBITDA, (A) in the same proportion that the Net Income of such Subsidiary was added to compute such Consolidated Net Income of Parent, and (B) only to the extent that a corresponding amount

of the Net Income of such Subsidiary would be permitted at the date of determination to be dividended or distributed to Parent by such Subsidiary without prior governmental approval (that has not been obtained), and without direct or indirect restriction pursuant to the terms of its charter and all agreements, instruments, judgments, decrees, orders, statutes, rules and governmental regulations applicable to that Subsidiary or its stockholders or shareholders.

“Adjusted LIBO Rate” shall mean, with respect to any Eurocurrency Borrowing in any currency for any Interest Period, an interest rate *per annum* (rounded, if necessary, to the nearest 1/16 of 1%) equal to the LIBO Rate for such currency in effect for such Interest Period.

“Administrative Agent” shall have the meaning assigned to such term in the introductory paragraph of this Agreement, together with its successors and assigns.

“Administrative Agent Fee Letter” shall mean that certain Administrative Agent Fee Letter, dated as of June 28, 2016 by and among JCI and the Administrative Agent.

“Administrative Agent Fees” shall have the meaning assigned to such term in Section 2.12(c).

“Administrative Questionnaire” shall mean an Administrative Questionnaire substantially in the form supplied by the Administrative Agent.

“Affiliate” shall mean, when used with respect to a specified person, another person that directly, or indirectly through one or more intermediaries, Controls or is Controlled by or is under common Control with the person specified.

“Agents” shall mean the Administrative Agent and the Collateral Agent.

“Agreement” shall have the meaning assigned to such term in the introductory paragraph of this Agreement, as may be amended, restated, amended and restated, supplemented or otherwise modified from time to time.

“Agreement Currency” shall have the meaning assigned to such term in Section 9.23.

“Alternative Currency” shall mean each of the following currencies: Euro and Sterling, together with each other currency (other than Dollars) that is approved in accordance with Section 1.10.

“Alternative Currency Equivalent” shall mean, at any time, with respect to any amount denominated in Dollars, the equivalent amount thereof in the applicable Alternative Currency as determined by the Administrative Agent or the applicable Issuing Bank, as the case may be, at such time on the basis of the Spot Rate (determined in respect of the most recent Revaluation Date) for the purchase of such Alternative Currency with Dollars.

“Anti-Corruption Laws” shall mean all laws, rules, and regulations of any jurisdiction applicable to Parent or any of its Subsidiaries from time to time concerning or relating to bribery or corruption.

“Applicable Commitment Fee” shall mean for any day (i) prior to the Spinoff Date, with respect to (a) any Initial Term A Loan Commitments and (b) any Revolving Facility Commitments relating to Initial Revolving Loans, 0.25% per annum; (ii) from and after the Spinoff Date, with respect to any Revolving Facility Commitments relating to Initial Revolving Loans, the Applicable Commitment Fee determined in accordance with the Pricing Schedule; and (iii) with respect to any Other Revolving Facility Commitments, the “Applicable Commitment Fee” set forth in the applicable Extension Amendment or Refinancing Amendment (as applicable).

“Applicable Date” shall have the meaning assigned to such term in Section 9.08(f).

“Applicable Margin” shall mean for any day (i) prior to the earlier of the Spinoff Date and the Successor JCI Credit Agreement Effectiveness Date, the Applicable Margin determined in accordance with the Predecessor JCI Pricing Schedule, (ii) from and after the Successor JCI Credit Agreement Effectiveness Date but prior to the

Spinoff Date, the Applicable Margin determined in accordance with the Successor JCI Pricing Schedule, (iii) from and after the Spinoff Date, the Applicable Margin determined in accordance with the Pricing Schedule and (iv) with respect to any Other Term Loan or Other Revolving Loan, the “Applicable Margin” set forth in the Incremental Assumption Agreement, Extension Amendment or Refinancing Amendment (as applicable) relating thereto.

“Applicable Time” shall mean, with respect to any Borrowings and payments (i) in Euro or Sterling, 2 p.m. London time and (ii) in any other Alternative Currency, the local time in the place of settlement for such Alternative Currency as shall be reasonably determined by the Administrative Agent or the applicable Issuing Bank, as the case may be, to be necessary for timely settlement on the relevant date in accordance with normal banking procedures in the place of payment. In advance of the initial borrowing of a Revolving Facility Loan or issuance of a Letter of Credit, in each case, in any Alternative Currency, the Administrative Agent or the applicable Issuing Bank, as applicable, shall provide the Borrowers and Lenders with written notice of the Applicable Time for any borrowings and payments in such Alternative Currency. In the event no such notice is delivered by the Administrative Agent, the applicable Borrower and any Lender shall be required to make any borrowings and payments in accordance with the times specified herein for borrowings and payments in Dollars.

“Approved Fund” shall have the meaning assigned to such term in Section 9.04(b)(ii).

“Arrangers” shall mean the Joint Lead Arrangers.

“Asset Sale” shall mean (x) any Disposition (including any sale and lease-back of assets and any mortgage or lease of Real Property) to any person of, any asset or assets of Parent or any Subsidiary and (y) any sale of any Equity Interests by any Subsidiary to a person other than Parent or a Subsidiary.

“Assignee” shall have the meaning assigned to such term in Section 9.04(b)(i).

“Assignment and Acceptance” shall mean an assignment and acceptance entered into by a Lender and an Assignee, and accepted by the Administrative Agent and the Borrower Representative (if required by Section 9.04), substantially in the form of Exhibit A or such other form as shall be approved by the Administrative Agent and reasonably satisfactory to the Borrower Representative.

“Attributable Receivables Indebtedness” shall mean the principal amount of Indebtedness (other than any Indebtedness subordinated in right of payment owing by a Receivables Entity to a Receivables Seller or a Receivables Seller to another Receivables Seller in connection with the transfer, sale and/or pledge of Permitted Receivables Facility Assets) which (i) if a Qualified Receivables Facility is structured as a secured lending agreement or other similar agreement, constitutes the principal amount of such Indebtedness or (ii) if a Qualified Receivables Facility is structured as a purchase agreement or other similar agreement, would be outstanding at such time under such Qualified Receivables Facility if the same were structured as a secured lending agreement rather than a purchase agreement or such other similar agreement.

“Auto Renewal Letter of Credit” shall have the meaning assigned that term in Section 2.05(c).

“Availability Period” shall mean, (i) with respect to any Class of Revolving Facility Commitments, the period from and including the Closing Date (or, if later, the effective date for such Class of Revolving Facility Commitments) to but excluding the earlier of the Revolving Facility Maturity Date for such Class and, in the case of each of the Revolving Facility Loans, Revolving Facility Borrowings and Letters of Credit, the date of termination of the Revolving Facility Commitments of such Class and (ii) with respect to the Initial Term A Loan Commitments, the period from and including the Closing Date to and including the earlier of the Initial Term A Facility Outside Date and the Spinoff Date.

“Available Amount” shall mean, as at any time of determination, an amount, not less than zero in the aggregate, determined on a cumulative basis, equal to, without duplication:

- (a) \$150,000,000, plus

- (b) 50% of cumulative Consolidated Net Income of Parent since the Spinoff Date, plus
- (c) the cumulative amounts of all mandatory prepayments declined by Term Lenders, plus
- (d) the Cumulative Qualified Equity Proceeds Amount on such date of determination, minus
- (e) the cumulative amount of Investments made with the Available Amount from and after the Spinoff Date and on or prior to such time (net of any return on such Investments not otherwise included in the Cumulative Qualified Equity Proceeds Amount), minus
- (f) the cumulative amount of Restricted Payments made with the Available Amount from and after the Spinoff Date and on or prior to such time.

“Available Unused Commitment” shall mean, with respect to (i) a Term Lender holding Initial Term A Loan Commitments at any time, an amount equal to the undrawn portion of the Initial Term A Loan Commitment of such Term Lender at such time and (ii) a Revolving Facility Lender under any Class of Revolving Facility Commitments at any time, an amount equal to the amount by which (a) the applicable Revolving Facility Commitment of such Revolving Facility Lender at such time exceeds (b) the applicable Revolving Facility Credit Exposure of such Revolving Facility Lender at such time.

“Bail-In Action” means the exercise of any Write-Down and Conversion Powers by the applicable EEA Resolution Authority in respect of any liability of an EEA Financial Institution.

“Bail-In Legislation” means, with respect to any EEA Member Country implementing Article 55 of Directive 2014/59/EU of the European Parliament and of the Council of the European Union, the implementing law for such EEA Member Country from time to time which is described in the EU Bail-In Legislation Schedule.

“Bankruptcy Code” shall mean Title 11 of the United States Code entitled “Bankruptcy,” as now or hereafter in effect, and any successor thereto.

“Board” shall mean the Board of Governors of the Federal Reserve System of the United States of America.

“Board of Directors” shall mean, as to any person, the board of directors, the board of managers, the sole manager or other governing body of such person.

“Borrower Assumption Agreement” shall mean the Borrower Assumption Agreement substantially in the form of Exhibit O, dated as of the Borrower Transfer Date.

“Borrower DTTP Filing” shall mean an HM Revenue & Customs’ Form DTTP2 duly completed and filed with HM Revenue & Customs by the relevant Borrower, which:

- (a) where it relates to a Treaty Lender that is an Original Lender, contains the scheme reference number and jurisdiction of tax residence stated opposite that Lender’s name in Schedule 2.01, and
 - (i) where the Borrower is the Initial Borrower, is filed with HM Revenue & Customs within thirty (30) days of the date of this Agreement; or
 - (ii) where the Borrower is an Additional Borrower, is filed with HM Revenue & Customs within thirty (30) days of the date on which that Borrower becomes an Additional Borrower; or
- (b) where it relates to a Treaty Lender that is a New Lender, contains the scheme reference number and jurisdiction of tax residence stated in respect of that Lender in the relevant Incremental Assumption Agreement or Assignment and Acceptance, and

(i) where the Borrower is a Borrower at the effective date of the relevant Incremental Assumption Agreement or Assignment and Acceptance (as applicable), is filed with HM Revenue & Customs within thirty (30) days of that effective date; or

(ii) where the Borrower is not a Borrower at the effective date of the relevant Incremental Assumption Agreement or Assignment and Acceptance (as applicable), is filed with HM Revenue & Customs within thirty (30) days of the date on which that Borrower becomes an Additional Borrower.

“Borrower Materials” shall have the meaning assigned to such term in Section 9.17.

“Borrower Representative” shall mean (i) prior to the Borrower Transfer Date, the Initial Borrower and (ii) from and after the Borrower Transfer Date (if any), the person who becomes the Initial Borrower in accordance with Section 2.25.

“Borrowers” shall mean (i) prior to the Spinoff Date, the Initial Borrower, (ii) from and after the Spinoff Date and prior to the Borrower Transfer Date, Initial Borrower and the Subsidiary Borrower and (iii) from and after the Borrower Transfer Date (if any), the person who becomes the Initial Borrower in accordance with Section 2.25 and the Subsidiary Borrower.

“Borrowing” shall mean a group of Loans of a single Type and currency under a single Facility, and made on a single date and, in the case of Eurocurrency Loans, as to which a single Interest Period is in effect.

“Borrowing Minimum” shall mean (a) in the case of Eurocurrency Loans, \$1,000,000 (or the Alternative Currency Equivalent thereof in the applicable Alternative Currency) and (b) in the case of ABR Loans, \$1,000,000.

“Borrowing Multiple” shall mean (a) in the case of Eurocurrency Loans, \$500,000 (or the Alternative Currency Equivalent thereof in the applicable Alternative Currency) and (b) in the case of ABR Loans, \$250,000.

“Borrowing Request” shall mean a request by the Borrower Representative in accordance with the terms of Section 2.03 and substantially in the form of Exhibit D-1 or another form approved by the Administrative Agent.

“Borrower Transfer Date” shall have the meaning assigned to such term in Section 2.25.

“Budget” shall have the meaning assigned to such term in Section 5.04(e).

“Business Day” shall mean any day that is not a Saturday, Sunday or other day on which commercial banks in New York City are authorized or required by law to remain closed; provided that, when used in connection with a Eurocurrency Loan, the term “Business Day” shall also exclude any day on which banks are not open for dealings in deposits in Dollars or the applicable Alternative Currency in the London interbank market.

“Cancelled Certificate” means any QPP Certificate in respect of which HM Revenue & Customs has given a notification under regulation 7(5) of the QPP Regulations so that such QPP Certificate is a cancelled certificate for the purposes of the QPP Regulations.

“Capitalized Lease Obligations” shall mean, at the time any determination thereof is to be made, the amount of the liability in respect of a capital lease that would at such time be required to be capitalized and reflected as a liability on the balance sheet (excluding the footnotes thereto) in accordance with GAAP; provided, that all obligations of any person that are or would be characterized as operating lease obligations in accordance with GAAP on August 6, 2013 (whether or not such operating lease obligations were in effect on such date) shall continue to be accounted for as operating lease obligations (and not as Capitalized Lease Obligations) for purposes of this Agreement regardless of any change in GAAP following such date that would otherwise require such obligations to be recharacterized (on a prospective or retroactive basis or otherwise) as Capitalized Lease Obligations.

“Cash Collateralize” shall mean to pledge and deposit with or deliver to the Collateral Agent, for the benefit of one or more of the Issuing Banks or Lenders, as collateral for Revolving L/C Exposure or obligations of the Lenders to fund participations in respect of Revolving L/C Exposure, cash or deposit account balances in the applicable currencies or, if the Collateral Agent and each Issuing Bank shall agree in their sole discretion, other credit support, in each case pursuant to documentation in form and substance reasonably satisfactory to the Collateral Agent and each applicable Issuing Bank. “Cash Collateral” and “Cash Collateralization” shall have a meaning correlative to the foregoing and shall include the proceeds of such cash collateral and other credit support.

“Cash Management Agreement” shall mean (i) any agreement to provide to Parent or any Subsidiary cash management services for collections, treasury management services (including controlled disbursement, overdraft, automated clearing house fund transfer services, return items and interstate depository network services), any demand deposit, payroll, trust or operating account relationships, commercial credit cards, merchant card, purchase or debit cards, non-card e-payables services, and other cash management services, including electronic funds transfer services, lockbox services, stop payment services and wire transfer services and (ii) any arrangements relating to bilateral letters of credit (including standby and documentary letters of credit) and bank guarantees.

“Cash Management Bank” shall mean any person that is an Agent, an Arranger, a Lender or an Affiliate of any such person(a) at the time that it enters into a Cash Management Agreement, or (b) with respect to Cash Management Agreements existing on the Spinoff Date, on the Spinoff Date.

“CFC” shall mean a “controlled foreign corporation” within the meaning of section 957(a) of the Code (or any successor provision thereto).

“Change in Law” shall mean (a) the adoption of any law, rule or regulation after the Signing Date, (b) any change in law, rule or regulation or in the interpretation or application thereof by any Governmental Authority after the Signing Date or (c) compliance by any Lender (or, for purposes of Section 2.15(b), by any Lending Office of such Lender or by such Lender’s holding company, if any) with any written request, guideline or directive (whether or not having the force of law) of any Governmental Authority made or issued after the Signing Date; provided, however, that notwithstanding anything herein to the contrary, (x) all requests, rules, guidelines or directives under or issued in connection with the Dodd-Frank Wall Street Reform and Consumer Protection Act, all interpretations and applications thereof and any compliance by a Lender with any request or directive relating thereto and (y) all requests, rules, guidelines or directives promulgated under or in connection with, all interpretations and applications of, and any compliance by a Lender with any request or directive relating to International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States of America or foreign regulatory authorities, in each case pursuant to Basel III, shall in each case under clauses (x) and (y) be deemed to be a “Change in Law” regardless of when adopted, enacted or issued but, for purposes of Section 2.15, only to the extent it is the general policy of a Lender to impose applicable increased costs or costs in connection with capital adequacy requirements similar to those described in clauses (a) and (b) of Section 2.15 generally on other similarly situated borrowers under similar circumstances under agreements permitting such impositions.

“Change of Control” shall mean (a) the acquisition of ownership, directly or indirectly, beneficially or of record, by any person or group (within the meaning of the Securities Exchange Act of 1934 and the rules of the Securities and Exchange Commission thereunder as in effect on the Signing Date) of Equity Interests representing more than 40% of the aggregate ordinary voting power represented by the issued and outstanding Equity Interests of Parent; (b) the occupation of a majority of the seats (other than vacant seats) on the Board of Directors of Parent by persons who (i) were not members of the Board of Directors of Parent on the Spinoff Date and (ii) whose election to the Board of Directors of Parent or whose nomination for election by the stockholders or shareholders of Parent was not approved by a majority of the members of the Board of Directors of Parent then still in office who were either members of the Board of Directors on the Spinoff Date or whose election or nomination for election was previously so approved; (c) Parent shall cease, directly or indirectly, to own and control legally and beneficially all of the Equity Interests in the Initial Borrower; or (d) Parent shall cease, directly or indirectly, to own and control legally and beneficially all of the Equity Interests in the Subsidiary Borrower.

“Charges” shall have the meaning assigned to such term in Section 9.09.

“Class” shall mean, (a) when used in respect of any Loan or Borrowing, whether such Loan or the Loans comprising such Borrowing are Initial Term A Loans, Other Term Loans, Initial Revolving Loans or Other Revolving Loans; and (b) when used in respect of any Commitment, whether such Commitment is in respect of a commitment to make Initial Term A Loans, Other Term Loans, Initial Revolving Loans or Other Revolving Loans. Other Term Loans or Other Revolving Loans that have different terms and conditions (together with the Commitments in respect thereof) from the Initial Term A Loans or the Initial Revolving Loans, respectively, or from other Other Term Loans or other Other Revolving Loans, as applicable, shall be construed to be in separate and distinct Classes.

“Class Loans” shall have the meaning assigned to such term in Section 9.08(f).

“Closing Date” shall mean the first date on which the conditions set forth in Section 4.02 are satisfied (or waived in accordance with Section 9.08).

“Code” shall mean the U.S. Internal Revenue Code of 1986, as amended.

“Collateral” shall mean all the “Collateral” as defined in any Security Document and shall also include the Mortgaged Properties and all other property that is subject to any Lien in favor of the Administrative Agent, the Collateral Agent or any Subagent for the benefit of the Secured Parties pursuant to any Security Document; provided, that notwithstanding anything to the contrary herein or in any Security Document or other Loan Document, in no case shall the Collateral include any Excluded Property.

“Collateral Agent” shall mean the Administrative Agent acting as collateral agent for the Secured Parties, together with its successors and permitted assigns in such capacity.

“Collateral and Guarantee Requirement” shall mean the requirement that (in each case, subject to the last three paragraphs of Section 5.10, and subject to Schedule 5.12 (as may be updated pursuant to Section 9.08(b) of this Agreement) (which, for the avoidance of doubt, shall override the applicable clauses of this definition of “Collateral and Guarantee Requirement”));

(a) on the Spinoff Date, the Collateral Agent shall have received:

(i) from (A) each U.S. Loan Party and (B) each other Loan Party that owns Equity Interests of a person incorporated or organized under the law of the United States, any state thereof, or the District of Columbia (other than Excluded Securities) (provided that the grant by any such other Loan Party under the U.S. Collateral Agreement shall be solely with respect to such Equity Interests and related rights and assets as expressly set forth in the U.S. Collateral Agreement), a counterpart of the U.S. Collateral Agreement,

(ii) from (A) each English Loan Party and (B) each other Loan Party that owns Equity Interests of a person incorporated or organized under the laws of England and Wales (other than Excluded Securities) (provided that the grant by any such other Loan Party under the English Law Debenture shall be solely with respect to such Equity Interests and related rights and assets as expressly set forth in the English Law Debenture), a counterpart of the English Law Debenture,

(iii) from Parent, a counterpart of the Irish Law Debenture duly executed as a deed by it,

(iv) assuming the Borrower Transfer has not occurred on or prior to such date, from each of Parent and the Initial Borrower, a counterpart of the Jersey Law All Assets Pledge Agreement,

(v) SIR Checklists signed by Parent and Initial Borrower with respect to the Collateral pledged pursuant to the Jersey Law All Assets Pledge Agreement (provided that the grant by Parent under the Jersey Law All Assets Pledge Agreement shall be solely with respect to

the Equity Interests held by Parent in Adient Global Holdings Ltd and related rights and assets as expressly set forth in the Jersey Law All Assets Pledge Agreement), and

(vi) from Parent, the Subsidiary Borrower, the Initial Borrower (and assuming the Borrower Transfer Date has occurred prior to such date, Adient Global Holdings Ltd to the extent Adient Global Holdings Ltd has not liquidated, dissolved or transferred all its assets to Loan Parties or otherwise wound up in a transaction otherwise permitted by this Agreement on or prior to such date) and the other Guarantors, a supplement in substantially the form of Exhibit A to the Guarantee Agreement, in each case duly executed and delivered on behalf of such person,

(b) on the Spinoff Date, (i)(x) all outstanding Equity Interests directly owned by the Loan Parties, other than Excluded Securities, and (y) all Indebtedness owing to any Loan Party, other than Excluded Securities, shall have been pledged or assigned for security purposes pursuant to the Security Documents, (ii) the Collateral Agent shall have received certificates, updated share registers (where necessary under the laws of any applicable jurisdiction in order to create a perfected security interest in such Equity Interests, including the PSC Register) or other instruments (if any) representing such Equity Interests and any notes or other instruments required to be delivered pursuant to the applicable Security Documents, together with stock powers, note powers or other instruments of transfer with respect thereto (as applicable) endorsed in blank and (iii) the Collateral Agent shall have received with respect to each Mortgaged Property located in the United States of America or any State thereof as of the Spinoff Date, the Flood Documentation; provided that to the extent any such Flood Documentation cannot be delivered on or prior to the Spinoff Date after the Borrowers' use of commercially reasonable efforts to do so and without undue burden and expense, then the provision of such Flood Documentation may be delivered within 90 days after the Spinoff Date (or such longer period as agreed to by the Administrative Agent in its sole discretion) but in any event, prior to the delivery of the related Mortgage for such Real Property;

(c) in the case of any person that becomes a Borrower or a Guarantor after the Spinoff Date, the Collateral Agent shall have received (i) a supplement to the Guarantee Agreement, (ii) a supplement to the applicable Security Document referred to in clause (a) above and any other Security Documents, if applicable, in the form specified therefor or otherwise reasonably acceptable to the Administrative Agent, in each case, duly executed and delivered on behalf of such Borrower or Guarantor and (iii) if requested by the Collateral Agent, such documents, certificates and opinions of the type described in clauses (d), (e) and (n) of the definition of "Spinoff Date";

(d) after the Spinoff Date (x) all outstanding Equity Interests of any person that becomes a Borrower or Guarantor after the Spinoff Date and that are held by a Loan Party and (y) all Equity Interests directly acquired by a Loan Party, and Indebtedness owing to a Loan Party after the Spinoff Date, in each case other than Excluded Securities, shall have been pledged pursuant to the Security Documents, together with stock powers or other instruments of transfer with respect thereto (as applicable) endorsed in blank;

(e) as of the Spinoff Date, except as otherwise contemplated by this Agreement or any Security Document, all documents and instruments, including Uniform Commercial Code financing statements, and filings with the United States Copyright Office, the United States Patent and Trademark Office, registration of financing statement on the SIR in respect of the Jersey Law All Assets Pledge Agreement, and all other actions reasonably requested by the Collateral Agent (including those required by applicable Requirements of Law) to be delivered, filed, registered or recorded to create the Liens intended to be created by the Security Documents (in each case, including any supplements thereto) and perfect such Liens to the extent required by the Security Documents, shall have been delivered, filed, registered or recorded or delivered to the Collateral Agent for filing, registration or the recording substantially concurrently with, or promptly following, the execution and delivery of each such Security Document;

(f) as of the Spinoff Date, evidence of the insurance (if any) required by the terms of Section 5.02 hereof shall have been received by the Collateral Agent;

(g) after the Spinoff Date, the Collateral Agent shall have received, (i) such other Security Documents as may be required to be delivered pursuant to Section 5.10 or the Security Documents, and (ii)

upon reasonable request by the Collateral Agent, evidence of compliance with any other requirements of Section 5.10;

(h) (x) (i) within 90 days after the Spinoff Date with respect to each Spinoff Date Mortgaged Property set forth on Schedule 1.01(B) (as may be updated pursuant to Section 9.08(b) of this Agreement) located in the United States and (ii) within 20 Business Days after the Spinoff Date with respect to each Spinoff Date Mortgaged Property set forth on Schedule 1.01(B) located in England and Wales (in each case, or on such later date as the Administrative Agent may agree in its reasonable discretion) and (y) the time periods set forth in Section 5.10 with respect to Mortgaged Properties encumbered pursuant to such Section 5.10, the Collateral Agent shall have received:

(A) with respect to all such Mortgaged Properties in England and Wales:

(I) all title documents relating to the relevant owner's interests in each Mortgaged Property or a solicitor's undertaking from a firm of solicitors regulated by the Law Society of England and Wales and approved for this purpose by the Collateral Agent in a form and substance reasonably satisfactory to the Collateral Agent to hold the same to the order of the Collateral Agent (an "Acceptable Undertaking"),

(II) in respect of unregistered land, a clear Land Charges Registry search against the relevant owner or, in the case of registered land, a clear Land Registry official priority search in favor of the Collateral Agent, against all of the land or registered titles (as appropriate) comprising the relevant owner's interests in each Mortgaged Property and giving not less than 20 Business Days' priority (in the case of registered land) and 10 days' priority (in the case of unregistered land) beyond the Spinoff Date or the date of the acquisition of the Mortgaged Property (as applicable), and

(III) an Acceptable Undertaking from the relevant owner's solicitors to submit to the Land Registry all necessary Land Registry application forms in relation to the transfer of each Mortgaged Property to the relevant Borrower (if any) and the charging of each Mortgaged Property in favor of the Collateral Agent (including a form to note the obligation to make further advances and a form to register the restriction contained in the Mortgage) within the applicable priority period, duly completed and accompanied by payment of the applicable Land Registry fees,

(B) counterparts of each Mortgage to be entered into with respect to each such Mortgaged Property duly executed and delivered by the record owner (with respect to Mortgaged Properties located in the United States) or owner (with respect to Mortgaged Properties located in England and Wales), as applicable, of such Mortgaged Property and suitable for recording, registering or filing (together with, with respect to Mortgaged Properties located in the United States, any other forms or undertakings that are required or customary to effect such recording, registration or filing) in all filing, registration or recording offices that the Collateral Agent may reasonably deem necessary or desirable (and as provided for in the Acceptable Undertaking with respect to Mortgaged Properties located in England and Wales) in order to create a valid and enforceable Lien subject to no other Liens except Permitted Liens, at the time of filing, registration or recordation thereof,

(C) with respect to the Mortgage encumbering each such Mortgaged Property, opinions of local counsel regarding the due authorization, execution and delivery, the enforceability, and perfection of the Mortgages and such other matters customarily covered in real estate mortgage counsel opinions as the Collateral Agent may reasonably

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request, if and to the extent, and in such form, as local counsel customarily provides such opinions as to such other matters, and

(D) such other documents as the Collateral Agent may reasonably request that are available to the Borrowers without material expense with respect to any such Mortgage or Mortgaged Property; and

(i) within (x) 90 days after the Spinoff Date with respect to each Spinoff Date Mortgaged Property set forth on Schedule 1.01(B) (as may be updated pursuant to Section 9.08(b) of this Agreement) located in the United States (in each case, or on such later date as the Collateral Agent may agree in its reasonable discretion) and (y) the time periods set forth in Section 5.10 with respect to Mortgaged Properties located in the United States and encumbered pursuant to said Section 5.10, the Collateral Agent shall have received:

(i) a policy or policies or marked up unconditional binder of title insurance with respect to properties located in the United States, or a date-down and modification endorsement, if available, paid for by the Borrowers, in the amount of the Fair Market Value of the respective Mortgaged Property, issued by a nationally recognized title insurance company ("Title Insurer") insuring the Lien of each Mortgage as a valid Lien on the Mortgaged Property described therein, free of any other Liens except Permitted Liens, together with such customary endorsements, coinsurance and reinsurance as the Collateral Agent may reasonably request and which are available at commercially reasonable rates in the jurisdiction where the applicable Mortgaged Property is located (provided, however, that in lieu of a zoning endorsement, Collateral Agent shall accept a zoning report from a nationally recognized zoning report provider), and

(ii) a survey of each Mortgaged Property (including all improvements, easements and other customary matters thereon reasonably required by the Collateral Agent), as applicable, for which all necessary fees (where applicable) have been paid with respect to properties located in the United States, which (A) complies in all material respects with the minimum detail requirements of the American Land Title Association and American Congress of Surveying and Mapping as such requirements are in effect on the date of preparation of such survey and (B) is sufficient for such Title Insurer to remove all standard survey exceptions from the title insurance policy relating to such Mortgaged Property or otherwise reasonably acceptable to the Collateral Agent; provided, however, that so long as the Title Insurer shall accept the same to eliminate the standard survey exceptions from such policy or policies, in lieu of a new or revised survey Borrowers may provide a "no material change" affidavit with respect to any prior survey for the respective Mortgaged Property (which prior survey otherwise substantially complies with the foregoing survey requirements).

Notwithstanding anything to the contrary in this Agreement or in the other Loan Documents, it is understood that to the extent any Collateral (other than Collateral with respect to which a lien may be perfected by (A) the filing of a Uniform Commercial Code financing statement or the registration of a financing

statement on the SIR, (B) delivery and taking possession of stock or share certificates of the Subsidiaries of Parent or, (C) the filing of a short form security agreement with the United States Patent and Trademark Office or the United States Copyright Office) is not or cannot be provided or the security interest of the Collateral Agent therein is not or cannot be perfected on the Spinoff Date after the use of commercially reasonable efforts by the Borrowers to do so and without undue burden and expense, then the provision and/or perfection of the security interest in such Collateral shall not constitute a condition precedent to the Spinoff Date or any Credit Event on or within the time periods specified in clauses (U)-(Z) below, and shall instead be required to be delivered and perfected within the time periods specified in clauses (U)-(Z) below (in each case, subject to extension by the Administrative Agent in its sole discretion):

(U) registration at UK Companies House under Section 859A of the UK Companies Act 2006, on or prior to the date which is 21 days after the date of creation of the applicable security interest,

(V) registration at the Companies Registration Office of Ireland pursuant to Part 7 of the Companies Act 2014 of Ireland and/or the Revenue Commissioners of Ireland pursuant to Section 1001 of the Taxes

Consolidation Act, 1997 (as amended) of Ireland (provided that Parent has received an Irish tax registration number as of such time) on or prior to the date which is 21 days after the date of the applicable charge's creation,

(W) filings with the United Kingdom Intellectual Property Office, the European Patent Office and/or the European Union Intellectual Property Office on or prior to the date which is 90 days after the date of creation of the applicable security interest,

(X) registration at the England and Wales Land Registry by (I) in the case of registered land, the third from last day of the priority search (such search to be made in favor of the Collateral Agent on the appropriate forms against all of the registered titles comprising the relevant owner's interests in each Mortgaged Property and giving not less than 20 Business Days' priority) and (II) in the case of unregistered land, within two months' of the Spinoff Date or the date of the Additional Mortgage (as applicable) (following the completion of a Land Charges Registry search, giving not less than 10 days' priority),

(Y) filing of a copy of all Intellectual Property registrations relating to Parent (if any) with the Patent Office of Ireland on or prior to the date which is 21 days after execution of the relevant security document, or

(Z) with respect to actions not specified in clauses (U) through (Y) above, on or prior to the date which is 90 days after the Spinoff Date.

"Commitment Fee" shall have the meaning assigned to such term in Section 2.12(a).

"Commitments" shall mean with respect to any Lender, such Lender's Revolving Facility Commitment and Term Facility Commitment.

"Commodity Exchange Act" shall mean the Commodity Exchange Act (7 U.S.C. § 1 et seq.), as amended from time to time, and any successor statute.

"Conduit Lender" shall mean any special purpose corporation organized and administered by any Lender for the purpose of making Loans otherwise required to be made by such Lender and designated by such Lender in a written instrument; provided, that the designation by any Lender of a Conduit Lender shall not relieve the designating Lender of any of its obligations to fund a Loan under this Agreement if, for any reason, its Conduit Lender fails to fund any such Loan, and the designating Lender (and not the Conduit Lender) shall have the sole right and responsibility to deliver all consents and waivers required or requested under this Agreement with respect to its Conduit Lender; provided, further, that no Conduit Lender shall (a) be entitled to receive any greater amount pursuant to Sections 2.15, 2.16, 2.17 or 9.05 than the designating Lender would have been entitled to receive in respect of the extensions of credit made by such Conduit Lender unless the designation of such Conduit Lender is made with the prior written consent of Parent (not to be unreasonably withheld or delayed), which consent shall specify that it is being made pursuant to the proviso in the definition of Conduit Lender and provided that the designating Lender provides such information as Parent reasonably requests in order for Parent to determine whether to provide its consent or (b) be deemed to have any Commitment.

"Consolidated Debt" shall mean, as of any date of determination, the sum of (without duplication) the principal amount of all Indebtedness of the type set forth in clauses (a), (b), (e) (to the extent related to any Indebtedness that would otherwise constitute Consolidated Debt), (f), (h) (other than letters of credit, to the extent undrawn), (i), (j), (k) (to the extent related to any Indebtedness that would otherwise constitute Consolidated Debt) and (l) of the definition of "Indebtedness" of Parent and the Subsidiaries determined on a consolidated basis on such date; provided, that the amount of any Indebtedness with respect to which the applicable obligors have entered into currency hedging arrangements shall be calculated giving effect to such currency hedging arrangements.

"Consolidated Net Income" shall mean, with respect to any person for any period, the aggregate Net Income of such person and its Subsidiaries for such period, on a consolidated basis, in accordance with GAAP; provided, however, that, without duplication:

- (a) any net after-Tax extraordinary, restructuring, nonrecurring or unusual gains or losses (less all fees and expenses relating thereto) or expenses or charges, shall be excluded; provided that the aggregate cash amount added back in determining Consolidated Net Income pursuant to this clause (a) which relate to restructuring expenses or charges shall not, when aggregated with the Non-S-X Adjustment Amount, exceed 20% of Adjusted Consolidated EBITDA for such period prior to giving effect to such cash amounts included in Consolidated Net Income and the Non-S-X Adjustment Amount for such period;
- (b) effects of purchase accounting adjustments (including the effects of such adjustments pushed down to such person and such Subsidiaries) in amounts required or permitted by GAAP, resulting from the application of purchase accounting in relation to any consummated acquisition or the amortization or write-off of any amounts thereof, net of Taxes, shall be excluded;
- (c) the cumulative effect of a change in accounting principles (which shall in no case include any change in the comprehensive basis of accounting) during such period shall be excluded;
- (d) (i) any net after-Tax income or loss from disposed, abandoned, transferred, closed or discontinued operations, (ii) any net after-Tax gain or loss on disposal of disposed, abandoned, transferred, closed or discontinued operations and (iii) any net after-Tax gains or losses (less all fees and expenses or charges relating thereto) attributable to business dispositions or asset dispositions other than in the ordinary course of business (as determined in good faith by the Borrower Representative) shall be excluded;
- (e) any net after-Tax gains or losses, or any subsequent charges or expenses (less all fees and expenses or charges relating thereto), attributable to the early extinguishment of Indebtedness, hedging obligations or other derivative instruments shall be excluded;
- (f) the Net Income for such period of any person that is not a Subsidiary of such person, or is an Unrestricted Subsidiary, or that is accounted for by the equity method of accounting (other than a Guarantor), shall be included only to the extent of the amount of dividends or distributions or other payments actually paid in cash or cash equivalents (or to the extent converted into cash or cash equivalents) to the referent person or a Subsidiary thereof in respect of such period;
- (g) solely for purposes of calculating the Available Amount, the Net Income for such period of any Subsidiary of such person shall be excluded to the extent that the declaration or payment of dividends or similar distributions by such Subsidiary of its Net Income is not at the date of determination permitted without any prior governmental approval (which has not been obtained) or, directly or indirectly, by the operation of the terms of its charter or any agreement, instrument, judgment, decree, order, statute, rule or governmental regulation applicable to such Subsidiary or its equityholders, unless such restrictions with respect to the payment of dividends or similar distributions have been legally waived; provided that the Consolidated Net Income of such person shall be increased by the amount of dividends or other distributions or other payments actually paid in cash (or converted into cash) by any such Subsidiary to such person or a Subsidiary of such person (subject to the provisions of this clause (g)), to the extent not already included therein;
- (h) any impairment charge or asset write-off with respect to long-term assets and amortization of intangibles, in each case pursuant to GAAP, shall be excluded;
- (i) (i) any non-cash expense realized or resulting from stock option plans, employee benefit plans or post-employment benefit plans, or grants or sales to employees, officers or directors of stock, stock appreciation or similar rights, stock options, restricted stock, preferred stock or other rights shall be excluded, and (ii) the effects of any mark-to-market adjustments of liabilities in respect of pension plans will be excluded;
- (j) any (i) non-cash compensation charges or (ii) non-cash costs or expenses realized in connection with or resulting from stock appreciation or similar rights, stock options or other rights existing

on the Spinoff Date of officers, directors and employees, in each case of such person or any of its Subsidiaries, shall be excluded;

(k) accruals and reserves that are established or adjusted within 12 months after the Spinoff Date (excluding any such accruals or reserves to the extent that they represent an accrual of or reserve for cash expenses in any future period or amortization of a prepaid cash expense that was paid in a prior period) and that are so required to be established or adjusted in accordance with GAAP or as a result of adoption or modification of accounting policies shall be excluded;

(l) the Net Income of any person and its Subsidiaries shall be calculated by deducting the income attributable to, or adding the losses attributable to, the minority Equity Interests of third parties in any non-Wholly Owned Subsidiary;

(m) [reserved];

(n) to the extent covered by insurance and actually reimbursed, or, so long as such person has made a determination that there exists reasonable evidence that such amount will in fact be reimbursed by the insurer and only to the extent that such amount is (i) not denied by the applicable carrier in writing within 180 days and (ii) in fact reimbursed within 365 days of the date of such evidence (with a deduction for any amount so added back to the extent not so reimbursed within 365 days), expenses with respect to liability or casualty events or business interruption shall be excluded; and

(o) non-cash charges for deferred Tax asset valuation allowances shall be excluded (except to the extent reversing a previously recognized increase to Consolidated Net Income).

Consolidated Net Income presented in a currency other than Dollars will be converted to Dollars based on the average exchange rate for such currency during, and applied to, each fiscal quarter in the period for which Consolidated Net Income is being calculated.

“Consolidated Secured Net Debt” shall mean, as of any date of determination, (i) Consolidated Debt to the extent secured by Liens on all or any portion of the assets of Parent or any of its Subsidiaries on such date (including, for the avoidance of doubt, all Attributable Receivables Indebtedness with respect to Qualified Receivables Facilities and Capitalized Lease Obligations) less (ii) the Unrestricted Cash Amount on such date. Notwithstanding anything to the contrary contained above, all Indebtedness incurred pursuant to this Agreement (including any such Indebtedness incurred pursuant to any Incremental Loan) pursuant or Sections 6.01(b) and (v), and any Permitted Refinancing Indebtedness or Refinancing Notes (or successive Permitted Refinancing Indebtedness or Refinancing Notes) incurred under Section 6.01(b) or (v) (whether or not secured) shall be included as if secured by Liens as a component of Consolidated Debt pursuant to clause (i) of the immediately preceding sentence; provided that any such Permitted Refinancing Indebtedness (x) if unsecured, shall not constitute a component of Consolidated Secured Net Debt if, when incurred, such Indebtedness is independently permitted to be incurred under Section 6.01(p) and (y) if secured by the Collateral by a Junior Lien, shall cease to constitute a component of Consolidated Secured Net Debt for purposes of the First Lien Secured Net Leverage Ratio only, if, when incurred, such Indebtedness is independently permitted to be incurred under Section 6.01(p), and permitted to be secured under Section 6.02(gg) (or is subsequently permitted to be outstanding and secured under said Sections).

“Consolidated Total Assets” shall mean, as of any date of determination, the total assets of Parent and the Subsidiaries, determined on a consolidated basis in accordance with GAAP but excluding amounts attributable to Investments in Unrestricted Subsidiaries, as set forth on the consolidated balance sheet of Parent as of the last day of the Test Period ending immediately prior to such date for which financial statements of Parent have been delivered (or were required to be delivered) pursuant to Section 5.04(a) or 5.04(b), as applicable. Consolidated Total Assets shall be determined on a Pro Forma Basis.

“Consolidated Total Net Debt” shall mean, as of any date of determination, (i) Consolidated Debt on such date less (ii) the Unrestricted Cash Amount on such date.

“Continuing Letter of Credit” shall have the meaning assigned to such term in Section 2.05(k).

“Control” shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a person, whether through the ownership of voting securities, by contract or otherwise, and “Controls,” “Controlled” and “Controlling” shall have meanings correlative thereto.

“Credit Event” shall mean (i) any Borrowing of Loans or (ii) any issuance, amendment, extension or renewal of a Letter of Credit.

“CTA” shall mean the UK Corporation Tax Act 2009.

“Cumulative Qualified Equity Proceeds Amount” shall mean at any date of determination, an amount equal to, without duplication:

(a) 100% of the aggregate net proceeds (which shall be calculated net of all fees (including investment banking fees), commissions, costs and other expenses, in each case incurred in connection with the applicable issuance or sale), including cash and the Fair Market Value of assets other than cash, received by Parent after the Spinoff Date from the issue or sale of its Qualified Equity Interests, including Qualified Equity Interests of Parent issued upon conversion of Indebtedness or Disqualified Stock to the extent Parent or its Wholly Owned Subsidiaries had received the Net Proceeds of such Indebtedness or Disqualified Stock; plus

(b) 100% of the aggregate amount received by Parent or its Wholly Owned Subsidiaries in cash and the Fair Market Value of assets other than cash received by Parent or its Wholly Owned Subsidiaries after the Spinoff Date from (without duplication):

(i) the sale or other disposition (other than to Parent or any Subsidiary) of any Investment made by Parent and its Subsidiaries and repurchases and redemptions of such Investment from Parent and its Subsidiaries by any person (other than Parent and its Subsidiaries) to the extent that (x) such Investment was justified as using a portion of the Available Amount pursuant to clause (Y) of Section 6.04(j) and (y) the Net Proceeds thereof are not required to be applied pursuant to Section 2.11(b);

(ii) the sale (other than to Parent or a Subsidiary) of the Equity Interests of an Unrestricted Subsidiary to the extent that (x) the designation of such Unrestricted Subsidiary was justified as using a portion of the Available Amount pursuant to clause (Y) of Section 6.04(j) and (y) the Net Proceeds thereof are not required to be applied pursuant to Section 2.11(b); or

(iii) to the extent not included in the calculation of Consolidated Net Income for the relevant period, a distribution, dividend or other payment from an Unrestricted Subsidiary to the extent relating to any portion of the Investment therein made pursuant to clause (Y) of Section 6.04(j).

“Debtor Relief Laws” shall mean the Bankruptcy Code and all other liquidation, conservatorship, bankruptcy, assignment for the benefit of creditors, moratorium, rearrangement, receivership, insolvency, reorganization, or similar debtor relief laws of the United States of America or other applicable jurisdictions (including also, in the case of Ireland, examinership laws) from time to time in effect.

“Declined Prepayment Amount” shall have the meaning assigned to such term in Section 2.10(d).

“Declining Term Lender” shall have the meaning assigned to such term in Section 2.10(d).

“Default” shall mean any event or condition that upon notice, lapse of time or both would constitute an Event of Default.

“Defaulting Lender” shall mean, subject to Section 2.24, any Revolving Facility Lender that (a) has failed to (i) fund all or any portion of its Revolving Facility Loans within two (2) Business Days of the date such Loans were required to be funded hereunder or (ii) pay to the Administrative Agent, any Issuing Bank or any other Lender any other amount required to be paid by it hereunder (including in respect of its participation in Letters of Credit) within two (2) Business Days of the date when due, (b) has notified a Borrower, Administrative Agent or any Issuing Bank in writing that it does not intend or expect to comply with its funding obligations hereunder or generally under other agreements in which it commits to extend credit, or has made a public statement to that effect, (c) has failed, within three (3) Business Days after written request by the Administrative Agent or Parent, to confirm in writing to the Administrative Agent and Parent that it will comply with its prospective funding obligations hereunder (provided that such Lender shall cease to be a Defaulting Lender pursuant to this clause (c) upon receipt of such written confirmation by the Administrative Agent and Parent) or (d) has, or has a direct or indirect parent company that has, (i) become the subject of a proceeding under any Debtor Relief Law, (ii) had appointed for it a receiver, custodian, conservator, trustee, administrator, assignee for the benefit of creditors or similar person charged with reorganization or liquidation of its business or assets, including the Federal Deposit Insurance Corporation or any other state or federal regulatory authority acting in such a capacity or (iii) become the subject of a Bail-In Action; provided, that a Lender shall not be a Defaulting Lender solely by virtue of the ownership or acquisition of any Equity Interest in that Lender or any direct or indirect parent company thereof by a Governmental Authority so long as such ownership interest) does not result in or provide such Lender with immunity from the jurisdiction of courts within the United States of America or from the enforcement of judgments or writs of attachment on its assets or permit such Lender (or such Governmental Authority) to reject, repudiate, disavow or disaffirm any contracts or agreements made with such Lender. Any determination by the Administrative Agent that a Lender is a Defaulting Lender under any one or more of clauses (a) through (d) above shall be conclusive and binding absent manifest error, and such Lender shall be deemed to be a Defaulting Lender (subject to Section 2.24) upon delivery of written notice of such determination to the Borrower Representative, each Issuing Bank and each Lender.

“Designated Jurisdiction” shall mean any country, region or territory to the extent that such country or territory itself is the subject of any Sanctions (on the date of this Agreement, the Crimea region of the Ukraine, Cuba, Iran, North Korea, Sudan and Syria).

“Designated Non-Cash Consideration” shall mean the Fair Market Value of non-cash consideration received by Parent or one of its Subsidiaries in connection with an Asset Sale that is so designated as Designated Non-Cash Consideration pursuant to a certificate of a Responsible Officer of Parent, setting forth such valuation, less the amount of cash or cash equivalents received in connection with a subsequent disposition of such Designated Non-Cash Consideration.

“Disinterested Director” shall mean, with respect to any person and transaction, a member of the Board of Directors of such person who does not have any material direct or indirect financial interest in or with respect to such transaction.

“Dispose” or “Disposed of” shall mean to convey, sell, lease, sell and lease-back, assign, farm-out, transfer or otherwise dispose of any property, business or asset. The term “Disposition” shall have a correlative meaning to the foregoing.

“Disqualified Institutions” means, collectively, (a) those entities identified by the Borrower Representative in an e-mail sent to JPMDQ_Contact@jpmorgan.com, from time to time on 3 Business Days’ prior notice, as competitors of Parent and its Subsidiaries, (b) those banks, financial institutions and other institutional lenders separately identified in writing by the Borrower Representative to the Lenders and the Administrative Agent prior to the Signing Date, and (c) any Affiliates clearly identifiable solely by similarity of name to the entities described in the preceding clauses (a) and (b) other than bona fide debt funds; provided that in no event shall any update to the list of Disqualified Institutions apply retroactively to disqualify any persons that have previously acquired an assignment or participation interest under this Agreement.

“Disqualified Stock” shall mean, with respect to any person, any Equity Interests of such person that, by its terms (or by the terms of any security or other Equity Interests into which it is convertible or for which it is exchangeable), or upon the happening of any event or condition (a) matures or is mandatorily redeemable (other than solely for Qualified Equity Interests of Parent), pursuant to a sinking fund obligation or otherwise, (b) is

redeemable at the option of the holder thereof (other than solely for Qualified Equity Interests of Parent), in whole or in part, (c) provides for the scheduled, mandatory payments of dividends in cash, or (d) is or becomes convertible into or exchangeable for Indebtedness or any other Equity Interests that would constitute Disqualified Stock, in the case of each of the foregoing clauses (a), (b), (c) and (d), prior to the date that is ninety-one (91) days after the Latest Maturity Date in effect at the time of issuance thereof and except as a result of a change of control or asset sale so long as any rights of the holders thereof upon the occurrence of a change of control or asset sale event shall be subject to the prior repayment in full of the Loans and all other Loan Obligations that are accrued and payable and the termination of the Commitments (provided, that only the portion of the Equity Interests that so mature or are mandatorily redeemable, are so convertible or exchangeable or are so redeemable at the option of the holder thereof prior to such date shall be deemed to be Disqualified Stock). Notwithstanding the foregoing: (i) any Equity Interests issued to any employee or to any plan for the benefit of employees of Parent or the Subsidiaries or by any such plan to such employees shall not constitute Disqualified Stock solely because they may be required to be repurchased by Parent in order to satisfy applicable statutory or regulatory obligations or as a result of such employee's termination, death or disability and (ii) any class of Equity Interests of such person that by its terms authorizes such person to satisfy its obligations thereunder by delivery of Equity Interests that are not Disqualified Stock shall not be deemed to be Disqualified Stock.

“Dollars” or “\$” shall mean lawful money of the United States of America.

“Dollar Equivalent” means, at any time, (a) with respect to any amount denominated in Dollars, such amount, and (b) with respect to any amount denominated in any Alternative Currency, the equivalent amount thereof in Dollars as determined by the Administrative Agent or the applicable Issuing Bank, as the case may be, at such time on the basis of the Spot Rate (determined in respect of the most recent Revaluation Date) for the purchase of Dollars with such Alternative Currency.

“DQ List” shall have the meaning assigned to such term in Section 9.04(i).

“EEA Financial Institution” means (a) any institution established in any EEA Member Country which is subject to the supervision of an EEA Resolution Authority, (b) any entity established in an EEA Member Country which is a parent of an institution described in clause (a) of this definition, or (c) any institution established in an EEA Member Country which is a subsidiary of an institution described in clauses (a) or (b) of this definition and is subject to consolidated supervision with its parent.

“EEA Member Country” means any of the member states of the European Union, Iceland, Liechtenstein, and Norway.

“EEA Resolution Authority” means any public administrative authority or any person entrusted with public administrative authority of any EEA Member Country (including any delegatee) having responsibility for the resolution of any EEA Financial Institution.

“English Law Debenture” shall mean an English law debenture based on the U.S. Collateral Agreement (including as to the granting clause, excluded assets, definitions, representations and warranties and covenants) with customary modifications based on English law and as otherwise agreed by the Administrative Agent and Borrower Representative, and otherwise in form and substance reasonably acceptable to the Administrative Agent and the Borrower Representative, dated as of the Spinoff Date, among the English Loan Parties, each Loan Party that owns Equity Interests of a person incorporated or organized under the laws of England and Wales (other than Excluded Securities) or Material Real Property located in England and Wales (provided that the grant by any such other Loan Party shall be solely with respect to such Equity Interests or Material Real Property and related rights and assets as expressly set forth in the English Law Debenture) and the Collateral Agent, as may be amended, restated, amended and restated, supplemented or otherwise modified from time to time.

“English Loan Parties” shall mean, collectively, each Loan Party that is incorporated under the laws of England and Wales.

“English Subsidiary” shall mean any Foreign Subsidiary that is incorporated under the laws of England and Wales.

“Environment” shall mean ambient and indoor air, surface water and groundwater (including potable water, navigable water and wetlands), the land surface or subsurface strata, natural resources such as flora and fauna, the workplace or as otherwise defined in any Environmental Law.

“Environmental Laws” shall mean all applicable laws (including common law), rules, regulations, codes, ordinances, orders, binding agreements, decrees or judgments, promulgated or entered into by or with any Governmental Authority, relating in any way to the Environment, preservation or reclamation of natural resources, any Hazardous Materials or to public or employee health and safety matters (to the extent relating to the Environment or Hazardous Materials).

“Environmental Permits” shall have the meaning assigned to such term in Section 3.16.

“Equity Interests” of any person shall mean any and all shares, interests, rights to purchase or otherwise acquire, warrants, options, participations or other equivalents of or interests in (however designated) equity or ownership of such person, including any preferred stock (including any preferred equity certificates (and any other similar instruments)), any limited or general partnership interest and any limited liability company membership interest, and any securities or other rights or interests convertible into or exchangeable for any of the foregoing.

“ERISA” shall mean the Employee Retirement Income Security Act of 1974, as the same may be amended from time to time and any final regulations promulgated and the rulings issued thereunder.

“ERISA Affiliate” shall mean any trade or business (whether or not incorporated) that, together with Parent, any Borrower or any Subsidiary, is treated as a single employer under Section 414(b) or (c) of the Code, or, solely for purposes of Section 302 of ERISA and Section 412 of the Code, is treated as a single employer under Section 414 of the Code.

“ERISA Event” shall mean (a) any Reportable Event or the requirements of Section 4043(b) of ERISA apply with respect to a Plan; (b) with respect to any Plan, the failure to satisfy the minimum funding standard under Section 412 of the Code or Section 302 of ERISA, whether or not waived; (c) a determination that any Plan is, or is expected to be, in “at-risk” status (as defined in Section 303(i)(4) of ERISA or Section 430(i)(4) of the Code); (d) the filing pursuant to Section 412(c) of the Code or Section 302(c) of ERISA of an application for a waiver of the minimum funding standard with respect to any Plan, the failure to make by its due date a required installment under Section 430(j) of the Code with respect to any Plan or the failure to make by its due date any required contribution to a Multiemployer Plan; (e) the incurrence by Parent, a Borrower, a Subsidiary or any ERISA Affiliate of any liability under Title IV of ERISA with respect to the termination of any Plan or Multiemployer Plan; (f) the receipt by Parent, a Borrower, a Subsidiary or any ERISA Affiliate from the PBGC or a plan administrator of any notice relating to an intention to terminate any Plan or to appoint a trustee to administer any Plan; (g) the incurrence by Parent, a Borrower, a Subsidiary or any ERISA Affiliate of any liability with respect to the withdrawal or partial withdrawal from any Plan or Multiemployer Plan; (h) the receipt by Parent, a Borrower, a Subsidiary or any ERISA Affiliate of any notice, or the receipt by any Multiemployer Plan from Parent, any Borrower, any Subsidiary or any ERISA Affiliate of any notice, concerning the impending imposition of Withdrawal Liability or a determination that a Multiemployer Plan is, or is expected to be, insolvent or in reorganization, within the meaning of Title IV of ERISA, or in “endangered” or “critical” status, within the meaning of Section 432 of the Code or Section 305 of ERISA; (i) the conditions for imposition of a lien under Section 303(k) of ERISA shall have been met with respect to any Plan; or (j) the withdrawal of any of Parent, a Borrower, a Subsidiary or any ERISA Affiliate from a Plan subject to Section 4063 of ERISA during a plan year in which such entity was a “substantial employer” as defined in Section 4001(a)(2) of ERISA or a cessation of operations that is treated as such a withdrawal under Section 4062(e) of ERISA.

“EU Bail-In Legislation Schedule” shall mean the EU Bail-In Legislation Schedule published by the Loan Market Association (or any successor person), as in effect from time to time.

“Euro” and “€” shall mean the single currency of the European Union as constituted by the Treaty of Rome which established the European Community, as such treaty may be amended from time to time and as referred to in the European Monetary Union legislation.

“Eurocurrency” shall mean, when used in reference to any Loan or Borrowing, that such Loan, or the Loans comprising such Borrowing, bears interest at a rate determined by reference to the Adjusted LIBO Rate.

“Eurocurrency Borrowing” shall mean a Borrowing comprised of Eurocurrency Loans.

“Eurocurrency Loan” shall mean any Eurocurrency Term Loan or Eurocurrency Revolving Loan. All Loans denominated in an Alternative Currency must be Eurocurrency Loans.

“Eurocurrency Revolving Facility Borrowing” shall mean a Borrowing comprised of Eurocurrency Revolving Loans.

“Eurocurrency Revolving Loan” shall mean any Revolving Facility Loan bearing interest at a rate determined by reference to the Adjusted LIBO Rate in accordance with the provisions of Article II. Eurocurrency Revolving Loans may be denominated in Dollars or in an Alternative Currency.

“Eurocurrency Term Loan” shall mean any Term Loan bearing interest at a rate determined by reference to the Adjusted LIBO Rate in accordance with the provisions of Article II.

“Event of Default” shall have the meaning assigned to such term in Section 7.01.

“Exchange Act” shall mean the Securities Exchange Act of 1934, as amended.

“Excluded Indebtedness” shall mean all Indebtedness not incurred in violation of Section 6.01.

“Excluded Property” shall have the meaning assigned to such term in Section 5.10.

“Excluded Securities” shall mean any of the following:

(a) any Equity Interests or Indebtedness with respect to which the Collateral Agent and Parent reasonably agree that the cost or other consequences of pledging such Equity Interests or Indebtedness in favor of the Secured Parties under the Security Documents (including Tax consequences) are likely to be excessive in relation to the value to be afforded thereby;

(b) any Equity Interests or Indebtedness to the extent, and for so long as, the pledge thereof is prohibited by any Requirement of Law (in each case, except to the extent such prohibition is unenforceable after giving effect to applicable provisions of the Uniform Commercial Code, the Specified Foreign Laws and other applicable law);

(c) any Equity Interests of any person that is not a Wholly Owned Subsidiary to the extent (A) that a pledge thereof to secure the Obligations is prohibited by (i) any applicable organizational documents, constitutional documents, joint venture agreement, shareholder agreement, or similar agreement or (ii) any other contractual obligation (not created in contemplation of the consummation of the Transactions) with an unaffiliated third party not in violation of Section 6.09 that was existing on the Spinoff Date or at the time of the acquisition of such subsidiary and was not created in contemplation of such acquisition, (B) any organizational documents, constitutional documents, joint venture agreement, shareholder agreement, or similar agreement (or other contractual obligation referred to in subclause (A)(ii) above) prohibits such a pledge without the consent of any other party; provided, that this clause (B) shall not apply if (1) such other party is a Loan Party or a Wholly Owned Subsidiary or (2) consent has been obtained to consummate such pledge (it being understood that the foregoing shall not be deemed to obligate Parent or any Subsidiary to obtain any such consent) and for so long as such organizational documents, constitutional documents, joint venture agreement, shareholder agreement or similar agreement (or other

contractual obligation referred to in subclause (A)(ii) above) or replacement or renewal thereof is in effect, or (C) a pledge thereof to secure the Obligations would give any other party (other than a Loan Party or a Wholly Owned Subsidiary) to any organizational documents, constitutional documents, joint venture agreement, shareholder agreement or similar agreement governing such Equity Interests the right to terminate its obligations thereunder;

(d) any Equity Interests of any (A) Unrestricted Subsidiary or (B) any Receivables Entity (to the extent they are restricted from being pledged by the applicable Qualified Receivables Facility);

(e) [reserved];

(f) any Margin Stock; and

(g) voting Equity Interests (and any other interests constituting “stock entitled to vote” within the meaning of U.S. Treasury Regulation Section 1.956-2(c)(2)) in excess of 65% of all such voting Equity Interests in (A) any Foreign Subsidiary that is a CFC, (B) any FSHCO or (C) any Subsidiary that is disregarded for U.S. federal income tax purposes and owns Equity Interests in a CFC or FSHCO.

“Excluded Subsidiary” shall mean any of the following:

(a) each Immaterial Subsidiary,

(b) each U.S. Subsidiary and English Subsidiary that is not a Wholly Owned Subsidiary (for so long as such Subsidiary remains a non-Wholly Owned Subsidiary),

(c) each U.S. Subsidiary and English Subsidiary that is prohibited from Guaranteeing or granting Liens to secure the Obligations by any Requirement of Law or that would require consent, approval, license or authorization of a Governmental Authority to Guarantee or grant Liens to secure the Obligations (unless such consent, approval, license or authorization has been received),

(d) each U.S. Subsidiary and English Subsidiary that is prohibited by any applicable contractual requirement (not created in contemplation of the consummation of the Transactions) from Guaranteeing or granting Liens to secure the Obligations on the Spinoff Date or at the time such Subsidiary becomes a Subsidiary not in violation of Section 6.09 (and for so long as such restriction or any replacement or renewal thereof is in effect),

(e) any Receivables Entity,

(f) any Foreign Subsidiary (other than any English Subsidiary that is not a CFC or a FSHCO),

(g) any U.S. Subsidiary (i) that is a FSHCO or (ii) that is a Subsidiary of a Foreign Subsidiary that is a CFC,

(h) any other U.S. Subsidiary or English Subsidiary with respect to which the Administrative Agent and Parent reasonably agree that the cost or other consequences (including, without limitation, Tax consequences) of providing a Guarantee of or granting Liens to secure the Obligations are likely to be excessive in relation to the value to be afforded thereby,

(i) any other Subsidiary if in the reasonable good faith determination of Parent in consultation with the Administrative Agent, a guarantee by such Subsidiary would result in materially adverse tax consequences to Parent or any of its Subsidiaries,

(j) each Unrestricted Subsidiary, and

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(k) each Insurance Subsidiary.

“Excluded Swap Obligation” shall mean, with respect to any Guarantor, any Swap Obligation if, and to the extent that, all or a portion of the Guarantee of such Guarantor of, or the grant by such Guarantor of a security interest to secure, such Swap Obligation (or any Guarantee thereof) is or becomes illegal under the Commodity Exchange Act or any rule, regulation or order of the Commodity Futures Trading Commission (or the application or official interpretation of any thereof) by virtue of (a) such Guarantor’s failure for any reason to constitute an “eligible contract participant” as defined in the Commodity Exchange Act and the regulations thereunder or (b) in the case of a Swap Obligation subject to a clearing requirement pursuant to Section 2(h) of the Commodity Exchange Act (or any successor provision thereto), because such Guarantor is a “financial entity,” as defined in Section 2(h)(7)(C)(i) of the Commodity Exchange Act (or any successor provision thereto), in each case at the time the Guarantee of such Guarantor or the grant of such security interest becomes effective with respect to such Swap Obligation, unless otherwise agreed between the Administrative Agent and Parent. If a Swap Obligation arises under a master agreement governing more than one swap, such exclusion shall apply only to the portion of such Swap Obligation that is attributable to swaps for which such Guarantee or security interest is or becomes illegal.

“Excluded Taxes” shall mean, with respect to the Administrative Agent, any Lender or any other recipient of any payment to be made by or on account of any obligation of any Loan Party hereunder or under any other Loan Document (a “Recipient”), (i) Taxes imposed on or measured by its overall net income (however denominated, and including, for the avoidance of doubt, franchise and similar Taxes imposed on it in lieu of net income Taxes) and branch profits Taxes, in each case, imposed by a jurisdiction (including any political subdivision thereof) as a result of such recipient being organized in, having its principal office in, being engaged in a trade or business in, or in the case of any Lender, having its applicable lending office in, such jurisdiction, or as a result of any other present or former connection with such jurisdiction (other than any such connection arising solely from any Loan Document or any transactions pursuant to any Loan Document), (ii) U.S. federal withholding Tax imposed on any payment by or on account of any obligation of any Loan Party hereunder or under any other Loan Document to a Lender (other than to the extent such Lender is an assignee pursuant to a request by a Borrower under Section 2.19(b) or 2.19(c)) pursuant to laws in force at the time such Lender becomes a party hereto (or designates a new lending office), except to the extent that such Lender (or its assignor, if any) was entitled, immediately prior to the designation of a new lending office (or assignment), to receive additional

amounts or indemnification payments from any Loan Party with respect to such withholding Tax pursuant to Section 2.17, (iii) any withholding Tax imposed on any payment by or on account of any obligation of any Loan Party hereunder that is attributable to the Administrative Agent's, any Lender's or any other recipient's failure to comply with Section 2.17(f) or Section 2.17(i), (iv) any Tax imposed under FATCA, or (v) any amounts determined by a Finance Party (acting reasonably) to represent any recoverable input Tax.

"Existing Class Loans" shall have the meaning assigned to such term in Section 9.08(f).

"Existing Letter of Credit" shall have the meaning assigned to such term in Section 2.05(a).

"Extended Revolving Facility Commitment" shall have the meaning assigned to such term in Section 2.22(a).

"Extended Revolving Loan" shall have the meaning assigned to such term in Section 2.22(a).

"Extended Term Loan" shall have the meaning assigned to such term in Section 2.22(a).

"Extending Lender" shall have the meaning assigned to such term in Section 2.22(a).

"Extension" shall have the meaning assigned to such term in Section 2.22(a).

"Extension Amendment" shall have the meaning assigned to that term in Section 2.22(b).

"Facility" shall mean the respective facility and commitments utilized in making Loans and credit extensions hereunder, it being understood that, as of the Signing Date there are two Facilities (*i.e.*, the Initial Term A

Facility and the Revolving Facility) and thereafter, the term “Facility” may include any other Class of Commitments and the extensions of credit thereunder.

“Fair Market Value” shall mean, with respect to any asset or property, the price that could be negotiated in an arms’-length transaction between a willing seller and a willing buyer, neither of whom is under undue pressure or compulsion to complete the transaction (as determined in good faith by the management of Borrower Representative), including reliance on the most recent real property tax bill or assessment in the case of Real Property.

“FATCA” shall mean Sections 1471 through 1474 of the Code, as of the date of this Agreement (or any amended or successor version that is substantively comparable and not materially more onerous to comply with), or any current or future United States Treasury Regulations promulgated thereunder or official administrative interpretations thereof and any agreements entered into pursuant to Section 1471(b)(1) of the Code, such Code section as of the date of this Agreement (or any amended or successor version described above) or any legislation, rules or official practices adopted pursuant to any intergovernmental agreement entered into in connection with the implementation of such Sections of the Code.

“FATCA Deduction” shall mean a deduction or withholding from a payment under a Loan Document required by FATCA.

“FATCA Exempt Party” shall mean a Recipient that is entitled to receive payments free from any FATCA Deduction.

“Federal Funds Effective Rate” shall mean, for any day, the rate calculated by the NYFRB based on such day’s federal funds transactions by depository institutions, as determined in such manner as the NYFRB shall set forth on its public website from time to time, and published on the next succeeding Business Day by the NYFRB as the federal funds effective rate.

“Fee Letter” shall mean that certain Fee Letter, dated as of June 28, 2016 by and among JCI and the Arrangers.

“Fees” shall mean the Commitment Fees, the L/C Participation Fees, the Issuing Bank Fees and the Administrative Agent Fees.

“Finance Party” shall mean the Administrative Agent, a Lender or any other Recipient.

“Financial Covenant” shall mean the covenant set forth in Section 6.12.

“Financial Officer” of any person shall mean the Chief Financial Officer, principal accounting officer, Treasurer, Assistant Treasurer, Controller or other executive responsible for the financial affairs of such person.

“First Lien Secured Net Leverage Ratio” shall mean, as of any date of determination, the ratio of (a) the remainder of (x) Consolidated Secured Net Debt as of such date minus (y) amounts included in clause (i) of the definition of Consolidated Secured Net Debt (and not described in the last sentence of the definition of Consolidated Secured Net Debt, unless excluded by the proviso thereto) which are secured only by Liens on the Collateral securing the Obligations on a junior and subordinated (as to Liens and related rights and remedies only) basis and which are subject to an intercreditor agreement entered into with the Administrative Agent for the benefit of the holders of the Obligations which is in form and substance reasonably satisfactory to the Administrative Agent, to (b) Adjusted Consolidated EBITDA for the most recently ended Test Period for which financial statements of Parent have been delivered as required by this Agreement, all determined on a consolidated basis in accordance with GAAP; provided that Adjusted Consolidated EBITDA shall be determined for the relevant Test Period on a Pro Forma Basis. All Indebtedness described in the last sentence of the definition of Consolidated Secured Net Debt (and not excluded by the proviso thereto) shall also be deemed to constitute Indebtedness included pursuant to preceding clause (a)(x) and which is not deducted pursuant to preceding clause (a)(y).

“Flood Documentation” shall mean with respect to each Mortgaged Property located in the United States of America or any territory thereof, (i) a completed “life-of-loan” Federal Emergency Management Agency standard flood hazard determination (to the extent a Mortgaged Property is located in a Special Flood Hazard Area, together with a notice about Special Flood Hazard Area status and flood disaster assistance duly executed by the applicable Loan Party relating thereto) and (ii) a copy of, or a certificate as to coverage under, and a declaration page relating to, the insurance policies, along with a copy of the underlying policies (if requested by the Administrative Agent) required by Section 5.02(c) hereof and the applicable provisions of the Security Documents, each of which shall (A) be endorsed or otherwise amended to include a “standard” or “New York” lender’s loss payable or mortgagee endorsement (as applicable), (B) name the Collateral Agent, on behalf of the Secured Parties, as additional insured and loss payee/mortgagee, (C) identify the address of each property located in a Special Flood Hazard Area, the applicable flood zone designation and the flood insurance coverage and deductible relating thereto and (D) be otherwise in form and substance reasonably satisfactory to the Collateral Agent and each of the Lenders, subject to the provisions of Sections 5.02(a), 5.02(b) and 5.02(c).

“Flood Insurance Laws” shall mean, collectively, (i) the National Flood Insurance Act of 1968 as now or hereafter in effect or any successor statute thereto, (ii) the Flood Disaster Protection Act of 1973 as now or hereafter in effect or any successor statute thereto, (iii) the National Flood Insurance Reform Act of 1994 as now or hereafter in effect or any successor statute thereto, (iv) the Flood Insurance Reform Act of 2004 as now or hereafter in effect or any successor statute thereto and (v) the Biggert-Waters Flood Insurance Reform Act of 2012 as now or hereafter in effect or any successor statute thereto.

“Foreign Lender” shall mean a Lender that is not a U.S. Person.

“Foreign Subsidiary” shall mean any Subsidiary that is incorporated or organized under the laws of any jurisdiction other than the United States of America, any state thereof or the District of Columbia.

“Form 10” shall have the meaning assigned to such term in the definition of “Transactions.”

“Fronting Exposure” shall mean, at any time there is a Defaulting Lender, with respect to any Issuing Bank, such Defaulting Lender’s Revolving Facility Percentage of Revolving L/C Exposure with respect to Letters of Credit issued by such Issuing Bank other than such Revolving L/C Exposure as to which such Defaulting Lender’s participation obligation has been reallocated to other Lenders or Cash Collateralized in accordance with the terms hereof.

“FSHCO” shall mean any U.S. Subsidiary that owns no material assets (directly or through subsidiaries) other than the Equity Interests of one or more Foreign Subsidiaries that are CFCs.

“GAAP” shall mean generally accepted accounting principles in effect from time to time in the United States of America, applied on a consistent basis, subject to the provisions of Section 1.02.

“Governmental Authority” shall mean any federal, state, local or foreign court or governmental agency, authority, instrumentality or regulatory or legislative body (including any applicable supranational bodies, such as the European Union or the European Central Bank).

“Guarantee” of or by any person (the “guarantor”) shall mean (a) any obligation, contingent or otherwise, of the guarantor guaranteeing or having the economic effect of guaranteeing any Indebtedness or other monetary obligation payable or performable by another person (the “primary obligor”) in any manner, whether directly or indirectly, and including any obligation of the guarantor, direct or indirect, (i) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness or other obligation, (ii) to purchase or lease property, securities or services for the purpose of assuring the owner of such Indebtedness or other obligation of the payment thereof, (iii) to maintain working capital, equity capital or any other financial statement condition or liquidity of the primary obligor so as to enable the primary obligor to pay such Indebtedness or other obligation or (iv) entered into for the purpose of assuring in any other manner the holders of such Indebtedness or other obligation of the payment thereof or to protect such holders against loss in respect thereof (in whole or in part), or (b) any Lien on any assets of the guarantor securing any Indebtedness or other obligation (or any existing right, contingent or

otherwise, of the holder of Indebtedness or other obligation to be secured by such a Lien) of any other person, whether or not such Indebtedness or other obligation is assumed by the guarantor (other than Liens on Equity Interests of Unrestricted Subsidiaries securing Indebtedness of such Unrestricted Subsidiaries); provided, however, that the term “Guarantee” shall not include endorsements of instruments for deposit or collection in the ordinary course of business or customary and reasonable indemnity obligations in effect on the Signing Date or entered into in connection with any acquisition or Disposition of assets permitted by this Agreement (other than such obligations with respect to Indebtedness). The amount of any Guarantee shall be deemed to be an amount equal to the stated or determinable amount of the Indebtedness or other obligation in respect of which such Guarantee is made or, if not stated or determinable, the maximum reasonably anticipated liability in respect thereof as determined by such person in good faith. The amount of the Indebtedness or other obligation subject to any Guarantee provided by any person for purposes of clause (b) above shall (unless the applicable Indebtedness has been assumed by such person or is otherwise recourse to such person) be deemed to be equal to the lesser of (A) the aggregate unpaid amount of such Indebtedness or other obligation and (B) the Fair Market Value of the property encumbered thereby.

“Guarantee Agreement” shall mean the Guarantee Agreement substantially in the form of Exhibit M dated as of the Signing Date as may be amended, restated, supplemented or otherwise modified from time to time, between each applicable Guarantor and the Collateral Agent.

“guarantor” shall have the meaning assigned to such term in the definition of the term “Guarantee.”

“Guarantors” shall mean each of:

(i) each Subsidiary of Parent (other than the Borrowers) that is or becomes a Loan Party on the Spinoff Date or pursuant to Section 5.10(d), whether existing on the Spinoff Date or established, created or acquired after the Spinoff Date, unless and until such time as such Subsidiary is released from its obligations under the Guarantee Agreement in accordance with the terms and provisions hereof or thereof,

(ii) from and after the Spinoff Date, Parent with respect to the Obligations (other than Obligations of Parent),

(iii) from and after the Spinoff Date, Initial Borrower with respect to the Obligations (other than Obligations of the Initial Borrower),

(iv) from and after the Spinoff Date, Subsidiary Borrower with respect to the Obligations (other than Obligations of the Subsidiary Borrower), and

(v) prior to the Spinoff Date, (a) JCI and (b) upon the Successor JCI Credit Agreement Effectiveness Date, New JCI.

“Hazardous Materials” shall mean all pollutants, contaminants, wastes, chemicals, materials, substances and constituents, including, without limitation, explosive or radioactive substances or petroleum by products or petroleum distillates, asbestos or asbestos-containing materials, polychlorinated biphenyls, radon gas or pesticides, fungicides, fertilizers or other agricultural chemicals, of any nature subject to regulation or which can give rise to liability under any Environmental Law.

“Hedge Bank” shall mean any person that is an Agent, an Arranger, a Lender or an Affiliate of any such person (a) at the time that it enters into a Hedging Agreement, or (b) with respect to Hedging Agreements existing on the Spinoff Date, on the Spinoff Date, in each case, in its capacity as a party to such Hedging Agreement.

“Hedging Agreement” shall mean any agreement with respect to any swap, forward, future or derivative transaction, or option or similar agreement involving, or settled by reference to, one or more rates, currencies, commodities, equity or debt instruments or securities, or economic, financial or pricing indices or measures of economic, financial or pricing risk or value, or credit spread transaction, repurchase transaction, reserve repurchase transaction, securities lending transaction, weather index transaction, spot contracts, fixed price physical delivery contracts, or any similar transaction or any combination of these transactions, in each case of the foregoing, whether

or not exchange traded; provided, that no phantom stock or similar plan providing for payments only on account of services provided by current or former directors, officers, employees or consultants of Parent or any of the Subsidiaries shall be a Hedging Agreement.

“Immaterial Subsidiary” shall mean any Subsidiary that (a) did not, as of the last day of the fiscal quarter of Parent most recently ended for which financial statements have been (or were required to be) delivered pursuant to Section 5.04(a) or 5.04(b), have assets with a value in excess of 2.5% of the Consolidated Total Assets or revenues representing in excess of 2.5% of total revenues of Parent and the Subsidiaries on a consolidated basis as of such date, and (b) taken together with all such Subsidiaries as of such date, did not have assets with a value in excess of 5.0% of Consolidated Total Assets or revenues representing in excess of 5.0% of total revenues of Parent and the Subsidiaries on a consolidated basis as of such date.

“Impacted Interest Period” shall have the meaning assigned to such term in the definition of “LIBO Rate.”

“Increased Amount” of any Indebtedness shall mean any increase in the amount of such Indebtedness in connection with any accrual of interest, the accretion of accreted value, the amortization of original issue discount, the payment of interest in the form of additional Indebtedness or in the form of common stock of Parent, the accretion of original issue discount or liquidation preference and increases in the amount of Indebtedness outstanding solely as a result of fluctuations in the exchange rate of currencies.

“Incremental Amount” shall mean, at any time, the greater of:

(a) the excess (if any) of (i) \$750,000,000 over (ii) the sum of (x) the aggregate amount of all Incremental Term Loan Commitments and Incremental Revolving Facility Commitments, in each case, established after the Spinoff Date and prior to such time and outstanding pursuant to Section 2.21 and (y) the aggregate principal amount of Indebtedness outstanding pursuant to Section 6.01(v) at such time; and

(b) any amounts so long as immediately after giving effect to the establishment of the commitments in respect thereof (and assuming any such Incremental Revolving Facility Commitments are fully drawn) and the use of proceeds of the loans thereunder, the First Lien Secured Net Leverage Ratio is not greater than 0.75 to 1.00 tested on a Pro Forma Basis (which, for the avoidance of doubt, will give effect to any Permitted Acquisition consummated concurrently therewith) only on the date of the initial incurrence of the applicable Incremental Facility (except as set forth in clause (C) of the third paragraph under Section 6.01); provided that, in calculating the First Lien Secured Net Leverage Ratio for purposes of this clause (b), the net cash proceeds of any Indebtedness incurred in reliance on this clause (b) at such time shall not be considered Unrestricted Cash,

in each case, plus the aggregate amount of Revolving Facility Commitments of any Revolving Facility Lender that is a Defaulting Lender that have been terminated.

“Incremental Assumption Agreement” shall mean an Incremental Assumption Agreement in form and substance reasonably satisfactory to the Administrative Agent, among the Borrowers, the Administrative Agent and, if applicable, one or more Incremental Term Lenders and/or Incremental Revolving Facility Lenders.

“Incremental Commitment” shall mean an Incremental Term Loan Commitment or an Incremental Revolving Facility Commitment.

“Incremental Facility” shall mean the Incremental Commitments and the Incremental Loans made thereunder.

“Incremental Loan” shall mean an Incremental Term Loan or an Incremental Revolving Loan.

“Incremental Revolving Facility Commitment” shall mean the commitment of any Lender, established pursuant to Section 2.21, to make Incremental Revolving Loans to the Borrowers.

“Incremental Revolving Facility Lender” shall mean a Lender with an Incremental Revolving Facility Commitment or an outstanding Incremental Revolving Loan.

“Incremental Revolving Loan” shall mean Revolving Facility Loans made by one or more Revolving Facility Lenders to the Borrowers pursuant to an Incremental Revolving Facility Commitment to make additional Initial Revolving Loans.

“Incremental Term Lender” shall mean a Lender with an Incremental Term Loan Commitment or an outstanding Incremental Term Loan.

“Incremental Term Loan Commitment” shall mean the commitment of any Lender, established pursuant to Section 2.21, to make Incremental Term Loans to the applicable Borrower.

“Incremental Term Loans” shall mean (i) Term Loans made by one or more Lenders to the applicable Borrower pursuant to Section 2.01(c) consisting of additional Initial Term A Loans and (ii) to the extent permitted by Section 2.21 and provided for in the relevant Incremental Assumption Agreement, Other Incremental Term Loans.

“Indebtedness” of any person shall mean, without duplication,

- (a) all obligations of such person for borrowed money,
- (b) all obligations of such person evidenced by bonds, debentures, notes or similar instruments (except any such obligation issued in the ordinary course of business with a maturity date of no more than six months in a transaction intended to extend payment terms of trade payables or similar obligations to trade creditors incurred in the ordinary course of business),
- (c) all obligations of such person under conditional sale or other title retention agreements relating to property or assets purchased by such person (except any such obligation that constitutes a trade payable or similar obligation to a trade creditor incurred in the ordinary course of business),
- (d) all obligations of such person issued or assumed as the deferred purchase price of property or services (except any such balance that (i) constitutes a trade payable or similar obligation to a trade creditor incurred in the ordinary course of business, (ii) any earn-out obligations until such obligation becomes a liability on the balance sheet of such person in accordance with GAAP and (iii) liabilities accrued in the ordinary course of business; it being understood that, for the avoidance of doubt, obligations owed to banks and other financial institutions in connection with any Supply Chain Financing or similar arrangement whereby a bank or other institution purchases payables described in clause (i) above owed by Parent or its Subsidiaries shall not constitute Indebtedness) which purchase price is due more than six months after the date of placing the property in service or taking delivery and title thereto,
- (e) all Guarantees by such person of Indebtedness of others,
- (f) all Capitalized Lease Obligations of such person,
- (g) obligations under any Hedging Agreements, to the extent the foregoing would appear on a balance sheet of such person as a liability,
- (h) the principal component of all obligations, contingent or otherwise, of such person as an account party in respect of letters of credit,
- (i) the principal component of all obligations of such person in respect of bankers’ acceptances,

(j) the amount of all obligations of such person with respect to the redemption, repayment or other repurchase of any Disqualified Stock (excluding accrued dividends that have not increased the liquidation preference of such Disqualified Stock),

(k) all Indebtedness of others secured by (or for which the holder of such Indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on property owned or acquired by such person (other than Liens on Equity Interests of Unrestricted Subsidiaries securing Indebtedness of such Unrestricted Subsidiaries), whether or not the Indebtedness secured thereby has been assumed and

(l) all Attributable Receivables Indebtedness with respect to Qualified Receivables Facilities.

The amount of Indebtedness of any person for purposes of clause (k) above shall (unless such Indebtedness has been assumed by such person) be deemed to be equal to the lesser of (A) the aggregate unpaid amount of such Indebtedness and (B) the Fair Market Value of the property encumbered thereby. Notwithstanding anything in this Agreement to the contrary, Indebtedness shall not include, and shall be calculated without giving effect to, the effects of Financial Accounting Standards Board Accounting Standards Codification 825 and related interpretations to the extent such effects would otherwise increase or decrease an amount of Indebtedness for any purpose under this Agreement as a result of accounting for any embedded derivatives created by the terms of such Indebtedness and any such amounts that would have constituted Indebtedness under this Agreement but for the application of this sentence shall not be deemed an incurrence of Indebtedness under this Agreement.

“Indemnified Taxes” shall mean all Taxes imposed on or with respect to any payment by or on account of any obligation of any Loan Party hereunder or under any other Loan Document other than (a) Excluded Taxes and (b) Other Taxes.

“Indemnified Persons” shall have the meaning assigned to such term in Section 9.05(b).

“Information” shall have the meaning assigned to such term in Section 3.14(a).

“Information Memorandum” shall mean the Confidential Information Memorandum dated June 29, 2016, as modified or supplemented prior to the Signing Date.

“Initial Borrower” shall mean (a) initially, Adient Global Holdings Ltd and (b) from and after the Borrower Transfer Date (if any), the person who becomes the Initial Borrower in accordance with Section 2.25 (together, in each case, with its permitted successors).

“Initial Revolving Loan” shall mean a Revolving Facility Loan made (i) pursuant to the Revolving Facility Commitments or (ii) pursuant to any Incremental Revolving Facility Commitment made on the same terms as (and forming a single Class with) the Revolving Facility Commitments referred to in clause (i) of this definition.

“Initial Term A Borrowing” shall mean any Borrowing comprised of Initial Term A Loans.

“Initial Term A Facility” shall mean the Initial Term A Loan Commitments and the Initial Term A Loans made hereunder.

“Initial Term A Facility Maturity Date” shall mean the fifth anniversary of the Closing Date.

“Initial Term A Facility Outside Date” shall mean January 31, 2017.

“Initial Term A Loan Commitment” shall mean, with respect to each Term Lender, the commitment of such Term Lender to make Initial Term A Loans hereunder. The amount of each Term Lender’s Initial Term A Loan Commitment as of the Signing Date is set forth on Schedule 2.01. The aggregate amount of the Initial Term A Loan Commitments as of the Signing Date is \$1,500,000,000.

“Initial Term A Loan Installment Date” shall have the meaning assigned to such term in Section 2.10(a)(i).

“Initial Term A Loans” shall mean (a) the term loans made by the Term Lenders to the Initial Borrower pursuant to Section 2.01(a) and (b) any Incremental Term Loans in the form of additional Initial Term A Loans made by the Incremental Term Lenders to the Borrower Representative pursuant to Section 2.01(c).

“Insurance Subsidiary” shall have the meaning assigned to such term in Section 6.04(y).

“Intellectual Property” shall mean the following intellectual property rights, both statutory and common law rights, if applicable: (a) copyrights, registrations and applications for registration thereof, (b) trademarks, service marks, trade names, slogans, domain names, logos, trade dress, get-up in England and Wales and Ireland, and registrations and applications of registrations thereof, (c) patents, together with any registered or unregistered rights in designs in the United Kingdom, as well as any reissued and reexamined patents and extensions corresponding to the patents and any patent applications, as well as any related continuation, continuation in part and divisional applications and patents issuing therefrom and (d) trade secrets and confidential information, including ideas, designs, concepts, compilations of information, methods, techniques, procedures, processes and other know-how, whether or not patentable.

“Intercreditor Agreement” shall have the meaning assigned to such term in Section 8.11.

“Interest Election Request” shall mean a request by a Borrower to convert or continue a Borrowing in accordance with Section 2.07 and substantially in the form of Exhibit E or another form approved by the Administrative Agent.

“Interest Expense” shall mean, with respect to any person for any period, the sum of, without duplication,

- (a) net interest expense of such person for such period on a consolidated basis, including
 - (i) the amortization of debt discounts,
 - (ii) the amortization of all fees (including fees with respect to Hedging Agreements) payable in connection with the incurrence of Indebtedness to the extent included in interest expense,
 - (iii) the portion of any payments or accruals with respect to Capitalized Lease Obligations allocable to interest expense and
 - (iv) net payments and receipts (if any) pursuant to interest rate hedging obligations, and excluding unrealized mark-to-market gains and losses attributable to such hedging obligations, amortization of deferred financing fees and expensing of any bridge or other financing fees,
- (b) capitalized interest of such person, whether paid or accrued, and
- (c) commissions, discounts, yield and other fees and charges incurred for such period, including any losses on sales of receivables and related assets, in connection with any receivables financing of such person or any of its Subsidiaries that are payable to persons other than Parent and the Subsidiaries.

“Interest Payment Date” shall mean, (a) with respect to any Eurocurrency Loan, (i) the last day of the Interest Period applicable to the Borrowing of which such Loan is a part, (ii) in the case of a Eurocurrency Borrowing with an Interest Period of more than three months’ duration, each day that would have been an Interest Payment Date had successive Interest Periods of three months’ duration been applicable to such Borrowing and (iii) in addition, the date of any refinancing or conversion of such Borrowing with or to a Borrowing of a different Type and (b) with respect to any ABR Loan, the last Business Day of each calendar quarter.

“Interest Period” shall mean, as to any Eurocurrency Borrowing, the period commencing on the date of such Borrowing or on the last day of the immediately preceding Interest Period applicable to such Borrowing, as applicable, and ending on the numerically corresponding day (or, if there is no numerically corresponding day, on the last day) in the calendar month that is 1, 2, 3 or 6 months thereafter (or, to the extent agreed to by all Lenders with commitments or Loans under the applicable Facility, 12 months or periods shorter than 1 month as are satisfactory to the Administrative Agent), as the Borrower Representative may elect; provided, however, that if any Interest Period would end on a day other than a Business Day, such Interest Period shall be extended to the next succeeding Business Day unless such next succeeding Business Day would fall in the next calendar month, in which case such Interest Period shall end on the next preceding Business Day. Interest shall accrue from and including the first day of an Interest Period to but excluding the last day of such Interest Period.

“Interpolated Rate” shall mean, at any time, for any Interest Period, the rate per annum (rounded to the same number of decimal places as the LIBO Screen Rate) determined by the Administrative Agent (which determination shall be conclusive and binding absent manifest error) to be equal to the rate that results from interpolating on a linear basis between: (a) the LIBO Screen Rate for the longest period for which the LIBO Screen Rate is available) that is shorter than the Impacted Interest Period; and (b) the LIBO Screen Rate for the shortest period (for which that LIBO Screen Rate is available) that exceeds the Impacted Interest Period, in each case, at such time.

“Investment” shall have the meaning assigned to such term in Section 6.04.

“Irish Law Debenture” shall mean an Irish law debenture based on the U.S. Collateral Agreement (including as to the charging clause, excluded assets, definitions, representations and warranties and covenants) with customary modifications based on Irish law and as otherwise agreed by the Administrative Agent and the Borrower Representative, and otherwise in form and substance reasonably acceptable to the Administrative Agent and the Borrower Representative, dated as of the Spinoff Date, between Parent and the Collateral Agent, as may be amended, restated, amended and restated, supplemented or otherwise modified from time to time.

“IRS” means the U.S. Internal Revenue Service.

“Issuing Bank” shall mean (i) JPMorgan Chase Bank, N.A., Bank of America, N.A., Barclays Bank PLC, Credit Agricole Corporate and Investment Bank and Citibank, N.A., (ii) solely with respect to any Existing Letter of Credit, to the extent such person is not already an Issuing Bank, the Lender or Affiliate of a Lender that issued such Existing Letter of Credit and (iii) each other Issuing Bank designated pursuant to Section 2.05(l), in each case in its capacity as an issuer of Letters of Credit hereunder, and its successors in such capacity. An Issuing Bank may, in its discretion, arrange for one or more Letters of Credit to be issued by Affiliates of such Issuing Bank, in which case the term “Issuing Bank” shall include any such Affiliate with respect to Letters of Credit issued by such Affiliate.

“Issuing Bank Fees” shall have the meaning assigned to such term in Section 2.12(b).

“ITA” shall mean the UK Income Tax Act 2007.

“ICI” shall mean Johnson Controls, Inc., a Wisconsin corporation (together with its successors).

“Jersey Law All Assets Pledge Agreement” shall mean a Jersey law governed security interest agreement based on the U.S. Collateral Agreement (including as to the granting clause, excluded assets, definitions, representations and warranties and covenants) with customary modifications based on Jersey law and as otherwise agreed by the Administrative Agent and the Borrower Representative, and otherwise in form and substance reasonably acceptable to the Administrative Agent and the Borrower Representative, dated as of the Spinoff Date, among Parent, Adient Global Holdings Ltd and the Collateral Agent (provided that the grant by Parent under the Jersey Law All Assets Pledge Agreement shall be solely with respect to the Equity Interests held by Parent in Adient Global Holdings Ltd and related rights and assets as expressly set forth in the Jersey Law All Assets Pledge Agreement), as may be amended, restated, amended and restated, supplemented or otherwise modified from time to time.

“Joinder Agreement” shall have the meaning assigned to such term in the definition of “Spinoff Date.”

“Joint Bookrunners” shall mean, collectively, JPMorgan Chase Bank, N.A. and Merrill Lynch, Pierce, Fenner & Smith Incorporated, Barclays Bank PLC, Citigroup Global Markets Inc. and Credit Agricole Corporate and Investment Bank.

“Joint Lead Arrangers” shall mean JPMorgan Chase Bank, N.A. and Merrill Lynch, Pierce, Fenner & Smith Incorporated, Barclays Bank PLC, Citigroup Global Markets Inc. and Credit Agricole Corporate and Investment Bank.

“Judgment Currency” shall have the meaning assigned to such term in Section 9.23.

“Junior Debt Restricted Payment” shall mean, any payment or other distribution (whether in cash, securities or other property), directly or indirectly made by Parent or any of its Subsidiaries, of or in respect of principal of or interest on any Senior Notes (or any Indebtedness incurred as Permitted Refinancing Indebtedness in respect thereof) or Indebtedness that is by its terms subordinated in right of payment to the Loan Obligations and is incurred pursuant to Section 6.01(k) or Section 6.01(p) (each of the foregoing, a “Junior Financing”); provided, that the following shall not constitute a Junior Debt Restricted Payment:

- (a) Refinancings with any Permitted Refinancing Indebtedness permitted to be incurred under Section 6.01;
- (b) payments of regularly-scheduled interest and fees due thereunder, other non-principal payments thereunder, any mandatory prepayments of principal, interest and fees thereunder, scheduled payments thereon necessary to avoid the Junior Financing from constituting “applicable high yield discount obligations” within the meaning of Section 163(i)(1) of the Code, and, to the extent this Agreement is then in effect, principal on the scheduled maturity date of any Junior Financing;
- (c) payments or distributions in respect of all or any portion of the Junior Financing with the proceeds from the issuance, sale or exchange by Parent of Qualified Equity Interests within eighteen months prior thereto; provided, that such proceeds are not included in any determination of the Available Amount; or
- (d) the conversion of any Junior Financing to Qualified Equity Interests of Parent.

“Junior Financing” shall have the meaning assigned to such term in the definition of the term “Junior Debt Restricted Payment.”

“Junior Liens” shall mean Liens on the Collateral that are junior to the Liens thereon securing the Loan Obligations pursuant to a Permitted Junior Intercreditor Agreement (it being understood that Junior Liens are not required to rank equally and ratably with other Junior Liens, and that Indebtedness secured by Junior Liens may be secured by Liens that are senior in priority to, or rank equally and ratably with, or junior in priority to, other Liens constituting Junior Liens), which Permitted Junior Intercreditor Agreement (together with such amendments to the Security Documents and any other Intercreditor Agreements, if any, as are reasonably necessary or advisable (and reasonably acceptable to the Collateral Agent) to give effect to such Liens) shall be entered into in connection with a permitted incurrence of any such Liens (unless a Permitted Junior Intercreditor Agreement and/or Security Documents (as applicable) covering such Liens are already in effect).

“Latest Maturity Date” shall mean, at any date of determination, the latest of the latest Revolving Facility Maturity Date and the latest Term Facility Maturity Date, in each case then in effect on such date of determination.

“L/C Disbursement” shall mean a payment or disbursement made by an Issuing Bank pursuant to a Letter of Credit.

“L/C Participation Fee” shall have the meaning assigned to such term in Section 2.12(b).

“Lender” shall mean each financial institution listed on Schedule 2.01 (other than any such person that has ceased to be a party hereto pursuant to an Assignment and Acceptance in accordance with Section 9.04), as well as any person that becomes a “Lender” hereunder pursuant to Section 9.04, Section 2.21, Section 2.22 or Section 2.23.

“Lending Office” shall mean, as to any Lender, the applicable branch, office or Affiliate of such Lender designated by such Lender to make Loans.

“Letter of Credit” shall have the meaning assigned to such term in Section 2.05(a).

“Letter of Credit Commitment” shall mean, as to any Issuing Bank, on and after the Spinoff Date, (a) the amount set forth opposite such Issuing Bank’s name on Schedule 2.01 under the caption “Letter of Credit Commitment” or (b) if such Issuing Bank has entered into one or more Assignment and Acceptances, the amount set forth for such Issuing Bank in the Register as such Issuing Bank’s “Letter of Credit Commitment,” as such amount may be reduced at or prior to such time pursuant to Section 2.08.

“Letter of Credit Sublimit” shall mean an amount equal to the lesser of (a) \$200,000,000 and (b) the aggregate amount of the Issuing Banks’ Letter of Credit Commitments at such time, as such amount may be reduced pursuant to Section 2.08. The Letter of Credit Sublimit is part of, and not in addition to, the Revolving Facility.

“LIBO Rate” with respect to any Eurocurrency Borrowing for any applicable currency and for any Interest Period, the LIBO Screen Rate at approximately 11:00 a.m., London time, two Business Days prior to the commencement of such Interest Period; provided that if the LIBO Screen Rate shall not be available at such time for such Interest Period (an “Impacted Interest Period”) with respect to the applicable currency then the LIBO Rate shall be the Interpolated Rate; provided that if the LIBO Rate shall be less than zero, such rate shall be deemed to be zero for the purposes of this Agreement.

“LIBO Screen Rate” shall mean, for any day and time, with respect to any Eurocurrency Borrowing for any applicable currency and for any Interest Period, the London interbank offered rate as administered by ICE Benchmark Administration (or any other person that takes over the administration of such

rate for the relevant currency for a period equal in length to such Interest Period as displayed on such day and time on pages LIBOR01 or LIBOR02 of the Reuters screen that displays such rate (or, in the event such rate does not appear on a Reuters page or screen, on any successor or substitute page on such screen that displays such rate, or on the appropriate page of such other information service that publishes such rate from time to time as selected by the Administrative Agent in its reasonable discretion)).

“Lien” shall mean, with respect to any asset, (a) any mortgage, deed of trust, lien, hypothecation, pledge, charge, security interest or similar monetary encumbrance in or on such asset and (b) the interest of a vendor or a lessor under any conditional sale agreement, capital lease or title retention agreement (or any financing lease having substantially the same economic effect as any of the foregoing) relating to such asset; provided, that in no event shall an operating lease or an agreement to sell be deemed to constitute a Lien.

“Limited Condition Acquisition” shall mean any acquisition, including by means of a merger, amalgamation or consolidation, by Parent or one or more of its subsidiaries, the consummation of which is not conditioned upon the availability of, or on obtaining, third party financing or in connection with which any fee or expense would be payable by Parent or its subsidiaries to the seller or target in the event financing to consummate the acquisition is not obtained as contemplated by the definitive acquisition agreement.

“Loan Documents” shall mean (i) this Agreement, (ii) the Guarantee Agreement, (iii) the Security Documents, (iv) each Incremental Assumption Agreement, (v) each Extension Amendment, (vi) each Refinancing Amendment, (vii) any Intercreditor Agreement, (viii) any Note issued under Section 2.09(e), (ix) the Letters of Credit and (x) the Specified Foreign Loan Documents.

“Loan Obligations” shall mean (a) the due and punctual payment by the Borrowers of (i) the unpaid principal of and interest, fees and expenses (including interest, fees and expenses accruing during the pendency of any bankruptcy, insolvency, receivership, Irish examinership or other similar proceeding, regardless of whether

allowed or allowable in such proceeding) on the Loans made to the Borrowers under this Agreement, when and as due, whether at maturity, by acceleration, upon one or more dates set for prepayment or otherwise, (ii) each payment required to be made by the Borrowers under this Agreement in respect of any Letter of Credit, when and as due, including payments in respect of reimbursement of disbursements, interest, fees and expenses thereon (including interest, fees and expenses accruing during the pendency of any bankruptcy, insolvency, receivership, Irish examinership or other similar proceeding, regardless of whether allowed or allowable in such proceeding) and obligations to provide Cash Collateral and (iii) all other monetary obligations of the Borrowers owed under or pursuant to this Agreement and each other Loan Document, including obligations to pay fees, expense reimbursement obligations and indemnification obligations, whether primary, secondary, direct, contingent, fixed or otherwise (including monetary obligations incurred during the pendency of any bankruptcy, insolvency, receivership, Irish examinership or other similar proceeding, regardless of whether allowed or allowable in such proceeding), and (b) the due and punctual payment of all obligations of each other Loan Party under or pursuant to each of the Loan Documents (including monetary obligations incurred during the pendency of any bankruptcy, insolvency, receivership, Irish examinership or other similar proceeding, regardless of whether allowed or allowable in such proceeding).

“Loan Parties” shall mean the Borrowers and the Guarantors.

“Loans” shall mean the Term Loans and the Revolving Facility Loans.

“Local Time” shall mean (a) local time in London, England, with respect to the time for the receipt and sending of notices by and to the Administrative Agent or any Lender with respect to Loans denominated in Euro or Sterling; (b) local time in London, England, with respect to the disbursement by or payment to the Administrative Agent or any Lender with respect to Loans denominated in Euro; and (c) in all other circumstances, New York City time (daylight or standard, as applicable).

“Majority Lenders” of any Facility shall mean, at any time, Lenders under such Facility having Loans and unused Commitments representing more than 50% of the sum of all Loans outstanding under such Facility and unused Commitments under such Facility at such time (subject to the last paragraph of Section 9.08(b)).

“Margin Stock” shall have the meaning assigned to such term in Regulation U.

“Material Adverse Effect” shall mean a material adverse effect on the business, property, operations or financial condition of Parent and its Subsidiaries, taken as a whole, the validity or enforceability of any of the Loan Documents or the rights and remedies of the Administrative Agent and the Lenders thereunder.

“Material Indebtedness” shall mean Indebtedness (other than Loans and Letters of Credit) of any one or more of Parent or any Subsidiary in an aggregate principal amount exceeding \$75,000,000; provided that in no event shall any Qualified Receivables Facility be considered Material Indebtedness.

“Material Real Property” shall mean any parcel of Real Property located in the United States, or England and Wales and having a Fair Market Value (on a per-property basis) greater than or equal to \$10,000,000 (or the Alternative Currency Equivalent thereof) as of (x) the Spinoff Date, for Real Property then owned or (y) the date of acquisition, for Real Property acquired after the Spinoff Date, in each case as determined by Parent in good faith; provided, that “Material Real Property” shall exclude all leasehold interests in Real Property).

“Material Subsidiary” shall mean any Subsidiary, other than an Immaterial Subsidiary.

“Maximum Rate” shall have the meaning assigned to such term in Section 9.09.

“Merger Sub” shall have the meaning assigned to such term in the definition of “Successor JCI Credit Agreement Effectiveness Date.”

“Minimum L/C Collateral Amount” shall mean, at any time, in connection with any Letter of Credit, (i) with respect to Cash Collateral consisting of cash or deposit account balances, an amount equal to 102% of the

Revolving L/C Exposure with respect to such Letter of Credit at such time and (ii) otherwise, an amount sufficient to provide credit support with respect to such Revolving L/C Exposure as determined by the Administrative Agent and the Issuing Banks in their sole discretion.

“Moody’s” shall mean Moody’s Investors Service, Inc.

“Mortgaged Properties” shall mean the Material Real Properties that are identified as such on Schedule 1.01(B) (as may be updated pursuant to Section 9.08(b) of this Agreement) (the “Spinoff Date Mortgaged Properties”) and each additional Material Real Property encumbered by a Mortgage pursuant to Section 5.10.

“Mortgages” shall mean, collectively, the mortgages, trust deeds, deeds of trust, deeds to secure debt, assignments of leases and rents, debentures, and other security documents (including amendments to any of the foregoing) executed and delivered with respect to Mortgaged Properties (either as stand-alone documents or forming part of other Security Documents), each in form and substance reasonably satisfactory to the Collateral Agent and the Borrower Representative, in each case, as amended, supplemented or otherwise modified from time to time.

“Multiemployer Plan” shall mean a multiemployer plan as defined in Section 4001(a)(3) of ERISA to which Parent or any Subsidiary or any ERISA Affiliate (other than one considered an ERISA Affiliate only pursuant to subsection (m) or (o) of Code Section 414) is making or accruing an obligation to make contributions, or has within any of the preceding six plan years made or accrued an obligation to make contributions.

“Net Income” shall mean, with respect to any person, the net income (loss) of such person, determined in accordance with GAAP and before any reduction in respect of preferred stock dividends.

“Net Proceeds” shall mean:

(a) 100% of the cash proceeds actually received by Parent or any Subsidiary (including any cash payments received by way of deferred payment of principal pursuant to a note or installment receivable or purchase price adjustment receivable or otherwise, but only as and when received) from any Asset Sale under Section 6.05(g), net of:

(i) attorneys’ fees, accountants’ fees, investment banking fees, survey costs, title insurance premiums, and related search and recording charges, transfer Taxes, deed or mortgage recording Taxes, other customary expenses and brokerage, consultant and other customary fees actually incurred in connection therewith,

(ii) required payments of Indebtedness (other than Indebtedness incurred under the Loan Documents or Other First Lien Debt) and required payments of other obligations relating to the applicable asset to the extent such Indebtedness or other obligations are secured by a Lien permitted hereunder (other than pursuant to the Loan Documents, Other First Lien Debt and other than obligations secured by a Junior Lien),

(iii) repayments of Other First Lien Debt (limited to its proportionate share of such prepayment, based on the amount of such then outstanding debt as a percentage of all then outstanding Indebtedness incurred under the Loan Documents (other than Other Incremental Term Loans and Refinancing Term Loans that rank junior in right of security with the Initial Term A Loans) and Other First Lien Debt),

(iv) Taxes paid or payable (in the good faith determination of Parent) as a result thereof, and

(v) the amount of any reasonable reserve established in accordance with GAAP against any adjustment to the sale price or any liabilities (other than any Taxes deducted pursuant to clause (i) or (iv) above) (x) related to any of the applicable assets and (y) retained by Parent or any of the Subsidiaries including, without limitation, pension and other post-employment benefit

liabilities and liabilities related to environmental matters or against any indemnification obligations (provided that (1) the amount of any reduction of such reserve (other than in connection with a payment in respect of any such liability), prior to the date occurring 18 months after the date of the respective Asset Sale, shall be deemed to be cash proceeds of such Asset Sale occurring on the date of such reduction and (2) the amount of any such reserve that is maintained as of the date occurring 18 months after the date of the applicable Asset Sale shall be deemed to be Net Proceeds from such Asset Sale as of such date);

provided, that, if Parent shall deliver a certificate of a Responsible Officer of Parent to the Administrative Agent promptly following receipt of any such proceeds setting forth any Loan Party's intention to use any portion of such proceeds, within 12 months of such receipt, to acquire, maintain, develop, construct, improve, upgrade or repair assets useful in the business of Parent and the Subsidiaries or to make Permitted Acquisitions and other Investments permitted hereunder (excluding Permitted Investments or intercompany Investments in Subsidiaries) or to reimburse the cost of any of the foregoing incurred on or after the date on which the Asset Sale giving rise to such proceeds was contractually committed (other than inventory), such portion of such proceeds shall not constitute Net Proceeds except to the extent not, within 365 days of such receipt, so used or contractually committed to be so used (it being understood that if any portion of such proceeds are not so used within such 365 day period but within such 365 day period are contractually committed to be used, then such remaining portion if not so used within 180 days following the end of such 365 day period shall constitute Net Proceeds as of such date without giving effect to this proviso); provided, further, that no net cash proceeds calculated in accordance with the foregoing realized in a single transaction or series of related transactions shall constitute Net Proceeds unless such net cash proceeds shall exceed (i) \$50,000,000 individually and (ii) \$75,000,000 in the aggregate in any fiscal year (and thereafter only net cash proceeds in excess of such amount shall constitute Net Proceeds);

(b) 100% of the cash proceeds actually received by Parent or any Subsidiary (including casualty insurance settlements and condemnation awards, but only as and when received) from any Recovery Event, net of:

(i) attorneys' fees, accountants' fees, transfer Taxes, deed or mortgage recording Taxes on such asset, other customary expenses and brokerage, consultant and other customary fees actually incurred in connection therewith,

(ii) required payments of Indebtedness (other than Indebtedness incurred under the Loan Documents or Other First Lien Debt) and required payments of other obligations relating to the applicable asset to the extent such Indebtedness or other obligations are secured by a Lien permitted hereunder (other than pursuant to the Loan Documents, and Other First Lien Debt and other than obligations secured by a Junior Lien),

(iii) repayments of Other First Lien Debt (limited to its proportionate share of such prepayment, based on the amount of such then outstanding debt as a percentage of all then outstanding Indebtedness incurred under the Loan Documents (other than Other Incremental Term Loans and Refinancing Term Loans that rank junior in right of security with the Initial Term A Loans)) and Other First Lien Debt,

(iv) Taxes paid or payable (in the good faith determination of Parent) as a result thereof,

(v) the amount of any reasonable reserve established in accordance with GAAP against any liabilities (other than any Taxes deducted pursuant to clause (i) or (iv) above) (x) related to any of the applicable assets and (y) retained by Parent or any of the Subsidiaries including, without limitation, pension and other post-employment benefit liabilities and liabilities related to environmental matters (provided that (1) the amount of any reduction of such reserve (other than in connection with a payment in respect of any such liability), prior to the date occurring 18 months after the date of the respective Recovery Event, shall be deemed to be cash proceeds of such Recovery Event occurring on the date of such reduction and (2) the amount of any such

reserve that is maintained as of the date occurring 18 months after the date of the applicable Recovery Event shall be deemed to be Net Proceeds from such Recovery Event as of such date;

provided, that, if Parent shall deliver a certificate of a Responsible Officer of Parent to the Administrative Agent promptly following receipt of any such proceeds setting forth any Loan Party's intention to use any portion of such proceeds, within 365 days of such receipt, to acquire, maintain, develop, construct, improve, upgrade or repair assets useful in the business of Parent and the Subsidiaries or to make Permitted Acquisitions and other Investments permitted hereunder (excluding Permitted Investments or intercompany Investments in Subsidiaries) or to reimburse the cost of any of the foregoing incurred on or after the date on which the Recovery Event giving rise to such proceeds was contractually committed (other than inventory, except to the extent the proceeds of such Recovery Event are received in respect of inventory), such portion of such proceeds shall not constitute Net Proceeds except to the extent not, within 365 days of such receipt, so used or contractually committed to be so used (it being understood that if any portion of such proceeds are not so used within such 365 day period but within such 365 day period are contractually committed to be used, then such remaining portion if not so used within 180 days following the end of such 365 day period shall constitute Net Proceeds as of such date without giving effect to this proviso); provided, further, that no net cash proceeds calculated in accordance with the foregoing realized in a single transaction or series of related transactions shall constitute Net Proceeds unless such net cash proceeds shall exceed (i) \$50,000,000 individually and (ii) \$75,000,000 in the aggregate in any fiscal year (and thereafter only net cash proceeds in excess of such amount shall constitute Net Proceeds); and

(c) 100% of the cash proceeds from the incurrence, issuance or sale by Parent or any Subsidiary of any Indebtedness (other than Excluded Indebtedness, except for Refinancing Notes and Refinancing Term Loans), net of all fees (including investment banking fees), commissions, costs, Taxes and other expenses, in each case incurred in connection with such issuance or sale.

"New Class Loans" shall have the meaning assigned to such term in Section 9.08(f).

"New JCI" shall mean Tyco International plc, with company number 543654, a public limited company incorporated under the laws of Ireland (which entity intends to change its name to Johnson Controls International plc upon or shortly after the Successor JCI Credit Agreement Effectiveness Date), and its successors.

"New Lender" shall mean any person that becomes a Lender hereunder pursuant to Section 9.04, Section 2.19, Section 2.21, Section 2.22, Section 2.23 or any other provision of this Agreement.

"Non-Consenting Lender" shall have the meaning assigned to such term in Section 2.19(c).

"Non-Defaulting Lender" shall mean, at any time, each Lender that is not a Defaulting Lender at such time.

"Non-S-X Adjustment Amount" shall have the meaning assigned to such term in the definition of "Pro Forma Basis."

"Note" shall have the meaning assigned to such term in Section 2.09(e).

"NYFRB" shall mean the Federal Reserve Bank of New York.

"NYFRB Rate" shall mean, for any day, the greater of (a) the Federal Funds Effective Rate in effect on such day and (b) the Overnight Bank Funding Rate in effect on such day (or for any day that is not a Business Day, for the immediately preceding Business Day); provided that if none of such rates are published for any day that is a Business Day, the term "NYFRB Rate" means the rate for a federal funds transaction quoted at 11:00 a.m. New York City time on such day received to the Administrative Agent from a federal funds broker of recognized standing selected by it; provided, further, that if any of the aforesaid rates shall be less than zero, such rate shall be deemed to be zero for purposes of this Agreement.

“Obligations” shall mean, collectively, (a) the Loan Obligations, (b) obligations of Parent and its Subsidiaries including non-Wholly Owned Subsidiaries, if applicable, in respect of any Secured Cash Management Agreement, (c) obligations of Parent and its Subsidiaries including non-Wholly Owned Subsidiaries, if applicable, in respect of any Secured Supply Chain Financing, and (d) obligations of Parent and its Subsidiaries including non-Wholly Owned Subsidiaries, if applicable in respect of any Secured Hedge Agreement (including, in each case, monetary obligations incurred during the pendency of any bankruptcy, insolvency, receivership, Irish examinership or other similar proceeding, regardless of whether allowed or allowable in such proceeding).

“Original Lender” shall mean each financial institution listed on Schedule 2.01.

“Other First Lien Debt” shall mean obligations secured by Other First Liens.

“Other First Liens” shall mean Liens on the Collateral that are equal and ratable with the Liens thereon securing the Loan Obligations pursuant to a Permitted First Lien Intercreditor Agreement, which Permitted First Lien Intercreditor Agreement (together with such amendments to the Security Documents and any other Intercreditor Agreements, if any, as are reasonably necessary or advisable (and reasonably acceptable to the Collateral Agent) to give effect to such Liens) shall be entered into in connection with a permitted incurrence of any such Liens (unless a Permitted First Lien Intercreditor Agreement and/or Security Documents (as applicable) covering such Liens are already in effect).

“Other Incremental Term Loans” shall have the meaning assigned to such term in Section 2.21(a).

“Other Revolving Facility Commitments” shall mean, collectively, (a) Extended Revolving Facility Commitments to make Extended Revolving Loans and (b) Replacement Revolving Facility Commitments.

“Other Revolving Loans” shall mean, collectively (a) Extended Revolving Loans and (b) Replacement Revolving Loans.

“Other Taxes” shall mean any and all present or future stamp or documentary Taxes or any other excise, transfer, sales, property, intangible, mortgage recording or similar Taxes arising from any payment made hereunder or under any other Loan Document or from the execution, registration, delivery or enforcement of, consummation or administration of, from the receipt or perfection of security interest under, or otherwise with respect to, the Loan Documents, except any such Taxes that are imposed with respect to an assignment (other than an assignment made pursuant to Section 2.19) as a result of any present or former connection between the Recipient and the jurisdiction imposing such Tax (other than any such connection arising solely from any Loan Document or any transactions pursuant to any Loan Document).

“Other Term Facilities” shall mean the Other Term Loan Commitments and the Other Term Loans made thereunder.

“Other Term Loan Commitments” shall mean, collectively, (a) Incremental Term Loan Commitments and (b) commitments to make Refinancing Term Loans.

“Other Term Loan Installment Date” shall have, with respect to any Class of Other Term Loans established pursuant to an Incremental Assumption Agreement, an Extension Amendment or a Refinancing Amendment, the meaning assigned to such term in Section 2.10(a)(ii).

“Other Term Loans” shall mean, collectively, (a) Other Incremental Term Loans, (b) Extended Term Loans and (c) Refinancing Term Loans.

“Overnight Bank Funding Rate” shall mean, for any day, with respect to any amount denominated in Dollars, the rate comprised of both overnight federal funds and overnight eurocurrency borrowings by U.S.-managed banking offices of depository institutions, as such composite rate shall be determined by the NYFRB as set forth on its public website from time to time, and published on the next succeeding Business Day by the NYFRB as

an overnight bank funding rate (from and after such date as the NYFRB shall commence to publish such composite rate).

“Parent” shall mean, Adient plc, a public limited company incorporated under the laws of Ireland and any permitted successor thereof.

“Participant” shall have the meaning assigned to such term in Section 9.04(c)(i).

“Participant Register” shall have the meaning assigned to such term in Section 9.04(c)(ii).

“PBGC” shall mean the Pension Benefit Guaranty Corporation referred to and defined in ERISA.

“Perfection Certificate” shall mean the Perfection Certificate with respect to the Borrowers and the other Loan Parties substantially in the form attached hereto as Exhibit I, or such other form as is reasonably satisfactory to the Administrative Agent, as the same may be supplemented from time to time to the extent required by Section 5.04(f).

“Permitted Acquisition” shall mean any acquisition by Parent or a Subsidiary of all or substantially all the assets or business of, or all or substantially all the Equity Interests (other than directors’ qualifying shares) not previously held by Parent and its Subsidiaries in, or merger, consolidation or amalgamation with, a person or business unit or division or line of business of a person (or any subsequent investment made in a person or business unit or division or line of business previously acquired in a Permitted Acquisition), if:

- i. no Event of Default shall have occurred and be continuing immediately after giving effect thereto or would result therefrom, provided, however, that with respect to a proposed Limited Condition Acquisition pursuant to an executed acquisition agreement, at the option of Parent, the determination of whether such an Event of Default shall exist shall be made solely at the time of the execution of the acquisition agreement related to such Permitted Acquisition;
- ii. [reserved];
- iii. Parent shall be in Pro Forma Compliance with the Financial Covenant immediately after giving effect to such acquisition or investment and any related transactions;
- iv. any acquired or newly formed Subsidiary shall not be liable for any Indebtedness except for Indebtedness permitted by Section 6.01;
- v. to the extent required by Section 5.10, any person acquired in such acquisition shall be merged into a Loan Party or become upon consummation of such acquisition a Guarantor; and
- vi. the aggregate cash consideration in respect of all such acquisitions and investments in assets that are not owned by the Loan Parties or in Equity Interests in persons that are not Guarantors or do not become Guarantors, in each case upon consummation of such acquisition, shall not exceed the sum of (X) the greater of \$500,000,000 and 5.0% of Consolidated Total Assets when made, plus (Y) (A) an amount equal to any returns (in the form of dividends or other distributions or net sale proceeds) received by any Loan Party in respect of any assets not owned directly by Loan Parties or Equity Interests in persons that are not Guarantors or do not become Guarantors that were acquired in such Permitted Acquisitions in reliance on the basket in clause (X) above (excluding any such returns in excess of the amount originally invested) and (B) any amounts in excess thereof that can be, and are, permitted as Investments (and treated as Investments) made under a clause of Section 6.04 (other than clause (k) thereof).

“Permitted Debt” shall mean Indebtedness for borrowed money incurred by any Loan Party, provided that (i) any such Permitted Debt, if guaranteed, shall not be guaranteed by any Subsidiary other than a Guarantor and, if secured (as permitted by Sections 6.01 and 6.02), shall be secured solely by all or some portion of the Collateral

pursuant to security documents no more favorable to the secured party or party, taken as a whole (as determined by Parent in good faith), than the Security Documents, (ii) any such Permitted Debt, if secured, shall be subject to an Intercreditor Agreement reasonably satisfactory to the Administrative Agent and (iii) such Permitted Debt shall not mature prior to the date that is the latest final maturity date of the Loans and Revolving Facility Commitments existing at the time of such incurrence (or in the case of Junior Financing, until the date that is 91 days thereafter), and the Weighted Average Life to Maturity of any such Permitted Debt shall be no shorter than the remaining Weighted Average Life to Maturity of the Loans with the latest final maturity at the time of such incurrence.

“Permitted First Lien Intercreditor Agreement” shall mean, with respect to any Liens on Collateral that are intended to be equal and ratable with the Liens securing the Loan Obligations, one or more customary intercreditor agreements, each of which shall be in form and substance reasonably satisfactory to the Administrative Agent.

“Permitted Investments” shall mean:

- (a) direct obligations of the United States of America, Switzerland, the United Kingdom (and any nation thereof) or any member of the European Union or any agency thereof or obligations guaranteed by the United States of America, Switzerland, the United Kingdom (and any nation thereof) or any member of the European Union or any agency thereof, in each case with maturities not exceeding two years from the date of acquisition thereof;
- (b) time deposit accounts, certificates of deposit, money market deposits, banker’s acceptances and other bank deposits maturing within 180 days of the date of acquisition thereof issued by a bank or trust company having capital, surplus and undivided profits in excess of \$250,000,000 and whose long-term debt, or whose parent holding company’s long-term debt, is rated at least A by S&P or A2 by Moody’s (or such similar equivalent rating or higher by at least one nationally recognized statistical rating organization (as defined in Rule 436 under the Securities Act));
- (c) repurchase obligations with a term of not more than 180 days for underlying securities of the types described in clause (a) above entered into with a bank meeting the qualifications described in clause (b) above;
- (d) commercial paper, maturing not more than one year after the date of acquisition, issued by a corporation (other than an Affiliate of Parent) with a rating at the time as of which any investment therein is made of P-1 (or higher) according to Moody’s, or A-1 (or higher) according to S&P (or such similar equivalent rating or higher by at least one nationally recognized statistical rating organization (as defined in Rule 436 under the Securities Act));
- (e) securities with maturities of two years or less from the date of acquisition, issued or fully guaranteed by any State of the United States of America, or by any political subdivision or taxing authority thereof, and rated at least A by S&P or A by Moody’s (or such similar equivalent rating or higher by at least one nationally recognized statistical rating organization (as defined in Rule 436 under the Securities Act));
- (f) shares of mutual funds whose investment guidelines restrict 95% of such funds’ investments to those satisfying the provisions of clauses (a) through (e);
- (g) money market funds that (i) comply with the criteria set forth in Rule 2a-7 under the Investment Company Act of 1940, (ii) are rated AAA by S&P or Aaa by Moody’s and (iii) have portfolio assets of at least \$1,000,000,000;
- (h) time deposit accounts, certificates of deposit, money market deposits, banker’s acceptances and other bank deposits in an aggregate face amount not in excess of 0.5% of the total assets of Parent and the Subsidiaries, on a consolidated basis, as of the end of Parent’s most recently completed fiscal year; and

(i) instruments equivalent to those referred to in clauses (a) through (h) above denominated in any foreign currency comparable in credit quality and tenor to those referred to above and commonly used by corporations for cash management purposes in any jurisdiction outside the United States of America to the extent reasonably required in connection with any business conducted by Parent or any Subsidiary organized/incorporated in such jurisdiction.

“Permitted Junior Intercreditor Agreement” shall mean, with respect to any Liens on Collateral that are intended to be junior to any Liens securing the Loan Obligations, one or more customary intercreditor agreements, each of which shall be in form and substance reasonably satisfactory to the Administrative Agent.

“Permitted Liens” shall have the meaning assigned to such term in Section 6.02.

“Permitted Receivables Facility Assets” shall mean (i) Receivables Assets (whether now existing or arising in the future) of Parent and any Subsidiary which are transferred, sold and/or pledged to a Receivables Entity or a bank, other financial institution or a commercial paper conduit or other conduit facility established and maintained by a bank or other financial institution, pursuant to a Qualified Receivables Facility and any related Permitted Receivables Related Assets which are also so transferred, sold and/or pledged to such Receivables Entity, bank, other financial institution or commercial paper conduit or other conduit facility, and all proceeds thereof and (ii) loans to Parent or any of its Subsidiaries secured by Receivables Assets (whether now existing or arising in the future) and any Permitted Receivables Related Assets of Parent and any Subsidiary which are made pursuant to a Qualified Receivables Facility.

“Permitted Receivables Facility Documents” shall mean each of the documents and agreements entered into in connection with any Qualified Receivables Facility, including all documents and agreements relating to the issuance, funding and/or purchase of certificates and purchased interests or the incurrence of loans, as applicable, in each case as such documents and agreements may be amended, modified, supplemented, refinanced or replaced from time to time so long as the relevant Qualified Receivables Facility would still meet the requirements of the definition thereof after giving effect to such amendment, modification, supplement, refinancing or replacement.

“Permitted Receivables Related Assets” shall mean any other assets that are customarily transferred, sold and/or pledged or in respect of which security interests are customarily granted in connection with asset securitization transactions involving receivables similar to Receivables Assets and any collections or proceeds of any of the foregoing (including, without limitation, lock-boxes, deposit accounts, records in respect of Receivables Assets and collections in respect of Receivables Assets).

“Permitted Refinancing Indebtedness” shall mean any Indebtedness issued in exchange for, or the net proceeds of which are used to extend, refinance, renew, replace, defease or refund (collectively, to “Refinance”), the Indebtedness being Refinanced (or previous refinancings thereof constituting Permitted Refinancing Indebtedness); provided, that:

(a) the principal amount (or accreted value, if applicable) of such Permitted Refinancing Indebtedness does not exceed the principal amount (or accreted value, if applicable) of the Indebtedness so Refinanced (plus unpaid accrued interest and premium (including tender premiums) thereon and underwriting discounts, defeasance costs, fees, commissions and expenses),

(b) except with respect to Section 6.01(i), (i) the final maturity date of such Permitted Refinancing Indebtedness is on or after the earlier of (x) the final maturity date of the Indebtedness being Refinanced and (y) the 91st day following the Latest Maturity Date in effect at the time of incurrence thereof and (ii) the Weighted Average Life to Maturity of such Permitted Refinancing Indebtedness is greater than or equal to the lesser of (x) the Weighted Average Life to Maturity of the Indebtedness being Refinanced and (y) 91 days after the Weighted Average Life to Maturity of the Class of Term Loans then outstanding with the greatest remaining Weighted Average Life to Maturity,

(c) if the Indebtedness being Refinanced is by its terms subordinated in right of payment to any Loan Obligations, such Permitted Refinancing Indebtedness shall be subordinated in right of payment to

such Loan Obligations on terms in the aggregate not materially less favorable to the Lenders than those contained in the documentation governing the Indebtedness being Refinanced (as determined by Parent in good faith),

(d) no Permitted Refinancing Indebtedness shall have obligors that are not (or would not have been required to become) obligors with respect to the Indebtedness being so Refinanced (except that (i) one or more Loan Parties may be added as additional guarantors and (ii) to the extent the Indebtedness being so Refinanced was Indebtedness of a Subsidiary which was not a Borrower or a Guarantor, Refinancing Indebtedness incurred in respect thereof may be incurred or guaranteed by any Subsidiary which is not a Borrower or a Guarantor),

(e) if the Indebtedness being Refinanced is Indebtedness of a Loan Party and is secured (and permitted to be secured), such Permitted Refinancing Indebtedness may be secured by Liens on the same (or any subset of the) assets as secured (or would have been required to secure) the Indebtedness being Refinanced, on terms in the aggregate that are no less favorable to the Secured Parties than, the Indebtedness being refinanced or on terms otherwise permitted by Section 6.02 (as determined by Parent in good faith), and

(f) if the Indebtedness being Refinanced was subject to a Permitted First Lien Intercreditor Agreement or a Permitted Junior Intercreditor Agreement, and if the respective Permitted Refinancing Indebtedness is to be secured by the Collateral, the Permitted Refinancing Indebtedness shall likewise be subject to a Permitted First Lien Intercreditor Agreement or a Permitted Junior Intercreditor Agreement, as applicable.

“person” shall mean any natural person, corporation, business trust, joint venture, association, company, partnership, limited liability company or government, individual or family trusts, or any agency or political subdivision thereof.

“Plan” shall mean any employee pension benefit plan (other than a Multiemployer Plan) that is (i) subject to the provisions of Title IV of ERISA or Section 412 of the Code or Section 302 of ERISA, (ii) sponsored or maintained (at the time of determination or at any time within the five years prior thereto) by Parent, any Borrower, any Subsidiary or any ERISA Affiliate, and (iii) in respect of which Parent, any Borrower, any Subsidiary or any ERISA Affiliate is (or, if such plan were terminated, would under Section 4069 of ERISA be deemed to be) an “employer” as defined in Section 3(5) of ERISA.

“Platform” shall have the meaning assigned to such term in Section 9.17.

“Pledged Collateral” shall have the meaning assigned to such term in the U.S. Collateral Agreement.

“Predecessor JCI Credit Agreement” shall mean that certain Credit Agreement, dated as of August 6, 2013, among JCI, as borrower and JPMorgan Chase Bank, N.A., as administrative agent and the other parties thereto.

“Predecessor JCI Credit Agreement Affirmative Covenants” shall mean the covenants set forth in Sections 5.01, 5.02, 5.03, 5.04, 5.05 and 5.06 and the second sentence of Section 5.10 of the Predecessor JCI Credit Agreement as in effect on the Signing Date and without giving effect to any amendment or waiver thereof thereafter that has not been consented to by the Required Lenders under this Agreement, assuming for such purposes that:

- a. each reference to “Agreement,” “Default,” “Loans” or “Loan Documents” therein (including any such reference contained in a defined term used in any such section) was a reference to this Agreement or any Default, Loans or Loan Documents under this Agreement, respectively;
- b. each reference to “Administrative Agent” or a “Lender” therein was a reference to the Administrative Agent or a Lender under this Agreement, respectively;

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- c. the reference to “Section 5.07” contained in Section 5.01(c) thereof referred to Section 5.07 of such Agreement as in effect on the Signing Date and without giving effect to any amendment or waiver thereunder thereafter that has not been consented to by the Required Lenders under this Agreement;
- d. the second sentence of Section 5.10 of the Predecessor JCI Credit Agreement applied to the proceeds of the Loans under this Agreement by the Borrowers rather than the use of proceeds of “Loans” under the Predecessor JCI Credit Agreement by the “Borrowers” thereunder; and
- e. the references to “Material Adverse Effect” contained therein were modified by deleting clauses (b) and (c) of such definition and replacing them with the following clause (b): “(b) the ability of JCI or the Initial Borrower to perform any of its material obligations under the Loan Documents or the rights and remedies of the Administrative Agent and the Lenders thereunder”, with each capitalized term being used as defined in this Agreement.

“Predecessor JCI Credit Agreement Events of Default” shall mean the occurrence of any event set forth in clauses (a) through (l) of Section 6.01 of the Predecessor JCI Credit Agreement as in effect on the Signing Date and without giving effect to any amendment or waiver thereof thereafter that has not been consented to by the Required Lenders under this Agreement, assuming for this purpose that:

(i) the reference to “any Loan or any Reimbursement Obligation” in Section 6.01(a) of the Predecessor JCI Credit Agreement was a reference to “any Loan or LC Disbursement” under this Agreement,

(ii) Section 6.01(b) of the Predecessor JCI Credit Agreement referred to the Predecessor JCI Credit Agreement Negative Covenants instead of “Section 5.07 to 5.10, inclusive”

(iii) Section 6.01(c) of the Predecessor JCI Credit Agreement referred to any Loan Document instead of “this Agreement”

(iv) Section 6.01(d) of the Predecessor JCI Credit Agreement referred to the Guarantee provided by JCI under the Guarantee Agreement instead of “the guaranty provided by the Company under Section 10.01 of this Agreement”

(v) Section 6.01(e) of the Predecessor JCI Credit Agreement referred to any representation, warranty, certification or statement made by any Loan

Party in any Loan Document or in any certificate, financial statement or other document delivered pursuant to this Agreement rather than “any representation, warranty, certification or statement made by any Borrower in this Agreement or in any certificate, financial statement or other document delivered pursuant to this Agreement”

(vi) each reference to the term “Material Debt” as used therein applies to the loans under the Predecessor JCI Credit Agreement in an aggregate principal amount exceeding \$200,000,000, but excludes Indebtedness under this Agreement

(vii) each reference to clauses (h) and (i) of Section 6.01 also applied to any such event occurring with respect to the Initial Borrower in addition to “the Company or any Significant Subsidiary”,

(viii) the reference to “Material Adverse Effect” contained in clause (j) of Section 6.01 was modified by replacing clauses (b) and (c) of such definition with the following clause (b): “(b) the ability of JCI or the Initial Borrower to perform any of its material obligations under the Loan Documents or the rights and remedies of the Administrative Agent and the Lenders thereunder”, with each capitalized term being used as defined in this Agreement,

(ix) the reference to “hereunder” contained in clause (a) meant under this Agreement,

(x) the references to “Administrative Agent” and “Lender” contained in clause (c) referred to the Administrative Agent and any Lender, respectively, under this Agreement, and

(xi) clause (l) thereof contained an additional Event of Default in the event that JCI ceased to directly or indirectly own 100% of the Equity Interests of the Initial Borrower prior to the Spinoff Date.

“Predecessor JCI Credit Agreement Negative Covenants” shall mean the covenants set forth in Sections 5.07, 5.08 and 5.09 of the Predecessor JCI Credit Agreement as in effect on the Signing Date and without giving effect to any amendment or waiver thereof thereafter that has not been consented to by the Required Lenders under this Agreement, assuming for such purposes that:

(i) each reference to a “Administrative Agent” in such Section 5.09 was a reference to the Administrative Agent under this Agreement, and

(ii) such Section 5.09 (x) required, that as a condition to any merger of JCI in which JCI was not the surviving corporation, that the surviving corporation assume all of JCI’s obligations under the Guarantee Agreement pursuant to a supplement thereto reasonably satisfactory to the Administrative Agent and (y) prohibited any merger or consolidation of the Initial Borrower prior to the Spinoff Date.

“Predecessor JCI Credit Agreement Reps and Warranties” shall mean the representations and warranties made pursuant to Article 4 of the Predecessor JCI Credit Agreement as in effect on the Signing Date and without giving effect to any amendment or waiver thereof thereafter that has not been consented to by the Required Lenders, assuming for such purposes that:

- a) each reference to “Agreement,” “Notes,” “Loans” or a “Loan Document” therein (including in the defined terms used in such section) was a reference to this Agreement or the Notes, Loans or a Loan Document under this Agreement, respectively,
- b) each reference to “Administrative Agent,” “Arranger,” “Agent” or a “Lender” therein was a reference to the Administrative Agent, an Arranger, an Agent or a Lender under this Agreement, respectively,
- c) each reference in Section 4.02 to “the Company” was a reference to “each of JCI and the Initial Borrower” (as defined under this Agreement), and the reference to “Agreement” was a reference to “this Agreement and the Guarantee Agreement” (as defined under this Agreement),
- d) Section 4.03 was restated to read “Each of this Agreement and the Guarantee Agreement constitute a valid and binding agreement of each of JCI and the Initial Borrower, and the Notes, if and when executed and deliver in accordance with this Agreement, will constitute a valid and binding obligation of the Initial Borrower”, with each term as defined in this Agreement, in each case subject to applicable bankruptcy, insolvency, moratorium, reorganization and other similar laws of general application affecting creditors’ rights and general principles of equity, regardless of whether considered in a proceeding in equity or at law,
- e) the references in Section 4.04(a) of the Predecessor JCI Credit Agreement to the financial statements for the fiscal year ended September 30, 2012 and the 2012 form 10-K were references to the financial statements for the fiscal year ended September 30, 2015 and JCI’s 2015 form 10-K, respectively,
- f) the references in Section 4.04(b) of the Predecessor JCI Credit Agreement to the financial statements for the fiscal quarter ended March 31, 2013 and the form 10-Q for such quarter were references to the financial statements for the fiscal quarter ended March 31, 2016 (and the corresponding interim period) and JCI’s form 10-Q for such fiscal quarter, respectively,
- g) the reference in Section 4.04(c) of the Predecessor JCI Credit Agreement to “September 30, 2012” was to September 30, 2015,

- h) each reference to delivery of a copy of a Form 10-K, 8-K or 10-Q to the Lenders in Section 4.04 was deleted, and the reference to delivery of such filings in Section 4.05 was deleted,
- i) each reference to the “Effective Date” therein was a reference to the Closing Date under this Agreement, and
- j) the representation and warranty contained in Section 4.08 thereof was also made with respect to the Initial Borrower.

“Predecessor JCI Pricing Schedule” shall mean the schedule attached hereto identified as such.

“Pricing Schedule” shall mean the schedule attached hereto identified as such.

“primary obligor” shall have the meaning assigned to such term in the definition of the term “Guarantee.”

“Prime Rate” shall mean the rate of interest *per annum* publicly announced from time to time by JPMorgan Chase Bank, N.A. as its prime rate in effect at its office located at 270 Park Avenue, New York, New York; each change in the Prime Rate shall be effective from and including the date such change is publicly announced as being effective.

“Pro Forma Basis” shall mean, as to any person, for any events as described below that occur subsequent to the commencement of a period for which the financial effect of such events is being calculated, and giving effect to the events for which such calculation is being made, such calculation as will give pro forma effect to such events as if such events occurred on the first day of the most recent Test Period ended on or before the occurrence of such event (the “Reference Period”):

- (i) the Transactions, any Asset Sale, any asset acquisition or Investment (or series of related Investments), in each case, in excess of \$25,000,000, merger, amalgamation, consolidation (or any similar transaction or transactions), any dividend, distribution or other similar payment,
- (ii) any operational changes or restructurings of the business of Parent or any of its Subsidiaries that Parent or any of its Subsidiaries has determined to make and/or made during or subsequent to the Reference Period (including in connection with an Asset Sale or asset acquisition described in clause (i)) and which are expected to have a continuing impact and are factually supportable, which would include cost savings resulting from head count reduction, closure of facilities and other operational changes and other cost savings in connection therewith,
- (iii) the designation of any Subsidiary as an Unrestricted Subsidiary or of any Unrestricted Subsidiary as a Subsidiary, and
- (iv) any incurrence, repayment, repurchase or redemption of Indebtedness (or any issuance, repurchase or redemption of Disqualified Stock or preferred stock), other than fluctuations in revolving borrowings in the ordinary course of business (and not resulting from a transaction as described in clause (i) above).

Pro forma calculations made pursuant to this definition shall be determined in good faith by a Responsible Officer of the Borrower Representative. Any such pro forma calculation may include adjustments appropriate, in the reasonable good faith determination of Parent and set forth in a certificate of a Responsible Officer, to reflect operating expense reductions, other operating improvements, synergies or such operational changes or restructurings described in clause (ii) of the immediately preceding paragraph reasonably expected to result from the applicable pro forma event in the twelve (12) month period following the consummation of such pro forma event; provided that the aggregate amount of adjustments in respect of pro forma operating improvements or synergies that do not comply with Article 11 of Regulation S-X for any four quarter period (the “Non-S-X Adjustment Amount”) shall not, when aggregated with the amount of any increase to Consolidated Net Income pursuant to the addback of cash costs and expenses related to restructurings pursuant to clause (a) thereof for such period, exceed 20% of Adjusted

Consolidated EBITDA for such period prior to giving effect to such increase to Consolidated Net Income and the Non-S-X Adjustment Amount for such period. Parent shall deliver to the Administrative Agent a certificate of a Responsible Officer of Parent setting forth such demonstrable or additional operating expense reductions and other operating improvements or synergies and information and calculations supporting them in reasonable detail.

If any Indebtedness bears a floating rate of interest and is being given pro forma effect, the interest on such Indebtedness shall be calculated as if the rate in effect on the date on which the relevant calculation is being made had been the applicable rate for the entire period (taking into account any hedging obligations applicable to such Indebtedness if such hedging obligation has a remaining term in excess of 12 months). Interest on a Capitalized Lease Obligation shall be deemed to accrue at an interest rate reasonably determined by a Financial Officer of Parent to be the rate of interest implicit in such Capitalized Lease Obligation in accordance with GAAP. For purposes of making the computation referred to above, interest on any Indebtedness under a revolving credit facility computed on a pro forma basis shall be computed based upon the average daily balance of such Indebtedness during the applicable period, except to the extent the outstandings thereunder are reasonably expected to increase as a result of any transactions described in clause (i) of the first paragraph of this definition of “Pro Forma Basis” which occurred during the respective period or thereafter and on or prior to the date of determination. Interest on Indebtedness that may optionally be determined at an interest rate based upon a factor of a prime or similar rate, a eurocurrency interbank offered rate, or other rate, shall be deemed to have been based upon the rate actually chosen, or, if none, then based upon such applicable optional rate as Parent may designate.

In the event that any financial ratio is being calculated for purposes of determining whether Indebtedness or any lien relating thereto may be incurred, Parent may elect, pursuant to a certificate of a Responsible Officer delivered to the Administrative Agent, to treat all or any portion of the commitment relating thereto as being incurred at the time of such commitment (consistently applied for all purposes under this Agreement), in which case Indebtedness in an amount equal to such commitment shall be deemed to be outstanding for all financial calculations until such commitment is terminated, but any subsequent incurrence of Indebtedness under such commitment shall not be deemed, for purposes of this calculation, to be an incurrence at such subsequent time.

“Pro Forma Compliance” shall mean, at any date of determination, that Parent and the Subsidiaries shall be in compliance, on a Pro Forma Basis after giving effect on a Pro Forma Basis to the relevant transactions (including the assumption, the issuance, incurrence and permanent repayment of Indebtedness), with the Financial Covenant recomputed as at the last day of the most recently ended fiscal quarter of Parent for which the financial statements and certificates required pursuant to Section 5.04 have been delivered.

“Pro Rata Extension Offers” shall have the meaning assigned to such term in Section 2.22(a).

“Pro Rata Share” shall have the meaning assigned to such term in Section 9.08(f).

“Proceeding” shall have the meaning assigned to such term in Section 9.05(b).

“Process Agent” shall have the meaning assigned to such term in Section 9.15(d).

“Projections” shall mean the projections of Parent and the Subsidiaries included in the Information Memorandum and any other projections and any forward-looking statements (including statements with respect to booked business) of such entities furnished to the Lenders or the Administrative Agent by or on behalf of Parent or any of the Subsidiaries prior to the Signing Date.

“PSC Register” shall mean the “PSC register” within the meaning of section 790C(1) of the UK Companies Act 2006.

“Public Lender” shall have the meaning assigned to such term in Section 9.17.

“QPP Certificate” shall mean a creditor certificate for the purposes of the QPP Regulations, given in the form set out in Exhibit P which, in the case of a New Lender, shall be delivered together with the relevant Incremental Assumption Agreement or Assignment and Acceptance.

“QPP Lender” shall mean a Lender which has delivered a QPP Certificate to the Borrower, provided that such QPP Certificate is not a Withdrawn Certificate or Cancelled Certificate.

“QPP Regulations” shall mean the Qualifying Private Placements Regulations 2015 (2015 No. 2002).

“Qualified Equity Interests” shall mean any Equity Interest other than Disqualified Stock.

“Qualified Receivables Facility” shall mean a receivables or factoring facility or facilities created under the Permitted Receivables Facility Documents and which is designated as a “Qualified Receivables Facility” (as provided below), providing for the transfer, sale and/or pledge Parent, any Subsidiary and/or one or more other Receivables Sellers of Permitted Receivables Facility Assets (thereby providing financing to Parent, such Subsidiary and/or the Receivables Sellers) to (i) a Receivables Entity (either directly or through another Receivables Seller), which in turn shall transfer, sell and/or pledge interests in the respective Permitted Receivables Facility Assets to third-party lenders or investors pursuant to the Permitted Receivables Facility Documents in return for the cash used by such Receivables Entity to acquire the Permitted Receivables Facility Assets from Parent, such Subsidiary and/or the respective Receivables Sellers or (ii) a bank or other financial institution, which in turn shall finance the acquisition of the Permitted Receivables Facility Assets through a commercial paper conduit or other conduit facility, or directly to a commercial paper conduit or other conduit facility established and maintained by a bank or other financial institution that will finance the acquisition of the Permitted Receivables Facility Assets through the commercial paper conduit or other conduit facility, in each case, either directly or through another Receivables Seller, so long as, in the case of each of clause (i) and clause (ii), no portion of the Indebtedness or any other obligations (contingent or otherwise) under such receivables facility or facilities (x) is guaranteed by Parent or any Subsidiary (excluding guarantees of obligations pursuant to Standard Securitization Undertakings), (y) is recourse to or obligates Parent or any Subsidiary in any way (other than pursuant to Standard Securitization Undertakings) or (z) subjects any property or asset (other than Permitted Receivables Facility Assets, Permitted Receivables Related Assets or the Equity Interests of any Receivables Entity) of Parent or any Subsidiary (other than a Receivables Entity), directly or indirectly, contingently or otherwise, to the satisfaction thereof (other than pursuant to Standard Securitization Undertakings). Any such designation shall be evidenced to the Administrative Agent by filing with the Administrative Agent a certificate signed by a Financial Officer of Parent certifying that, to the best of such officer's knowledge and belief after consultation with counsel, such designation complied with the foregoing conditions.

“Qualifying Lender” shall mean:

- (a) a Lender which is beneficially entitled to interest payable to that Lender in respect of an advance under a Loan Document and is:
 - (i) a Lender;
 - (1) which is a bank (as defined for the purpose of section 879 of the ITA) making an advance under a Loan Document and is within the charge to United Kingdom corporation tax as respects any payments of interest made in respect of that advance or would be within such charge as respects such payments apart from section 18A of the CTA; or
 - (2) in respect of an advance made under a Loan Document by a person that was a bank (as defined for the purpose of section 879 of the ITA) at the time that that advance was made and within the charge to United Kingdom corporation tax as respects any payments of interest made in respect of that advance; or
 - (ii) a Lender which is:
 - (1) a company resident in the United Kingdom for United Kingdom tax purposes;
 - (2) a partnership each member of which is:

- (A) a company so resident in the United Kingdom; or
- (B) a company not so resident in the United Kingdom which carries on a trade in the United Kingdom through a permanent establishment and which brings into account in computing its chargeable profits (within the meaning of section 19 of the CTA) the whole of any share of interest payable in respect of that advance that falls to it by reason of Part 17 of the CTA; or
- (3) a company not so resident in the United Kingdom which carries on a trade in the United Kingdom through a permanent establishment and which brings into account interest payable in respect of that advance in computing the chargeable profits (within the meaning of section 19 of the CTA) of that company; or
- (iii) a Treaty Lender;
- (iv) a QPP Lender; or
- (b) a Lender which is a building society (as defined for the purpose of section 880 of the ITA) making an advance under a Loan Document.

“Rate” shall have the meaning assigned to such term in the definition of the term “Type.”

“Real Property” shall mean, collectively, all right, title and interest (including any leasehold estate) in and to any and all parcels of or interests in real property owned in fee simple or leased by any Loan Party, whether by lease, license or other means, together with, in each case, all easements, hereditaments and appurtenances relating thereto, all improvements and appurtenant fixtures and equipment, incidental to the ownership, lease or operation thereof.

“Receivables Assets” shall mean any right to payment created by or arising from sales of goods, lease of goods or the rendition of services rendered no matter how evidenced whether or not earned by performance (whether constituting accounts, general intangibles, chattel paper or otherwise).

“Receivables Entity” shall mean any direct or indirect wholly owned Subsidiary of Parent which engages in no activities other than in connection with the financing of accounts receivable of the Receivables Sellers and which is designated (as provided below) as a “Receivables Entity” (a) with which neither Parent nor any of its Subsidiaries has any contract, agreement, arrangement or understanding (other than pursuant to the Permitted Receivables Facility Documents (including with respect to fees payable in the ordinary course of business in connection with the servicing of accounts receivable and related assets)) on terms less favorable to Parent or such Subsidiary than those that might be obtained at the time from persons that are not Affiliates of Parent (as determined by Parent in good faith) and (b) to which neither Parent nor any Subsidiary has any obligation to maintain or preserve such entity’s financial condition or cause such entity to achieve certain levels of operating results (other than pursuant to Standard Securitization Undertakings). Any such designation shall be evidenced to the Administrative Agent by filing with the Administrative Agent an officer’s certificate of Parent certifying that, to the best of such officer’s knowledge and belief after consultation with counsel, such designation complied with the foregoing conditions.

“Receivables Seller” shall mean any Loan Party or any Subsidiary of Parent that is a party to the Permitted Receivables Facility Documents (other than any Receivables Entity).

“Recovery Event” shall mean any event that gives rise to the receipt by Parent or any of its Subsidiaries of any insurance proceeds or condemnation awards in respect of any equipment, fixed assets or Real Property (including any improvements thereon).

“Reference Period” shall have the meaning assigned to such term in the definition of the term “Pro Forma Basis.”

“Refinance” shall have the meaning assigned to such term in the definition of the term “Permitted Refinancing Indebtedness,” and “Refinanced” and “Refinancing” shall have meanings correlative thereto.

“Refinancing Amendment” shall have the meaning assigned to such term in Section 2.23(e).

“Refinancing Effective Date” shall have the meaning assigned to such term in Section 2.23(a).

“Refinancing Notes” shall mean any secured or unsecured notes or loans issued by any Loan Party (whether under an indenture, a credit agreement or otherwise) and the Indebtedness represented thereby; provided, that

- a. 100% of the Net Proceeds of such Refinancing Notes are used to permanently reduce Loans and/or replace Commitments substantially simultaneously with the issuance thereof;
- b. the principal amount (or accreted value, if applicable) of such Refinancing Notes does not exceed the principal amount (or accreted value, if applicable) of the aggregate portion of the Loans so reduced and/or Commitments so replaced (plus unpaid accrued interest and premium (including tender premiums) thereon and underwriting discounts, defeasance costs, fees, commissions and expenses);
- c. the final maturity date of such Refinancing Notes is on or after the Term Facility Maturity Date or the Revolving Facility Maturity Date, as applicable, of the Term Loans so reduced or the Revolving Facility Commitments so replaced;
- d. the Weighted Average Life to Maturity of such Refinancing Notes is greater than or equal to the Weighted Average Life to Maturity of the Term Loans so repaid;
- e. the terms of such Refinancing Notes do not provide for any scheduled repayment, mandatory redemption or sinking fund obligations prior to the Term Facility Maturity Date of the Term Loans so reduced or the Revolving Facility Maturity Date of the Revolving Facility Commitments so replaced, as applicable (other than (x) in the case of notes, customary offers to repurchase or mandatory prepayment provisions upon a change of control, asset sale, event of loss or change in applicable Tax law and customary acceleration rights after an event of default and (y) in the case of loans, customary amortization and mandatory and voluntary prepayment provisions which are, when taken as a whole, consistent in all material respects with, or not materially less favorable to Parent and the Subsidiaries than, those applicable to the Initial Term A Loans and/or Revolving Facility Commitments, as the case may be, with such Indebtedness to provide that any such mandatory prepayments as a result of asset sales or events of loss, shall be allocated on a pro rata basis or a less than pro rata basis (but not a greater than pro rata basis) with the Initial Term A Loans);
- f. there shall be no obligor with respect thereto that is not a Loan Party;
- g. if such Refinancing Notes are secured by an asset of any Subsidiary, any Unrestricted Subsidiary or any Affiliate of the foregoing, the security agreements relating to such assets shall not extend to any assets not constituting Collateral and shall be no more favorable to the secured party or parties, taken as a whole (determined by Parent in good faith) than the Security Documents (with such differences as are reasonably satisfactory to the Administrative Agent);
- h. if such Refinancing Notes are secured, such Refinancing Notes shall be secured by all or a portion of the Collateral, but shall not be secured by any assets of Parent or its subsidiaries other than the Collateral;

- i. Refinancing Notes that are secured by Collateral shall be subject to the provisions of a Permitted First Lien Intercreditor Agreement or a Permitted Junior Intercreditor Agreement, as applicable (and in any event shall be subject to a Permitted Junior Intercreditor Agreement if the Indebtedness being Refinanced is secured on a junior lien basis to any of the Obligations) and
- j. all other terms applicable to such Refinancing Notes (other than provisions relating to original issue discount, upfront fees, interest rates and any other pricing terms (which original issue discount, upfront fees, interest rates and other pricing terms shall not be subject to the provisions set forth in this clause (j))) taken as a whole shall (as determined by Parent in good faith) be substantially similar to, or not materially less favorable to Parent and its Subsidiaries than, the terms, taken as a whole, applicable to the Term Loans so reduced or the Revolving Facility Commitments so replaced (except to the extent such covenants and other terms apply solely to any period after the Latest Maturity Date or are otherwise reasonably acceptable to the Administrative Agent).

“Refinancing Term Loans” shall have the meaning assigned to such term in Section 2.23(a).

“Register” shall have the meaning assigned to such term in Section 9.04(b)(iv).

“Regulation T” shall mean Regulation T of the Board as from time to time in effect and all official rulings and interpretations thereunder or thereof.

“Regulation U” shall mean Regulation U of the Board as from time to time in effect and all official rulings and interpretations thereunder or thereof.

“Regulation X” shall mean Regulation X of the Board as from time to time in effect and all official rulings and interpretations thereunder or thereof.

“Related Fund” shall mean, with respect to any Lender that is a fund that invests in bank or commercial loans and similar extensions of credit, any other fund that invests in bank or commercial loans and similar extensions of credit and is advised or managed by (a) such Lender, (b) an Affiliate of such Lender or (c) an entity (or an Affiliate of such entity) that administers, advises or manages such Lender.

“Related Parties” shall mean, with respect to any specified person, such person’s controlled and controlling Affiliates and the respective directors, trustees, officers, employees, agents, advisors and members of such person and such person’s controlled and controlling Affiliates.

“Related Persons” shall have the meaning assigned to such term in Section 9.05(b).

“Release” shall mean any spilling, leaking, seepage, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, dumping, disposing, depositing, emanating or migrating in, into, onto or through the Environment.

“Replacement Revolving Facility” shall have the meaning assigned to such term in Section 2.23(c).

“Replacement Revolving Facility Commitments” shall have the meaning assigned to such term in Section 2.23(c).

“Replacement Revolving Facility Effective Date” shall have the meaning assigned to such term in Section 2.23(c).

“Replacement Revolving Loans” shall have the meaning assigned to such term in Section 2.23(c).

“Reportable Event” shall mean any reportable event as defined in Section 4043(c) of ERISA or the regulations issued thereunder, other than those events as to which the 30-day notice period referred to in Section 4043(c) of ERISA has been waived, with respect to a Plan (other than a Plan maintained by an ERISA Affiliate that is considered an ERISA Affiliate only pursuant to subsection (m) or (o) of Section 414 of the Code).

“Required Lenders” shall mean, at any time, Lenders having Term Loans, Term Facility Commitments and Revolving Facility Commitments (or, if the Revolving Facility Commitments have terminated, Revolving Facility Credit Exposure) that, taken together, represent more than 50% of the sum of (x) all Term Loans and (y) all Revolving Facility Commitments (or, if the Revolving Facility Commitments have terminated, Revolving Facility Credit Exposure) at such time; provided, that the Term Loans, Revolving Facility Commitments and Revolving Facility Credit Exposure of any Defaulting Lender shall be disregarded in determining Required Lenders at any time.

“Required Revolving Facility Lenders” shall mean, at any time, Revolving Facility Lenders having Revolving Facility Commitments (or if the Revolving Facility Commitments have terminated, Revolving Facility Credit Exposure) that, taken together, represent more than 50% of the sum of all Revolving Facility Commitments (or, if the Revolving Facility Commitments have terminated, Revolving Facility Credit Exposure) at such time; provided, that the Revolving Facility Commitments and Revolving Facility Credit Exposure of any Defaulting Lender shall be disregarded in determining Required Revolving Facility Lenders at any time.

“Requirement of Law” shall mean, as to any person, any law, treaty, rule, regulation, statute, order, ordinance, decree, judgment, consent decree, writ, injunction, settlement agreement or governmental requirement enacted, promulgated or imposed or entered into or agreed by any Governmental Authority, in each case applicable to or binding upon such person or any of its property or assets or to which such person or any of its property or assets is subject.

“Responsible Officer” of any person shall mean any manager, executive officer, director or Financial Officer of such person and any other officer or similar official thereof responsible for the administration of the obligations of such person in respect of this Agreement, or any other duly authorized employee or signatory of such person.

“Restricted Lender” shall have the meaning assigned to such term in Section 9.25.

“Restricted Payments” shall have the meaning assigned to such term in Section 6.06. The amount of any Restricted Payment made other than in the form of cash or cash equivalents shall be the Fair Market Value thereof.

“Revaluation Date” means (a) with respect to any Revolving Facility Loan, each of the following: (i) each date of a Revolving Facility Borrowing of a Eurocurrency Loan denominated in an Alternative Currency, (ii) each date of a continuation of a Eurocurrency Loan denominated in an Alternative Currency pursuant to Section 2.07, and (iii) such additional dates as the Administrative Agent shall determine or the Required Lenders shall require; and (b) with respect to any Letter of Credit, each of the following: (i) each date of issuance of a Letter of Credit denominated in an Alternative Currency, (ii) each date of an amendment of any such Letter of Credit having the effect of increasing the amount thereof, (iii) each date of any payment by any Issuing Bank under any Letter of Credit denominated in an Alternative Currency, and (iv) such additional dates as the Administrative Agent or the applicable Issuing Bank shall determine or the Required Lenders shall require.

“Revolving Facility” shall mean the Revolving Facility Commitments of any Class and the extensions of credit made hereunder by the Revolving Facility Lenders of such Class and, for purposes of Section 9.08(b), shall refer to all such Revolving Facility Commitments as a single Class.

“Revolving Facility Borrowing” shall mean a Borrowing comprised of Revolving Facility Loans of the same Class and currency.

“Revolving Facility Commitment” shall mean, with respect to each Revolving Facility Lender, the commitment of such Revolving Facility Lender to make Revolving Facility Loans pursuant to Section 2.01(b),

expressed as an amount representing the maximum aggregate permitted amount of such Revolving Facility Lender's Revolving Facility Credit Exposure hereunder, as such commitment may be (a) reduced from time to time pursuant to Section 2.08, (b) reduced or increased from time to time pursuant to assignments by or to such Lender under Section 9.04, and (c) increased, extended or replaced as provided under Section 2.21, 2.22 or 2.23. The initial amount of each Lender's Revolving Facility Commitment is set forth on Schedule 2.01, or in the Assignment and Acceptance, Incremental Assumption Agreement, Extension Amendment or Refinancing Amendment pursuant to which such Lender shall have assumed its Revolving Facility Commitment, as applicable. The aggregate amount of the Lenders' Revolving Facility Commitments on the Closing Date is \$1,500,000,000. On the Closing Date, there is only one Class of Revolving Facility Commitments. After the Closing Date, additional Classes of Revolving Facility Commitments may be added or created pursuant to Extension Amendments or Refinancing Amendments.

"Revolving Facility Credit Exposure" shall mean, at any time with respect to any Class of Revolving Facility Commitments, the Dollar Equivalent of the sum of (a) the aggregate principal amount of the Revolving Facility Loans of such Class outstanding at such time and (b) the Revolving L/C Exposure applicable to such Class at such time minus, for the purpose of Section 6.12 only, the amount of Letters of Credit that have been Cash Collateralized in an amount equal to the Minimum L/C Collateral Amount at such time. The Revolving Facility Credit Exposure of any Revolving Facility Lender at any time shall be the product of (x) such Revolving Facility Lender's Revolving Facility Percentage of the applicable Class and (y) the aggregate Revolving Facility Credit Exposure of such Class of all Revolving Facility Lenders, collectively, at such time.

"Revolving Facility Lender" shall mean a Lender (including an Incremental Revolving Facility Lender, and a Lender providing Extended Revolving Facility Commitments or Replacement Revolving Facility Commitments) with a Revolving Facility Commitment or with outstanding Revolving Facility Loans.

"Revolving Facility Loan" shall mean a Loan made by a Revolving Facility Lender pursuant to Section 2.01(b). Unless the context otherwise requires, the term "Revolving Facility Loans" shall include the Other Revolving Loans.

"Revolving Facility Maturity Date" shall mean, as the context may require, (a) with respect to the Revolving Facility in effect on the Closing Date, the fifth anniversary of the Closing Date; provided that if the Spinoff Date does not occur prior to 11:59 p.m. (New York City time) on the Revolving Facility Outside Date, the Revolving Facility Maturity Date shall mean the Revolving Facility Outside Date and (b) with respect to any other Classes of Revolving Facility Commitments, the maturity dates specified therefor in the applicable Extension Amendment or Refinancing Amendment.

"Revolving Facility Outside Date" shall mean June 30, 2017.

"Revolving Facility Percentage" shall mean, with respect to any Revolving Facility Lender of any Class, the percentage of the total Revolving Facility Commitments of such Class represented by such Lender's Revolving Facility Commitment of such Class. If the Revolving Facility Commitments of such Class have terminated or expired, the Revolving Facility Percentages of such Class shall be determined based upon the Revolving Facility Commitments of such Class most recently in effect, giving effect to any assignments pursuant to Section 9.04.

"Revolving Facility Termination Event" shall have the meaning assigned to such term in Section 2.05(k).

"Revolving L/C Exposure" of any Class shall mean at any time the Dollar Equivalent of the sum of (a) the aggregate undrawn amount of all Letters of Credit applicable to such Class outstanding at such time and (b) the aggregate principal amount of all L/C Disbursements applicable to such Class that have not yet been reimbursed at such time. The Revolving L/C Exposure of any Class of any Revolving Facility Lender at any time shall mean its applicable Revolving Facility Percentage of the aggregate Revolving L/C Exposure applicable to such Class at such time. For all purposes of this Agreement, if on any date of determination a Letter of Credit has expired by its terms but any amount may still be drawn thereunder by reason of the operation of Rule 3.14 of the International Standard Practices, International Chamber of Commerce No. 590, such Letter of Credit shall be deemed to be "outstanding" in the amount so remaining available to be drawn. Unless otherwise specified herein, the amount of a Letter of Credit at any time shall be deemed to be the stated amount of such Letter of Credit in effect at such time; provided, that with respect to any Letter of Credit that, by its terms or the terms of any document related thereto, provides for

one or more automatic increases in the stated amount thereof, the amount of such Letter of Credit shall be deemed to be the maximum stated amount of such Letter of Credit after giving effect to all such increases, whether or not such maximum stated amount is in effect at such time.

"S&P" shall mean Standard & Poor's Ratings Group, Inc.

"Sanctions" shall mean any international economic sanctions administered or enforced by (a) the U.S. government, including those administered by the U.S. Department of the Treasury's Office of Foreign Assets Control or the U.S. Department of State, or (b) the United Nations Security Council, the European Union or Her Majesty's Treasury (UK).

"SEC" shall mean the Securities and Exchange Commission or any successor thereto.

"Secured Cash Management Agreement" shall mean any Cash Management Agreement that is entered into by and between Parent or any Subsidiary and any Cash Management Bank, including any such Cash Management Agreement that is in effect on the Spinoff Date, provided that (a) any Cash Management Agreement may at any time be designated in writing by the Borrower Representative and the applicable Cash Management Bank to the Administrative Agent not to be included as a Secured Cash Management Agreement and (b) any Cash Management Agreement relating to a non-Wholly Owned Subsidiary may at any time be designated in writing by the Borrower Representative and the applicable Cash Management Bank to the Administrative Agent to be included as a Secured Cash Management Agreement, but with a limit on the portion of the obligations thereof which will be "Obligations" for purposes of the Loan Documents, provided further that bilateral letters of credit (including standby and documentary letters of credit) and bank guarantees (x) shall not constitute Secured Cash Management Agreements unless designated in writing to the Agent by the Borrower Representative and (y) shall not exceed \$50,000,000 in aggregate face value (provided that any Cash Management Agreement consisting of a bilateral letters of credit (including standby and documentary letters of credit) and bank guarantees may be designated in writing to the Agent by the Borrower Representative to be included as a Secured Cash Management Agreement with a limit on the portion of the obligation thereunder which will be "Obligations", in which case only such portion shall count against such \$50,000,000 limit).

“Secured Hedge Agreement” shall mean any Hedging Agreement that is entered into by and between Parent or any Subsidiary and any Hedge Bank, including any such Hedging Agreement that is in effect on the Spinoff Date, provided that (a) any Hedging Agreement may at any time be designated in writing by the Borrower Representative and the applicable Hedge Bank to the Administrative Agent not to be included as a Secured Hedge Agreement and (b) any Hedging Agreement relating to a non-Wholly Owned Subsidiary may at any time be designated in writing by the Borrower Representative and the applicable Hedge Bank to the Administrative Agent to be included as a Secured Hedge Agreement, but with a specified limit on the portion of the obligations thereof which will be “Obligations” for purposes of the Loan Documents. Notwithstanding the foregoing, for all purposes of the Loan Documents, any Guarantee of, or grant of any Lien to secure, any obligations in respect of a Secured Hedge Agreement by a Guarantor shall not include any Excluded Swap Obligations with respect to such Guarantors.

“Secured Parties” shall mean, collectively, the Administrative Agent, the Collateral Agent, each Lender, each Issuing Bank, each Hedge Bank that is party to any Secured Hedge Agreement, each Cash Management Bank that is party to any Secured Cash Management Agreement, each Supply Chain Bank that is a party to any Secured Supply Chain Financing and each Subagent appointed pursuant to Section 8.02 by the Administrative Agent with respect to matters relating to the Loan Documents or by the Collateral Agent with respect to matters relating to any Security Document.

“Secured Supply Chain Financing” shall mean any Supply Chain Financing that is entered into by and between Parent or any Subsidiary and any Supply Chain Bank, including any such Supply Chain Financing that is in effect on the Spinoff Date, provided that (a) any Supply Chain Financing may at any time be designated in writing by the Borrower Representative and the applicable Supply Chain Bank to the Administrative Agent not to be included as a Secured Supply Chain Financing and (b) any Supply Chain Financing relating to a non-Wholly Owned Subsidiary may at any time be designated in writing by the Borrower Representative and the applicable Supply Chain Bank to the Administrative Agent to be included as a Secured Supply Chain Financing, but with a specified limit on the portion of the obligations thereof which will be “Obligations” for purposes of the Loan Documents

“Securities Act” shall mean the Securities Act of 1933, as amended.

“Security Documents” shall mean each Specified Foreign Loan Document, each Mortgage, the U.S. Collateral Agreement, each Notice of Grant of Security Interest in Intellectual Property (as defined in the U.S. Collateral Agreement) and each other security agreement, pledge agreement or other instruments or documents executed and delivered pursuant to the foregoing or entered into or delivered after the Spinoff Date to the extent required by this Agreement or any other Loan Document, including pursuant to Section 5.10.

“Senior Notes” shall mean the senior unsecured notes to be issued by Parent, the Initial Borrower or a Subsidiary thereof on or prior to the Spinoff Date and any exchange notes in respect thereof; provided such Senior Notes (1) shall have covenant and default provisions that are not materially more restrictive, when taken as a whole, than those set forth in this Agreement, (2) shall not include any financial maintenance covenant, (3) shall mature no earlier than one year after the Latest Maturity Date, (4) shall include customary provisions concerning redemption and offers to purchase, (5) shall not require any amortization payments, (6) shall be denominated in Euros and/or Dollars and (7) shall be in an aggregate principal amount not to exceed \$2.1 billion (calculated, in the case of Euro-denominated Senior Notes, in accordance with Section 1.08(e), except that, for the avoidance of doubt, the amount thereof shall be calculated solely as of the date on which the Senior Notes are priced and not on the Spinoff Date).

“Signing Date” shall mean the date on which the conditions set forth in Section 4.01 are satisfied (or waived in accordance with Section 9.08).

“Similar Business” shall mean (i) any business the majority of whose revenues are derived from business or activities conducted by Parent and its Subsidiaries on the Spinoff Date, (ii) any business that is a natural outgrowth or reasonable extension, development or expansion of any such business or any business similar, reasonably related, incidental, complementary or ancillary to any of the foregoing or (iii) any business that in Parent’s good faith business judgment constitutes a reasonable diversification of businesses conducted by Parent and its Subsidiaries.

“SIR” means the security interest register maintained under Part 8 of the Security Interests (Jersey) Law 2012.

“SIR Checklist” means a duly completed Jersey Security Interest Register checklist and consent form in the form provided by Appleby, Jersey Counsel to the Administrative Agent, which form shall be reasonable and customary and consistent with this Agreement.

“Special Flood Hazard Area” shall have the meaning assigned to such term in Section 5.02(c).

“Special Notice Currency” shall mean at any time an Alternative Currency, other than the currency of a country that is a member of the Organization for Economic Cooperation and Development at such time located in North America or Europe.

“Specified Foreign Laws” shall mean English law, Irish law and/or Jersey law.

“Specified Foreign Loan Documents” shall mean the English Law Debenture, the Irish Law Debenture, and the Jersey Law All Assets Pledge Agreement.

“Spinoff” shall mean the transfer of all the Equity Interests (other than nominal shares) of Adient Global Holdings Ltd to Parent and all of the Equity Interests of Parent being conveyed to New JCI’s public shareholders.

“Spinoff Business” shall mean all of the assets constituting the automotive seating and interiors business of JCI as described in the Form 10.

“Spinoff Date” shall mean the first date on which the following conditions are satisfied (or waived in accordance with Section 9.08);

- (a) The representations and warranties set forth in Article III shall be true and correct in all material respects as of the Spinoff Date (after giving effect to the Transactions) as though made on and as of such date, except to the extent such representations and warranties expressly relate to an earlier date (in which case such representations and warranties shall be true and correct in all material respects as of such earlier date); provided that any representation and warranty that is qualified as to “materiality,” “Material Adverse Effect” or similar language shall be true and correct (after giving effect to any qualification therein) in all respects on such respective dates;
- (b) No Default or Event of Default shall have occurred or be continuing, or would result from the consummation of the Transactions on the Spinoff Date;
- (c) [reserved];
- (d) The Administrative Agent shall, in the case of Parent, have received a certificate of a director or the Secretary or Assistant Secretary or similar officer of Parent and in the case of the Subsidiary Borrower and the Guarantors a certificate of the Secretary or Assistant Secretary or similar officer of each of the Subsidiary Borrower and the Guarantors, in each case, dated the Spinoff Date and certifying:
 - (i) that attached thereto is a true and complete copy of the certificate or articles of incorporation, certificate of limited partnership, certificate of formation or other equivalent constituent or constitutional and governing documents, including all amendments thereto, of Parent, the Subsidiary Borrower or such Guarantor, as applicable, certified as of a recent date by (a) in the case of the Subsidiary Borrower or such Guarantor, the Secretary of State (or other similar official or Governmental Authority) of the jurisdiction of its organization or incorporation, (b)(1) in the case of Parent, by a director or the Secretary or the Assistant Secretary or similar officer or (2) in the case of the Subsidiary Borrower or such Guarantor, as applicable, by the Secretary or Assistant Secretary or similar officer, or (c) in the case of Parent, the Subsidiary Borrower or such Guarantor, any other person duly authorized by the constituent or constitutional documents of Parent, the Subsidiary Borrower or such Guarantor, as applicable;
 - (ii) that in the case of the Subsidiary Borrower and any Guarantor that is a U.S. Subsidiary, attached thereto is a true and complete copy of a certificate as to the good standing (or similar certification) of the Subsidiary Borrower or such Guarantor, as applicable (to the extent that such concept exists in such jurisdiction), as of a recent date from such Secretary of State (or other similar official or Governmental Authority);
 - (iii) that attached thereto is a true and complete copy of the by-laws (or articles of association, partnership agreement, limited liability company agreement or other equivalent constituent or constitutional and governing documents, if any) of Parent, the Subsidiary Borrower or such Guarantor, as applicable, as in effect on the Spinoff Date and at all times since a date prior to the date of the resolutions described in the following clause (iv);
 - (iv) that attached thereto is a true and complete copy of resolutions or minutes duly adopted by the Board of Directors (or equivalent governing body) of Parent, the Subsidiary Borrower or such Guarantor, as applicable, authorizing the execution, delivery and performance by Parent, the Subsidiary Borrower or such Guarantor, as applicable, of this Agreement, and the execution, delivery and performance of each of the other Loan Documents required hereby with respect to Parent, the Subsidiary Borrower or such Guarantor, as applicable, and that such resolutions or minutes have not been modified, rescinded or amended and are in full force and effect on the Spinoff Date; and

(v) as to the specimen signature of each officer or authorized signatory executing this Agreement or any other Loan Document delivered in connection herewith on behalf of Parent and as to the incumbency and specimen signature of each officer or authorized signatory executing this Agreement or any other Loan Document delivered in connection herewith on behalf of the Subsidiary Borrower or such Guarantor, as applicable;

(e) The Administrative Agent shall have received, on behalf of itself, the Lenders and each Issuing Bank, a written opinion of (i) Wachtell, Lipton, Rosen & Katz, as special New York counsel for Parent, the Initial Borrower, the Subsidiary Borrower and the Guarantors, (ii) A&L Goodbody, as special Irish counsel for Parent, (iii) Michigan local counsel for the Loan Parties (including the Subsidiary Borrower) organized under the laws of Michigan and (iv) Alabama local counsel for the Loan Parties organized under the laws of Alabama (or, in each case, such other counsel as may be reasonably acceptable to the Administrative Agent), in each case (A) dated the Spinoff Date, (B) addressed to each Issuing Bank, the Administrative Agent and the Lenders on the Spinoff Date and (C) in form and substance reasonably satisfactory to the Administrative Agent covering such customary matters relating to the Loan Documents as the Administrative Agent shall reasonably request;

(f) The Lenders shall have received a solvency certificate substantially in the form of Exhibit C and signed by a Financial Officer, relating to Parent and its Subsidiaries on a consolidated basis after giving effect to the Transactions on the Spinoff Date;

(g) To the extent required to be satisfied on the Spinoff Date, the Collateral and Guarantee Requirement shall be satisfied (or waived in accordance with Section 9.08) as of the Spinoff Date;

(h) The Spinoff Business shall have been transferred to Parent and its Subsidiaries;

(i) The SEC shall have declared the Form 10 effective and the Spinoff shall have been or shall be substantially concurrently consummated in accordance with the Form 10 in all material respects;

(j) The Administrative Agent shall have received a certificate of a director or the Secretary or the Assistant Secretary of New JCI, or other officer reasonably acceptable to the Administrative Agent, dated the Spinoff Date and certifying that attached thereto is a true and complete copy of resolutions duly adopted by the Board of Directors of New JCI, authorizing the Spinoff and that such resolutions have not been modified, rescinded or amended and are in full force and effect on the Spinoff Date;

(k) (i) The Administrative Agent shall have received a joinder agreement to this Agreement substantially in the form of Exhibit N (the “Joinder Agreement”) from Subsidiary Borrower and (ii) the Administrative Agent and the Lenders (as requested through the Administrative Agent) shall have received, at least three (3) Business Days prior to the Spinoff Date, all documentation and other information required with respect to the Subsidiary Borrower by regulatory authorities under applicable “know your customer” and anti-money laundering rules and regulations, including without limitation the USA PATRIOT Act to the extent requested in writing at least ten (10) Business Days prior to the Spinoff Date;

(l) Immediately after giving effect to the Spinoff Date, the Borrowers shall be in Pro Forma Compliance with the Financial Covenant as of the last day of the then most recently ended Test Period and the Administrative Agent shall have received a certificate, dated the Spinoff Date and signed by a Financial Officer of Parent, certifying compliance with this clause (l) and setting forth reasonably detailed calculations demonstrating such compliance;

(m) The Administrative Agent shall have received a certificate of a Responsible Officer of Parent certifying compliance with the conditions in clauses (a), (b), (h) and (i) above;

(n) The Administrative Agent shall have received a completed Perfection Certificate, dated on the Spinoff Date and signed by a Responsible Officer of each Loan Party (to the extent that such concept exists in such jurisdiction), together with all attachments contemplated thereby;

(o) The Administrative Agent shall have received, as to each U.S. Loan Party (and with respect to Uniform Commercial Code lien searches, each other pledgor under the U.S. Collateral Agreement), the results of customary lien searches including a search of the Uniform Commercial Code, Tax and judgment searches, United States Patent and Trademark Office and United States Copyright Office searches, and evidence reasonably satisfactory to the Administrative Agent that the Liens indicated by such financing statements (or similar documents) are Permitted Liens or have been, or will be simultaneously or substantially concurrently with the Spinoff Date, released (or arrangements reasonably satisfactory to the Administrative Agent for such release shall have been made);

(p) The Administrative Agent shall have received, as to Parent and Adient Global Holdings Ltd, to the extent that the Jersey Law All Assets Pledge Agreement will be entered into, an online search on the SIR against Parent and Adient Global Holdings Ltd;

(q) The Administrative Agent shall have received, as to the English Loan Parties, (i) online searches in the United Kingdom Intellectual Property Office, European Patent Office and European Union Intellectual Property Office, and (ii) UK Companies House searches and evidence reasonably satisfactory to the Administrative Agent that Liens indicated by such search are Permitted Liens or have been, or will be, simultaneously or substantially concurrently with the Spinoff Date released (or arrangements reasonably satisfactory to the Administrative Agent for such release shall have been made); and

(r) The Administrative Agent shall have received, as to Parent, customary searches (i) at the Companies Registration Office and in the Index of Petitions and Winding Up Notices maintained at the Central Office of the High Court and at the Judgments Office in Dublin and (ii) at the Irish Patents Office.

For purposes of the foregoing definition of “Spinoff Date,” the parties hereto acknowledge and agree that the term “Guarantor” shall exclude JCI and New JCI.

“Spinoff Date Mortgaged Properties” shall have the meaning assigned to such term in the definition of the term “Mortgaged Properties.”

“Spot Rate” for a currency means the rate determined by the Administrative Agent for the purchase of such currency with another currency as published on the applicable Bloomberg screen page at or about 11:00 a.m. (London, England time) on the date two Business Days prior to the date as of which the foreign exchange computation is made. In the event that such rate does not appear on the applicable Bloomberg screen page, the “Spot Rate” with respect to the purchase of such currency with another currency shall be determined by reference to such other publicly available service for displaying exchange rates as may be agreed upon by the Administrative Agent and Parent, or, in the absence of such agreement, such “Spot Rate” shall instead be the rate determined by the Administrative Agent to be the rate quoted by it as the spot rate for the purchase by it of such currency with another currency through its principal foreign exchange trading office in respect of such currency at approximately 11:00 a.m. (local time) on the date two Business Days prior to the date as of which the foreign exchange computation is made; *provided* that if at the time of any such determination, no such spot rate can reasonably be quoted, the Administrative Agent may use any reasonable method as it deems applicable to determine such rate, and such determination shall be conclusive absent manifest error.

“Standard Securitization Undertakings” shall mean representations, warranties, covenants and indemnities entered into by Parent or any Subsidiary thereof in connection with a Qualified Receivables Facility which are reasonably customary (as determined in good faith by the Borrower Representative) in an accounts receivable financing transaction in the commercial paper, term securitization or structured lending market.

“Standby Letters of Credit” shall have the meaning assigned to such term in Section 2.05(a).

“Sterling” and “£” shall mean the lawful currency of the UK.

“Subagent” shall have the meaning assigned to such term in Section 8.02.

“Subsidiary” shall mean, with respect to any person (referred to in this definition as the “parent”), any corporation, limited liability company, partnership, association or other business entity (a) of which securities or other ownership interests representing more than 50% of the equity or more than 50% of the ordinary voting power or more than 50% of the general partnership interests are, at the time any determination is being made, directly or indirectly, owned, Controlled or held, or (b) that is, at the time any determination is made, otherwise Controlled, by the parent or one or more subsidiaries of the parent or by the parent and one or more subsidiaries of the parent. In addition, any joint venture owned by any person which is consolidated with such person pursuant to GAAP shall be a “subsidiary” of such person.

“Subsidiary” shall mean, unless the context otherwise requires, a subsidiary of Parent. Notwithstanding the foregoing (and except for purposes of the definition of “Unrestricted Subsidiary” contained herein) an Unrestricted Subsidiary shall be deemed not to be a Subsidiary of Parent or any of its Subsidiaries for purposes of this Agreement.

“Subsidiary Borrower” shall mean Adient US LLC, a Michigan limited liability company (together with its successor).

“Subsidiary Redesignation” shall have the meaning provided in the definition of “Unrestricted Subsidiary” contained in this Section 1.01.

“Successor Borrower” shall have the meaning assigned to such term in Section 6.05(n).

“Successor JCI Credit Agreement” shall mean that certain Credit Agreement, dated as of March 10, 2016, among JCI, JPMorgan Chase Bank, N.A., as administrative agent and the other parties thereto.

“Successor JCI Credit Agreement Affirmative Covenants” shall mean the covenants set forth in Sections 5.01, 5.02, 5.03, 5.04, 5.05 and 5.06 and the second sentence of Section 5.10 of the Successor JCI Credit Agreement as in effect on the Signing Date and without giving effect to any amendment or waiver thereof thereafter that has not been consented to by the Required Lenders under this Agreement, assuming for such purposes that:

(a) each reference to “Agreement,” “Default,” “Loans” or “Loan Documents” therein (including any such reference contained in a defined term used in any such section) was a reference to this Agreement or any Default, Loans or Loan Documents under this Agreement, respectively;

(b) each reference to “Loan Parties” therein was a reference to JCI, New JCI and the Initial Borrower;

(c) each reference to “Principal Borrower” therein was a reference to JCI;

(c) each reference to “Administrative Agent” or a “Lender” therein was a reference to the Administrative Agent or a Lender under this Agreement, respectively;

(d) the reference to “Section 5.07” contained in Section 5.01(c) thereof referred to Section 5.07 of such Agreement as in effect on the Signing Date and without giving effect to any amendment or waiver thereunder thereafter that has not been consented to by the Required Lenders under this Agreement;

(e) the second sentence of Section 5.10 of the Successor JCI Credit Agreement applied to the proceeds of the Loans under this Agreement by the Borrowers rather than the use of proceeds of “Loans” under the Successor JCI Credit Agreement by the “Borrowers” thereunder; and

(f) the references to “Material Adverse Effect” contained therein were modified by deleting clauses (b) and (c) of such definition and replacing them with the following clause (b): “(b) the ability of New JCI, JCI or the Initial Borrower to perform any of its material obligations under the Loan Documents or the rights and remedies of the Administrative Agent and the Lenders thereunder”, with each capitalized term being used as defined in this Agreement.

“Successor JCI Credit Agreement Effectiveness Date” shall mean the first date on which the following conditions are satisfied (or waived in accordance with Section 9.08):

- (a) The Administrative Agent shall have received a supplement substantially in the form of Exhibit A to the Guarantee Agreement from New JCI.
 - (b) The Administrative Agent shall have received a certificate of a director or the Secretary or Assistant Secretary or similar officer of New JCI dated the Successor JCI Credit Agreement Effectiveness Date and certifying:
 - (i) that attached thereto is a true and complete copy of the certificate of incorporation and constitutional documents of New JCI including all amendments thereto, as in effect on the Successor JCI Credit Agreement Effectiveness Date,
 - (ii) that attached thereto is a true and complete copy of resolutions duly adopted by the Board of Directors of New JCI, authorizing the execution, delivery and performance by New JCI of the Guarantee Agreement, and the execution, delivery and performance of each of the other Loan Documents required thereby with respect to New JCI and that such resolutions have not been modified, rescinded or amended and are in full force and effect on the Successor JCI Credit Agreement Effectiveness Date, and
 - (iii) as to the specimen signature of each officer or authorized signatory executing the supplement to the Guarantee Agreement or any other Loan Document delivered in connection herewith on behalf of New JCI.
 - (c) The Administrative Agent shall have received, on behalf of itself, the Lenders and each Issuing Bank, a written opinion of (i) Wachtell, Lipton, Rosen & Katz, as special New York counsel for New JCI and (ii) A&L Goodbody, as special Irish counsel for New JCI (or such other counsel as may be reasonably acceptable to the Administrative Agent) (A) dated the Successor JCI Credit Agreement Effectiveness Date, (B) addressed to each Issuing Bank, the Administrative Agent and the Lenders on the Successor JCI Credit Agreement Effectiveness Date and (C) in form and substance reasonably satisfactory to the Administrative Agent covering such matters relating to the Loan Documents as the Administrative Agent shall reasonably request.
 - (d) Jagara Merger Sub LLC (“Merger Sub”), an indirect wholly-owned subsidiary of New JCI, shall have substantially concurrently merged with and into JCI, in accordance with the Agreement and Plan of Merger, dated as of January 24, 2016 (as amended from time to time), among JCI, New JCI and Merger Sub, with JCI surviving as an indirect Wholly Owned Subsidiary of New JCI.
- “Successor JCI Credit Agreement Events of Default” shall mean the occurrence of any event set forth in clauses (a) through (l) of Section 6.01 of the Successor JCI Credit Agreement as in effect on the Signing Date and without giving effect to any amendment or waiver thereof thereafter that has not been consented to by the Required Lenders under this Agreement, assuming for this purpose that:
- (i) the reference to “any Loan or any Reimbursement Obligation” in Section 6.01(a) of the Successor JCI Credit Agreement was a reference to “any Loan or LC Disbursement” under this Agreement,
 - (ii) Section 6.01(b) of the Successor JCI Credit Agreement referred to the Successor JCI Credit Agreement Negative Covenants instead of “Section 5.07 to 5.10, inclusive”
 - (iii) Section 6.01(c) of the Successor JCI Credit Agreement referred to any Loan Document instead of “this Agreement”

(iv) Section 6.01(d) of the Successor JCI Credit Agreement referred to the Guarantees provided by New JCI and JCI under the Guarantee Agreement instead of “the guaranty provided by any Guarantor under Section 10.01 of this agreement”

(v) Section 6.01(e) of the Successor JCI Credit Agreement referred to any representation, warranty, certification or statement made by any Loan Party in any Loan Document or in any certificate, financial statement or other document delivered pursuant to this Agreement rather than “any representation, warranty, certification or statement made by any Loan Party in this Agreement or in any certificate, financial statement or other document delivered pursuant to this Agreement”

(vi) each reference to the term “Material Debt” as used therein applies to the loans under the Successor JCI Credit Agreement in an aggregate principal amount exceeding \$200,000,000, but excludes Indebtedness under this Agreement

(vii) each reference to clauses (h) and (i) of Section 6.01 applied to any such event occurring with respect to the New JCI, JCI, the Initial Borrower and any Significant Subsidiary of New JCI instead of to “the Parent, the Principal Borrower, any Parent Guarantor or any Significant Subsidiary of the Parent”,

(viii) the reference to “Material Adverse Effect” contained in clause (j) of Section 6.01 was modified by replacing clauses (b) and (c) of such definition with the following clause (b): “(b) the ability of New JCI, JCI or the Initial Borrower to perform any of its material obligations under the Loan Documents or the rights and remedies of the Administrative Agent and the Lenders thereunder”, with each capitalized term being used as defined in this Agreement,

(ix) the reference to “hereunder” contained in clause (a) meant under this Agreement,

(x) the references to “Administrative Agent” and “Lender” contained in clause (c) referred to the Administrative Agent and any Lender, respectively, under this Agreement,

(xi) clause (l) thereof contained an additional Event of Default in the event that JCI ceased to directly or indirectly own 100% of the Equity Interests of the Initial Borrower prior to the Spinoff Date,

(xii) each reference to “Loan Parties” therein was a reference to JCI, New JCI and the Initial Borrower, and

(xiii) each reference to “Principal Borrower” therein was a reference to JCI.

“Successor JCI Credit Agreement Negative Covenants” shall mean the covenants set forth in Sections 5.07, 5.08 and 5.09 of the Successor JCI Credit Agreement as in effect on the Signing Date and without giving effect to any amendment or waiver thereof thereafter that has not been consented to by the Required Lenders under this Agreement, assuming for such purposes that:

(i) each reference to a “Administrative Agent” or “Lender” in such Section 5.09 was a reference to the Administrative Agent or a Lender under this Agreement,

(ii) each reference to “Loan Parties” therein was a reference to JCI, New JCI and the Initial Borrower,

(iii) each reference to “Principal Borrower” therein was a reference to JCI,

(iv) the reference to “Default” in the last paragraph of such Section 5.08 was a reference to any Default hereunder, and

(v) such Section 5.09 (x) required, that as a condition to any merger of JCI or New JCI in which JCI or New JCI was not the surviving corporation, that the surviving corporation assume all of JCI’s or New

JCI's obligations, as applicable, under the Guarantee Agreement pursuant to a supplement thereto reasonably satisfactory to the Administrative Agent and (y) prohibited any merger or consolidation of the Initial Borrower prior to the Spinoff Date.

"Successor JCI Credit Agreement Reps and Warranties" shall mean the representations and warranties made pursuant to Article 4 of the Successor JCI Credit Agreement as in effect on the Signing Date and without giving effect to any amendment or waiver thereof thereafter that has not been consented to by the Required Lenders, assuming for such purposes that:

- (a) each reference to "Agreement," "Notes," "Loans" or a "Loan Document" therein (including in the defined terms used in such section) was a reference to this Agreement or the Notes, Loans or a Loan Document under this Agreement, respectively,
- (b) each reference to "Administrative Agent", "Arranger", "Agent" or a "Lender" therein was a reference to the Administrative Agent, an Arranger, an Agent or a Lender under this Agreement, respectively,
- (c) Section 4.03 was restated to read "Each of this Agreement and the Guarantee Agreement constitute a valid and binding agreement of each of New JCI, JCI and the Initial Borrower, and the Notes, if and when executed and delivered in accordance with this Agreement, will constitute a valid and binding obligation of the Initial Borrower", with each term as defined in this Agreement, in each case subject to applicable bankruptcy, insolvency, moratorium, reorganization and other similar laws of general application affecting creditors' rights and general principles of equity, regardless of whether considered in a proceeding in equity or at law,
- (d) each reference to delivery of a copy of a Form 10-K, 8-K or 10-Q to the Lenders in Section 4.04 was deleted,
- (e) each reference to the "Closing Date" therein was a reference to the Successor JCI Credit Agreement Effectiveness Date under this Agreement,
- (f) the representation and warranty contained in Section 4.08 thereof was made with respect to New JCI, JCI and the Initial Borrower only,
- (g) each reference to "Loan Parties" therein was a reference to JCI, New JCI and the Initial Borrower, and
- (h) each reference to "Principal Borrower" therein was a reference to JCI.

"Successor JCI Pricing Schedule" shall mean the schedule attached hereto identified as such.

"Supply Chain Bank" shall mean any person that, at the time it enters into a Supply Chain Financing (or on the Closing Date), is an Agent, an Arranger, a Lender or an Affiliate of any such person, in each case, in its capacity as a party to such Supply Chain Financing.

"Supply Chain Financing" shall mean any agreement to provide to Parent or any Subsidiary letters of credit, guarantees or other credit support provided in respect of trade payables of Parent or any Subsidiary, in each case issued for the benefit of any bank, financial institution or other person that has acquired such trade payables pursuant to "supply chain" or other similar financing for vendors and suppliers, including tooling vendors, of Parent or any Subsidiaries, so long as (i) other than in the case of Secured Supply Chain Obligations, such Indebtedness is unsecured, (ii) the terms of such trade payables shall not have been extended in connection with the Supply Chain Financing and (iii) such Indebtedness represents amounts not in excess of those which Parent or any of its Subsidiaries would otherwise have been obligated to pay to its vendor or supplier in respect of the applicable trade payables.

“Swap Obligation” shall mean, with respect to any Guarantor, any obligation to pay or perform under any agreement, contract or transaction that constitutes a “swap” within the meaning of Section 1a(47) of the Commodity Exchange Act.

“Tax Confirmation” shall mean a confirmation by a Lender that the person beneficially entitled to interest payable to that Lender in respect of an advance under a Loan Document is either:

- (a) a company resident in the United Kingdom for United Kingdom tax purposes;
- (b) a partnership each member of which is:
 - (i) a company so resident in the United Kingdom; or
 - (ii) a company not so resident in the United Kingdom which carries on a trade in the United Kingdom through a permanent establishment and which brings into account in computing its chargeable profits (within the meaning of section 19 of the CTA) the whole of any share of interest payable in respect of that advance that falls to it by reason of Part 17 of the CTA; or
- (c) a company not so resident in the United Kingdom which carries on a trade in the United Kingdom through a permanent establishment and which brings into account interest payable in respect of that advance in computing the chargeable profits (within the meaning of section 19 of the CTA) of that company.

“Tax Deduction” shall mean a deduction or withholding for or on account of Tax from a payment under a Loan Document, other than a FATCA Deduction.

“Taxes” shall mean any and all present or future taxes, duties, levies, imposts, assessments, deductions, withholdings, value added taxes, or any other goods and services, use or sales taxes, or other similar charges imposed by any Governmental Authority, whether computed on a separate, consolidated, unitary, combined or other basis and any interest, fines, penalties or additions to tax with respect to the foregoing.

“Term Borrowing” shall mean the Initial Term A Borrowing or any Borrowing of Other Term Loans.

“Term Facility” shall mean the Initial Term A Facility and/or any or all of the Other Term Facilities.

“Term Facility Commitment” shall mean the commitment of a Term Lender to make Term Loans, including Initial Term A Loans and/or Other Term Loans.

“Term Facility Maturity Date” shall mean, as the context may require, (a) with respect to the Initial Term A Facility, the Initial Term A Facility Maturity Date and (b) with respect to any other Class of Term Loans, the maturity dates specified therefor in the applicable Incremental Assumption Agreement, Extension Amendment or Refinancing Amendment.

“Term Lender” shall mean a Lender (including an Incremental Term Loan Lender, an Extended Term Loan Lender and a Refinancing Term Loan Lender) with a Term Facility Commitment or with outstanding Term Loans.

“Term Loan Installment Date” shall mean any Initial Term A Loan Installment Date or any Other Term Loan Installment Date.

“Term Loans” shall mean the Initial Term A Loans and/or the Other Term Loans.

“Termination Date” shall mean the date on which (a) all Commitments shall have been terminated, (b) the principal of and interest on each Loan, all Fees and all other expenses or amounts payable under any Loan Document shall have been paid in full in cash (other than in respect of contingent indemnification and expense reimbursement claims not then due), and (c) all Letters of Credit (other than those that have been Cash Collateralized with the Minimum L/C Collateral Amount in accordance with Section 2.05(k)) have been cancelled or have expired and all amounts drawn or paid thereunder have been reimbursed in full in cash.

“Test Period” shall mean, on any date of determination, the period of four consecutive fiscal quarters of Parent then most recently ended (taken as one accounting period) for which financial statements have been (or were required to be) delivered pursuant to Section 5.04(a) or 5.04(b); provided that prior to the first date financial statements have been delivered pursuant to Section 5.04(a) or 5.04(b), the Test Period in effect shall be the most recently ended full four fiscal quarter period prior to the Spinoff Date for which financial statements would have been required to be delivered hereunder had the Spinoff Date occurred prior to the end of such period.

“Third Party Funds” shall mean any accounts or funds, or any portion thereof, received by Parent or any Subsidiary as agent on behalf of third parties in accordance with a written agreement that imposes a duty upon Parent or one or more of Subsidiaries to collect and remit those funds to such third parties.

“Title Insurer” shall have the meaning assigned to such term in the definition of the term “Collateral and Guarantee Requirement.”

“Total Net Leverage Ratio” shall mean, as of any date of determination, the ratio of (a) Consolidated Total Net Debt as of such date to (b) Adjusted Consolidated EBITDA for the most recently ended Test Period for which financial statements of Parent have been delivered (or were required to be delivered) as required by this Agreement (or for purposes of the Financial Covenant, the Test Period ending on such date), all determined on a consolidated basis in accordance with GAAP; provided that Adjusted Consolidated EBITDA shall be determined for the relevant Test Period on a Pro Forma Basis.

“Trade Letters of Credit” shall have the meaning assigned to such term in Section 2.05(a).

“Transaction Documents” shall mean (x) the Loan Documents and (y) the Transition Services Agreement, Tax Matters Agreement, Employee Matters

Agreement and Trademark License Agreement, each as described in the Form 10.

“Transaction Expenses” shall have the meaning assigned to such term in the definition of “Transactions.”

“Transactions” shall mean, collectively:

(a) the internal restructuring transactions to be undertaken by New JCI, JCI, Parent, the Initial Borrower and their subsidiaries prior to, concurrently with, or following the Spinoff Date, in order to facilitate the Spinoff, so long as not materially inconsistent with the steps memo provided to the Lenders prior to the Signing Date (and, to the extent any such transaction differs from the steps memo, so long as any such transaction does not cause the Spinoff Business to be materially inconsistent with the model provided by JCI to the Administrative Agent), including:

(i) sales or transfers of any assets of Parent, the Initial Borrower or any of their subsidiaries or any Equity Interests in any such subsidiaries,

(ii) any dividends or distributions by Parent, the Initial Borrower or their subsidiaries, or any other transfers thereby to New JCI, JCI or any Affiliate or subsidiary thereof, and including the dividend, distribution or other transfer of the proceeds of the Senior Notes and the Loans under this Agreement made on or prior to the Spinoff Date,

(iii) any other transaction described in the registration statement on Form 10 filed by Parent with the U.S. Securities and Exchange Commission or any exhibit thereto (including the information statement to be sent to shareholders of JCI (or, after the consummation of the Merger, New JCI)) (as amended, supplemented or modified from time to time (x) prior to the Signing Date or (y) in a manner not materially adverse to the Lenders, prior to the Spinoff Date, the “Form 10”), and

- (iv) any related intercompany transactions that Parent or the Initial Borrower deem reasonably necessary or beneficial in connection therewith and that are not adverse to the Lenders in any material respect,
- (b) the filing and distribution of the Form 10, and the distribution of Equity Interests in Parent to the shareholders of New JCI in connection with the consummation of the Spinoff,
- (c) the entry into this Agreement and the incurrence of Obligations hereunder,
- (d) the incurrence of the Senior Notes, and
- (e) the payment of fees and expenses and other costs incurred in connection with the foregoing (the “Transaction Expenses”).

“Treaty Lender” shall mean a Lender which is not a QPP Lender and :

- (a) is treated as a resident of a Treaty State for purposes of the Treaty;
- (b) does not carry on a business in the United Kingdom through a permanent establishment with which that Lender’s participation in the Loan is effectively connected; and
- (c) meets all other conditions in such Treaty State’s Treaty to obtain full exemption from United Kingdom taxation on interest payable to that Lender in respect of an advance under a Loan Document.

“Treaty State” shall mean a jurisdiction having a double taxation agreement (a “Treaty”) with the United Kingdom which makes provision for full exemption from Tax imposed by the United Kingdom on interest.

“Type” shall mean, when used in respect of any Loan or Borrowing, the Rate by reference to which interest on such Loan or on the Loans comprising such Borrowing is determined. For purposes hereof, the term “Rate” shall include the Adjusted LIBO Rate and the ABR.

“UK” shall mean the United Kingdom of Great Britain and Northern Ireland.

“UK Loan Party” shall mean any Loan Party that is resident for Tax purposes in the United Kingdom.

“UK Non-Bank Lender” shall mean where a Lender becomes a Party after the day on which this Agreement is entered into, a Lender which gives a Tax Confirmation in the Incremental Assumption Agreement or Assignment and Acceptance which it executes on becoming a Party.

“Uniform Commercial Code” or “UCC” shall mean the Uniform Commercial Code as the same may from time to time be in effect in the State of New York or the Uniform Commercial Code (or similar code or statute) of another jurisdiction, to the extent it may be required to apply to any item or items of Collateral.

“United States” shall mean the United States of America.

“Unreimbursed Amount” shall have the meaning assigned to such term in Section 2.05(e).

“Unrestricted Cash” shall mean cash or Permitted Investments of Parent or any of its Subsidiaries that would not appear as “restricted” on a consolidated balance sheet of Parent or any of its Subsidiaries.

“Unrestricted Cash Amount” shall mean, on any date, the lesser of \$500,000,000 and the aggregate amount of Unrestricted Cash of Parent and its Subsidiaries on such date.

“Unrestricted Subsidiary” shall mean (1) any Subsidiary of Parent (other than a Borrower), whether now owned or acquired or created after the Spinoff Date, that is designated on or after the Spinoff Date by the Borrower Representative as an Unrestricted Subsidiary hereunder by written notice to the Administrative Agent; provided, that the Borrower Representative shall only be permitted to so designate a new Unrestricted Subsidiary on or after the Spinoff Date so long as (a) no Default or Event of Default has occurred and is continuing or would result therefrom, (b) immediately after giving effect to such designation, Parent shall be in Pro Forma Compliance with the Financial Covenant as of the last day of the then most recently ended Test Period, (c) all Investments in such Unrestricted Subsidiary at the time of designation (as contemplated by the immediately following sentence) are permitted in accordance with the relevant requirements of Section 6.04, (d) such Subsidiary being designated as an “Unrestricted Subsidiary” shall also, concurrently with such designation and thereafter, constitute an “unrestricted subsidiary” under any Material Indebtedness issued or incurred on or after the Spinoff Date and (e) if such designation is on the Spinoff Date, the designation shall not occur until the conditions set forth in the definition of “Spinoff Date” are satisfied (or waived in accordance with Section 9.08); and (2) any subsidiary of an Unrestricted Subsidiary (unless transferred to such Unrestricted Subsidiary or any of its subsidiaries by Parent or one or more of its Subsidiaries after the date of the designation of the parent entity as a “Unrestricted Subsidiary” hereunder, in which case the subsidiary so transferred would be required to be independently designated in accordance with preceding clause (1)). The designation of any Subsidiary as an Unrestricted Subsidiary shall constitute an Investment by Parent (or its Subsidiaries) therein at the date of designation in an amount equal to the Fair Market Value of Parent’s (or its Subsidiaries’) Investments therein, which shall be required to be permitted on such date in accordance with Section 6.04 (and not as an Investment permitted thereby in a Subsidiary). The Borrower Representative may designate any Unrestricted Subsidiary to be a Subsidiary for purposes of this Agreement (each, a “Subsidiary Redesignation”); provided, that (i) no Default or Event of Default has occurred and is continuing or would result therefrom (after giving effect to the provisions of the immediately succeeding sentence), (ii) immediately after giving effect to such redesignation, Parent shall be in Pro Forma Compliance with the Financial Covenant (if applicable) as of the last day of the most recently ended Test Period and (iii) the Borrower Representative shall have delivered to the Administrative Agent an officer’s certificate executed by a Responsible Officer of the Borrower Representative, certifying to the best of such officer’s knowledge, compliance with the requirements of preceding clause (i). The designation of any Unrestricted Subsidiary as a Subsidiary on or after the Spinoff Date shall constitute (i) the incurrence at the time of designation of any Investment, Indebtedness or Liens of such Subsidiary existing at such time and (ii) a return on any Investment by the applicable Loan Party (or its relevant Subsidiaries) in Unrestricted Subsidiaries pursuant to the preceding sentence in an amount equal to the Fair Market Value at the date of such designation of such Loan Party’s (or its relevant Subsidiaries’) Investment in such Subsidiary.

“U.S. Collateral Agreement” shall mean the U.S. Collateral Agreement substantially in the form of Exhibit L dated as of the Spinoff Date, among each U.S. Loan Party, each other Loan Party that owns Equity Interests of a person incorporated or organized under the law of the United States, any state thereof, or the District of Columbia (other than Excluded Securities) (provided that the grant by any such other Loan Party under the U.S. Collateral Agreement shall be solely with respect to such Equity Interests and related rights and assets as expressly set forth in the U.S. Collateral Agreement) and the Collateral Agent, as may be amended, restated, amended and restated, supplemented or otherwise modified from time to time.

“U.S. Loan Party” shall mean a Loan Party that is organized or incorporated under the laws of the United States of America, any state thereof, or the District of Columbia.

“U.S. Person” shall mean any person that is a “United States Person” as defined in Section 7701(a)(30) of the Code.

“U.S. Pledged Collateral” shall have the meaning assigned to such term in the U.S. Collateral Agreement.

“U.S. Subsidiary” shall mean any Subsidiary that is not a Foreign Subsidiary.

“U.S. Tax Loan Party” shall mean:

- (a) a Borrower which is resident for Tax purposes in the United States; or

(b) a Loan Party some or all of whose payments under the Loan Documents are from sources within the United States for U.S. federal income tax purposes.

“U.S. Tax Compliance Certificate” shall have the meaning assigned to such term in Section 2.17(d).

“USA PATRIOT Act” shall mean the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (Title III of Pub. L. No. 107 56 (signed into law October 26, 2001)).

“Weighted Average Life to Maturity” shall mean, when applied to any Indebtedness at any date, the number of years obtained by dividing: (a) the sum of the products obtained by multiplying (i) the amount of each then remaining installment, sinking fund, serial maturity or other required payments of principal, including payment at final maturity, in respect thereof, by (ii) the number of years (calculated to the nearest one-twelfth) that will elapse between such date and the making of such payment; by (b) the then outstanding principal amount of such Indebtedness.

“Wholly Owned Subsidiary” of any person shall mean a subsidiary of such person, all of the Equity Interests of which (other than directors’ qualifying shares or nominee or other similar shares required pursuant to applicable law) are owned by such person or another Wholly Owned Subsidiary of such person. Unless the context otherwise requires, “Wholly Owned Subsidiary” shall mean a Subsidiary of Parent that is a Wholly Owned Subsidiary of Parent.

“Withdrawn Certificate” shall mean a withdrawn certificate for the purposes of the QPP Regulation.

“Withdrawal Liability” shall mean liability to a Multiemployer Plan as a result of a complete or partial withdrawal from such Multiemployer Plan, as such terms are defined in Part I of Subtitle E of Title IV of ERISA.

“Write-Down and Conversion Powers” shall mean, with respect to any EEA Resolution Authority, the write-down and conversion powers of such EEA Resolution Authority from time to time under the Bail-In Legislation for the applicable EEA Member Country, which write-down and conversion powers are described in the EU Bail-In Legislation Schedule.

Section 1.02 Terms Generally; GAAP. The definitions set forth or referred to in Section 1.01 shall apply equally to both the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words “include,” “includes” and “including” shall be deemed to be followed by the phrase “without limitation.” All references herein to Articles, Sections, Exhibits and Schedules shall be deemed references to Articles and Sections of, and Exhibits and Schedules to, this Agreement unless the context shall otherwise require. Except as otherwise expressly provided herein, any reference in this Agreement to any Loan Document shall mean such document as amended, restated, amended and restated, supplemented or otherwise modified from time to time. Except as otherwise expressly provided herein (including, for the avoidance of doubt, the proviso in the definition of “Capitalized Lease Obligations”), all terms of an accounting or financial nature shall be construed in accordance with GAAP, as in effect from time to time; provided, that if at any time, any change in GAAP would affect the computation of any financial ratio or requirement in the Loan Documents and the Borrower Representative notifies the Administrative Agent that the Borrowers request an amendment (or if the Administrative Agent notifies the Borrower Representative that the Required Lenders request an amendment), the Administrative Agent, the Lenders and the Borrowers shall, at no cost to the Borrowers, negotiate in good faith to amend such ratio or requirement to preserve the original intent thereof in light of such change in GAAP (subject to the approval of the Required Lenders), regardless of whether any such notice is given before or after such change in GAAP or in the application thereof, and such financial ratio or requirement shall be interpreted on the basis of GAAP as in effect and applied immediately before such change shall have become effective until such provision is amended in accordance herewith. Notwithstanding any other provision contained herein, all terms of an accounting or financial nature used herein shall be construed, and all computations of amounts and ratios referred to herein shall be made (i) without giving effect to any election under Accounting Standards Codification 825-10-25 (or any other Accounting Standards Codification or Financial Accounting Standard having a similar result or effect) to value any Indebtedness or other liabilities of Parent or any Subsidiary at “fair value,” as defined therein, (ii) without giving effect to any

treatment of Indebtedness in respect of convertible debt instruments under Accounting Standards Codification 470-20 (or any other Accounting Standards Codification or Financial Accounting Standard having a similar result or effect) to value any such Indebtedness in a reduced or bifurcated manner as described therein, and such Indebtedness shall at all times be valued at the full stated principal amount thereof and (iii) for the avoidance of doubt, except as provided in the definition of "Consolidated Net Income," without giving effect to the financial condition, results and performance of the Unrestricted Subsidiaries.

Section 1.03 Effectuation of Transactions. Each of the representations and warranties of the Borrowers contained in this Agreement (and all corresponding definitions) and applicable on the Spinoff Date and thereafter, are made after giving effect to the Transactions, unless the context otherwise requires.

Section 1.04 Timing of Payment or Performance. Except as otherwise expressly provided herein, when the payment of any obligation or the performance of any covenant, duty or obligation is stated to be due or performance required on a day which is not a Business Day, the date of such payment or performance shall extend to the immediately succeeding Business Day.

Section 1.05 Times of Day. Unless otherwise specified herein, all references herein to times of day shall be references to Local Time.

Section 1.06 Classification of Loans and Borrowings. For purposes of this Agreement, Loans may be classified and referred to by Class (e.g., an "Initial Revolving Loan") or by Type (e.g., a "Eurocurrency Loan") or by Class and Type (e.g., a "Eurocurrency Initial Revolving Loan"). Borrowings also may be classified and referred to by Class (e.g., an "Initial Revolving Borrowing") or by Type (e.g., a "Eurocurrency Borrowing") or by Class and Type (e.g., an "Initial Eurocurrency Revolving Borrowing").

Section 1.07 Change of Currency.

(a) Each obligation of the Borrowers to make a payment denominated in the national currency unit of any member state of the European Union that adopts the Euro as its lawful currency after the date hereof shall be redenominated into Euro at the time of such adoption, provided that if and to the extent that such legislation or member state provides that any such obligation may be paid by debtors in either the Euro or such other currency, then the Borrowers shall be permitted to repay such amount either in the Euro or such other currency. If, in relation to the currency of any such member state, the basis of accrual of interest expressed in this Agreement in respect of that currency shall be inconsistent with any convention or practice in the London interbank market for the basis of accrual of interest in respect of the Euro, such expressed basis shall be replaced by such convention or practice with effect from the date on which such member state adopts the Euro as its lawful currency; provided that if any Borrowing in the currency of such member state is outstanding immediately prior to such date, such replacement shall take effect, with respect to such Borrowing, at the end of the then current Interest Period.

(b) Each provision of this Agreement shall be subject to such reasonable changes of construction as the Administrative Agent and the Borrower Representative, acting together, may from time to time reasonably and mutually specify to be appropriate to reflect the adoption of the Euro by any member state of the European Union and any relevant market conventions or practices relating to the Euro.

(c) Each provision of this Agreement also shall be subject to such reasonable changes of construction as the Administrative Agent and the Borrower Representative, acting together, may from time to time reasonably and mutually specify to be appropriate to reflect a change in currency of any other country and any relevant market conventions or practices relating to the change in currency.

Section 1.08 Exchange Rates; Currency Equivalents; Basket Calculations.

(a) The Administrative Agent, shall determine the Spot Rates as of each Revaluation Date to be used for calculating Dollar Equivalent amounts of Credit Events and Revolving Facility Credit Exposure denominated in Alternative Currencies. Such Spot Rates shall become effective as of such Revaluation Date and shall be the Spot Rates employed in converting any amounts between the applicable currencies until the next Revaluation Date to

occur. Except for purposes of financial statements delivered by Loan Parties hereunder or calculating covenants hereunder or except as otherwise provided herein, whenever referring to a borrowing, conversion, continuation or prepayment of a Eurocurrency Loan in an Alternative Currency hereunder, or the issuance, amendment or extension of a Letter of Credit in an Alternative Currency, the applicable amount of such Eurocurrency Loan or such Letter of Credit for purposes of the Loan Documents shall be such Dollar Equivalent amount as so determined by the Administrative Agent in respect of the date of such determination as if such date were the Revaluation Date.

(b) Wherever in this Agreement in connection with a Borrowing, conversion, continuation or prepayment of a Eurocurrency Loan or the issuance, amendment or extension of a Letter of Credit, an amount, such as a required minimum or multiple amount, is expressed in Dollars, but such Borrowing, Eurocurrency Loan or Letter of Credit is denominated in an Alternative Currency, such amount shall be the relevant Alternative Currency Equivalent of such Dollar amount (rounded to the nearest unit of such Alternative Currency, with 0.5 of a unit being rounded upward), as determined by the Administrative Agent on the basis of the Spot Rate (determined in respect of the most recent Revaluation Date).

(c) The Administrative Agent does not warrant, nor accept responsibility, nor shall the Administrative Agent have any liability with respect to the administration, submission or any other matter related to the Adjusted LIBO Rate or with respect to any comparable or successor rate thereto.

(d) Notwithstanding the foregoing, for purposes of determining compliance with any covenant in Article VI, (i) with respect to any amount of cash on deposit, Indebtedness, Investment, Restricted Payment, Lien, Disposition or Attributable Receivables Indebtedness (each, a “Covenant Transaction”) in a currency other than Dollars, no Default or Event of Default shall be deemed to have occurred solely as a result of changes in rates of exchange occurring after the time such Covenant Transaction is incurred or made, and (ii) with respect to any Covenant Transaction incurred or made in reliance on a provision that makes reference to a percentage of Consolidated Total Assets, no Default or Event of Default shall be deemed to have occurred solely as a result of changes in the amount of Consolidated Total Assets occurring after the time such Covenant Transaction is incurred or made in reliance on such provision.

(e) For purposes of determining compliance with any covenant in Article VI (other than the Financial Covenant), with respect to the amount of any Covenant Transaction in a currency other than Dollars, such amount (i) if incurred or made in reliance on a fixed Dollar basket, will be converted into Dollars based on the relevant currency exchange rate in effect on the Spinoff Date, and (ii) if incurred in reliance on a percentage or ratio basket, will be converted into Dollars based on the relevant currency exchange rate in effect on the date such Covenant Transaction is incurred or made and such percentage or ratio basket will be measured at the time such Covenant Transaction is incurred or made.

(f) If at any time on or following the Signing Date all of the Participating Member States that had adopted the Euro as their lawful currency on or prior to the Signing Date cease to have the Euro as their lawful national currency unit, then the Borrower Representative, the Administrative Agent, and the Lenders will negotiate in good faith to amend the Loan Documents to (a) follow any generally accepted conventions and market practice with respect to redenomination of obligations originally denominated in Euro, and (b) otherwise appropriately reflect the change in currency.

Section 1.09 Letter of Credit Amounts. Unless otherwise specified herein, the amount of a Letter of Credit at any time shall be deemed to be the Dollar Equivalent of the stated amount of such Letter of Credit in effect at such time; provided, however, that with respect to any Letter of Credit that, by its terms or the terms of any agreement related thereto, provides for one or more automatic increases in the stated amount thereof, the amount of such Letter of Credit shall be deemed to be the Dollar Equivalent of the maximum stated amount of such Letter of Credit after giving effect to all such increases, whether or not such maximum stated amount is in effect at such time.

Section 1.10 Additional Alternative Currencies.

(a) Parent may from time to time request that Eurocurrency Revolving Loans be made and/or Letters of Credit be issued in a currency other than those specifically listed in the definition of “Alternative Currency;” provided that such requested currency is a lawful currency (other than Dollars) that is readily transferable and

readily convertible into Dollars in the London interbank market. Such request shall be subject to the approval of the Administrative Agent and the Revolving Facility Lenders; and in the case of any such request with respect to the issuance of Letters of Credit, such request shall also be subject to the approval of the applicable Issuing Bank.

(b) Any such request shall be made to the Administrative Agent not later than 11:00 a.m. (New York time), fifteen (15) Business Days prior to the date of the desired Borrowing or issuance of a Letter of Credit (or such other time or date as may be agreed by the Administrative Agent and, in the case of any such request pertaining to Letters of Credit, the applicable Issuing Bank, in its or their sole discretion). In the case of any such request pertaining to Eurocurrency Revolving Loans, the Administrative Agent shall promptly notify each Revolving Facility Lender thereof; and in the case of any such request pertaining to Letters of Credit, the Administrative Agent shall also promptly notify the applicable Issuing Bank thereof. Each Revolving Facility Lender and the applicable Issuing Bank (in the case of a request pertaining to Letters of Credit) shall notify the Administrative Agent, not later than 11:00 a.m. (New York time), five (5) Business Days after receipt of such request whether it consents, in its sole discretion, to the making of Eurocurrency Revolving Loans or the issuance of Letters of Credit, as the case may be, in such requested currency.

(c) Any failure by a Revolving Facility Lender or an Issuing Bank, as the case may be, to respond to such request within the time period specified in the preceding sentence shall be deemed to be a refusal by such Revolving Facility Lender or Issuing Bank, as the case may be, to permit Eurocurrency Revolving Loans to be made or Letters of Credit to be issued in such requested currency. If the Administrative Agent and all the Lenders consent to making Eurocurrency Revolving Loans in such requested currency, the Administrative Agent shall so notify Parent and such currency shall thereupon be deemed for all purposes to be an Alternative Currency hereunder for purposes of any Borrowing of Eurocurrency Revolving Loans; and if the applicable Issuing Banks also consent to the issuance of Letters of Credit in such requested currency, the Administrative Agent shall so notify the applicable Borrower and such currency shall thereupon be deemed for all purposes to be an Alternative Currency hereunder for purposes of any Letter of Credit issuances. If the Administrative Agent shall fail to obtain consent to any request for an additional currency under this Section 1.10, the Administrative Agent shall promptly so notify the applicable Borrower.

Section 1.11 Jersey terms. In this Agreement, where it relates to a person incorporated or formed or having its centre of main interests in Jersey, a reference to:

(a) a winding up, administration or dissolution includes, without limitation, bankruptcy (as that term is interpreted pursuant to Article 8 of the Interpretation (Jersey) Law 1954), a compromise or arrangement of the type referred to in Article 125 of the Companies (Jersey) Law 1991, any procedure or process referred to in Part 21 of the Companies (Jersey) Law 1991, and any other similar proceedings affecting the rights of creditors generally under Jersey law, and shall be construed so as to include any equivalent or analogous proceedings;

(b) a receiver, administrative receiver, administrator or the like includes, without limitation, the Viscount of the Royal Court of Jersey, authorised or any other person performing the same function of each of the foregoing; and

(c) a lien or a security interest includes, without limitation, any hypothèque whether conventional, judicial granted or arising by operation of law and any security interest created pursuant to the Security Interest (Jersey) Law 1983 or Security Interests (Jersey) Law 2012 and any related legislation.

ARTICLE II

The Credits

Section 2.01 Commitments. Subject to the terms and conditions set forth herein:

(a) each Lender agrees, severally and not jointly, to make Initial Term A Loans in Dollars to the Initial Borrower from time to time during the Availability Period in an aggregate principal amount that will not exceed its then outstanding Initial Term A Loan Commitment (as reduced from time to time in

accordance with Section 2.08(a)); provided that (i) there shall be no more than three separate borrowings of Initial Term A Loans, (ii) each Borrowing of Initial Term A Loans shall reduce the Initial Term A Loan Commitments in accordance with Section 2.08(a) and (iii) all Initial Term A Loans (if and when funded) shall have the same terms and shall be treated as a single Class for all purposes, except that interest on each Borrowing of Initial Term A Loans shall commence to accrue from the date of funding thereof,

(b) each Lender agrees, severally and not jointly, to make Revolving Facility Loans of a Class in Dollars and, from and after the Spinoff Date, any Alternative Currency to the applicable Borrower from time to time during the Availability Period in an aggregate Dollar Equivalent amount that will not result in (i) such Lender's Revolving Facility Credit Exposure of such Class exceeding such Lender's Revolving Facility Commitment of such Class, or (ii) the Revolving Facility Credit Exposure of such Class exceeding the total Revolving Facility Commitments of such Class; provided that (x) no more than the Dollar Equivalent of \$750,000,000 of Revolving Facility Credit Exposure shall be permitted to be outstanding prior to the Spinoff Date and (y) no Revolving Facility Loans may be made prior to the termination in full of the Initial Term A Loan Commitments that are in effect on the Closing Date. Within the foregoing limits and subject to the terms and conditions set forth herein, the Borrowers may borrow, prepay and reborrow Revolving Facility Loans,

(c) each Lender having an Incremental Commitment agrees, severally and not jointly, subject to the terms and conditions set forth in the applicable Incremental Assumption Agreement, to make Incremental Loans to the applicable Borrower, in an aggregate principal amount not to exceed its Incremental Commitment, and

(d) amounts of Term Loans borrowed under Section 2.01(a) or Section 2.01(c) that are repaid or prepaid may not be reborrowed.

Section 2.02 Loans and Borrowings.

(a) Each Loan shall be made as part of a Borrowing consisting of Loans under the same Facility and of the same Type made by the Lenders ratably in accordance with their respective Commitments under the applicable Facility; provided, however, that Revolving Facility Loans of any Class shall be made by the Revolving Facility Lenders of such Class ratably in accordance with their respective Revolving Facility Percentages on the date such Loans are made hereunder. The failure of any Lender to make any Loan required to be made by it shall not relieve any other Lender of its obligations hereunder; provided, that the Commitments of the Lenders are several and no Lender shall be responsible for any other Lender's failure to make Loans as required.

(b) Subject to Section 2.14, each Borrowing shall be comprised entirely of ABR Loans or Eurocurrency Loans as the Borrower Representative may request in accordance herewith. Each Lender at its option may make any ABR Loan or Eurocurrency Loan by causing any U.S. or non-U.S. branch or Affiliate of such Lender to make such Loan (and in the case of an Affiliate, the provisions of Sections 2.15, 2.16 and 2.17 shall apply to such Affiliate to the same extent as to such Lender); provided, that any exercise of such option shall not affect the obligation of any Borrower to repay such Loan in accordance with the terms of this Agreement and such Lender shall not be entitled to any amounts payable under Section 2.15 or 2.17 solely in respect of increased costs resulting from such exercise and existing at the time of such exercise.

(c) [Reserved].

(d) At the commencement of each Interest Period for any Eurocurrency Revolving Facility Borrowing, such Borrowing shall be in an aggregate amount that is an integral multiple of the Borrowing Multiple and not less than the Borrowing Minimum. At the time that each ABR Revolving Facility Borrowing is made, such Borrowing shall be in an aggregate amount that is an integral multiple of the Borrowing Multiple and not less than the Borrowing Minimum; provided, that an ABR Revolving Facility Borrowing may be in an aggregate amount that is equal to the entire unused available balance of the Revolving Facility Commitments or that is required to finance the reimbursement of an L/C Disbursement as contemplated by Section 2.05(e). Borrowings of more than one Type and Class may be outstanding at the same time; provided, however, that the Borrower Representative shall not be entitled to request any Borrowing that, if made, would result in more than (i) 10 Eurocurrency Borrowings

outstanding under all Term Facilities at any time or (ii) 10 Eurocurrency Borrowings outstanding under all Revolving Facilities at any time. Borrowings having different Interest Periods, regardless of whether they commence on the same date, shall be considered separate Borrowings.

(e) Notwithstanding any other provision of this Agreement, the Borrower Representative shall not be entitled to request, or to elect to convert or continue, any Borrowing of any Class if the Interest Period requested with respect thereto would end after the Revolving Facility Maturity Date or Term Facility Maturity Date for such Class, as applicable.

Section 2.03 Requests for Borrowings.

(a) To request a Revolving Facility Borrowing and/or a Term Borrowing, the Borrower Representative shall notify the Administrative Agent of such request (a) in the case of a Eurocurrency Borrowing denominated in Dollars, not later than 12:00 noon, Local Time, three (3) Business Days before the date of the proposed Borrowing (b) in the case of a Eurocurrency Borrowing denominated in an Alternative Currency, not later than 11:00 a.m. Local Time, four (4) Business Days before the date of the proposed Borrowing (or five Business Days in the case of a Special Notice Currency) or (c) in the case of an ABR Borrowing, by telephone, not later than 11:00 a.m. Local Time, on the Business Day of the proposed Borrowing; provided, that, any such notice of an ABR Revolving Facility Borrowing to finance the reimbursement of an L/C Disbursement as contemplated by Section 2.05(e) may be given no later than 12:00 noon, Local Time, on the date of the proposed Borrowing. Each such Borrowing Request shall be irrevocable and (in the case of telephonic requests) shall be confirmed promptly by hand delivery or electronic means to the Administrative Agent of a written Borrowing Request signed by the Borrower Representative. Each such telephonic and written Borrowing Request shall specify the following information in compliance with Section 2.02:

- (i) whether such Borrowing is to be a Borrowing of Initial Term A Loans, Other Term Loans or Revolving Facility Loans of a particular Class, as applicable and, in the case of Revolving Facility Loans, the Borrower to which such Loan is to be made;
- (ii) the aggregate amount of the requested Borrowing;
- (iii) the date of such Borrowing, which shall be a Business Day;
- (iv) whether such Borrowing is to be an ABR Borrowing or a Eurocurrency Borrowing;
- (v) in the case of a Eurocurrency Borrowing, (x) the currency of the requested Borrowing and (y) the initial Interest Period to be applicable thereto, which shall be a period contemplated by the definition of the term "Interest Period"; and
- (vi) the location and number of the applicable Borrower's account to which funds are to be disbursed.

If no election as to the Type of Borrowing is specified, then the requested Borrowing shall be an ABR Borrowing; provided, however, that all Borrowings denominated in Alternative Currencies shall be Eurocurrency Borrowings. If no Interest Period is specified with respect to any requested Eurocurrency Borrowing then the Borrower Representative shall be deemed to have selected an Interest Period of one month's duration. If no currency is specified with respect to any requested Eurocurrency Borrowing, then the Borrower Representative shall be deemed to have selected the Borrowing be made in Dollars. Promptly following receipt of a Borrowing Request in accordance with this Section 2.03, the Administrative Agent shall advise each Lender of the details thereof and of the amount of such Lender's Loan to be made as part of the requested Borrowing.

Section 2.04 [Reserved].

(a) General. Subject to the terms and conditions set forth herein, the Borrower Representative may, on and after the Spinoff Date, request the issuance of one or more letters of credit denominated in Dollars or in one or more Alternative Currencies in the form of (x) trade letters of credit in support of trade obligations of Parent and its Subsidiaries incurred in the ordinary course of business (such letters of credit issued for such purposes, "Trade Letters of Credit") and (y) standby letters of credit issued for any other lawful purposes of Parent and its Subsidiaries (such letters of credit issued for such purposes, "Standby Letters of Credit"; each such letter of credit issued hereunder, a "Letter of Credit" and collectively, the "Letters of Credit") for the account of Parent, any Borrower or any other Subsidiary (and, in the case of any Letter of Credit for the account of Parent or such Subsidiary, such Letter of Credit shall be deemed issued for the joint and several account of the Borrower which requests the Letter of Credit and Parent or the applicable Subsidiary) in a form reasonably acceptable to the applicable Issuing Bank, at any time and from time to time during the applicable Availability Period and prior to the date that is five (5) Business Days prior to the applicable Revolving Facility Maturity Date. In the event of any inconsistency between the terms and conditions of this Agreement and the terms and conditions of any form of letter of credit application or other agreement submitted by a Borrower to, or entered into by a Borrower with, an Issuing Bank relating to any Letter of Credit, the terms and conditions of this Agreement shall control. Notwithstanding anything to the contrary provided in this Agreement, each letter of credit listed on Schedule 2.05(a) (as may be updated pursuant to Section 9.08(b) of this Agreement) (each, an "Existing Letter of Credit") shall be deemed issued under this Agreement from and after the Spinoff Date.

(b) Notice of Issuance, Amendment, Renewal, Extension: Certain Conditions. To request the issuance of a Letter of Credit (or the amendment, renewal (other than an automatic extension in accordance with paragraph (c) of this Section) or extension of an outstanding Letter of Credit), the Borrower Representative shall hand deliver or telecopy (or transmit by electronic communication, if arrangements for doing so have been approved by the applicable Issuing Bank) to the applicable Issuing Bank and the Administrative Agent (at least three (3) Business Days in advance of the requested date of issuance, amendment or extension or such shorter period as the Administrative Agent and the applicable Issuing Bank in their sole discretion may agree) a notice in the form of Exhibit D-3 requesting the issuance of a Letter of Credit, or identifying the Letter of Credit to be amended or extended, and specifying the date of issuance, amendment or extension (which shall be a Business Day), the Borrower (or Parent, or Subsidiary thereof) for which such Letter of Credit is to be issued (and, if for Parent or a Subsidiary that is not a Borrower, the Borrower that is responsible under this Agreement for making payments with respect to such Letter of Credit hereunder, the date on which such Letter of Credit is to expire (which shall comply with paragraph (c) of this Section), the amount of such Letter of Credit, the name and address of the beneficiary thereof, whether such Letter of Credit constitutes a Standby Letter of Credit or a Trade Letter of Credit and such other information as shall be necessary to issue, amend or extend such Letter of Credit. If requested by the applicable Issuing Bank, the Borrower Representative also shall submit a letter of credit application on such Issuing Bank's standard form and related documents in connection with any request for a Letter of Credit and in connection with any request for a Letter of Credit to be amended, renewed, modified or extended. A Letter of Credit shall be issued, amended or extended only if (and upon issuance, amendment or extension of each Letter of Credit the Borrower Representative shall be deemed to represent and warrant that), after giving effect to such issuance, amendment or extension, (i) the Revolving Facility Credit Exposure shall not exceed the applicable Revolving Facility Commitments, (ii) with respect to such Issuing Bank, the sum of the aggregate face amount of Letters of Credit issued by such Issuing Bank, when aggregated with the outstanding Revolving Facility Loans funded by such Issuing Bank, shall not exceed its Revolving Facility Commitment, (iii) with respect to such Issuing Bank, the sum of the aggregate face amount of Letters of Credit issued by such Issuing Bank shall not exceed its Letter of Credit Commitment, (iv) the Revolving L/C Exposure shall not exceed the applicable Letter of Credit Sublimit and (v) prior to the Spinoff Date, the Revolving Facility Credit Exposure shall not exceed \$750,000,000. Additionally, Barclays Bank PLC shall be under no obligation to issue any Trade Letter of Credit.

(c) Expiration Date. Each Letter of Credit shall expire at or prior to the close of business on the earlier of (i) the date one year (unless otherwise mutually agreed upon by the Borrower Representative and the applicable Issuing Bank) after the date of the issuance of such Letter of Credit (or, in the case of any extension thereof, one year (unless otherwise mutually agreed upon by the Borrower Representative and the applicable Issuing Bank) after such renewal or extension) and (ii) the date that is three (3) Business Days prior to the applicable Revolving Facility Maturity Date; provided, that any Letter of Credit may provide for automatic renewal or

extension thereof for an additional period of up to 12 months (which, in no event, shall extend beyond the date referred to in clause (ii) of this paragraph (c), except to the extent Cash Collateralized or backstopped pursuant to an arrangement reasonably acceptable to the relevant Issuing Bank) so long as such Letter of Credit (any such Letter of Credit, an "Auto Renewal Letter of Credit") permits the applicable Issuing Bank to prevent any such extension at least once in each twelve-month period (commencing with the date of issuance of such Auto Renewal Letter of Credit) by giving prior notice to the beneficiary thereof within a time period during such twelve-month period to be agreed upon at the time such Auto Renewal Letter of Credit is issued; provided, further, that if the applicable Issuing Bank consents in its sole discretion, the expiration date on any Letter of Credit may extend beyond the date referred to in clause (ii) above but the participations of the Lenders with Revolving Facility Commitments of the applicable Class shall terminate on the applicable Revolving Facility Maturity Date. If any such Letter of Credit is outstanding or is issued under the Revolving Facility Commitments of any Class after the date that is three (3) Business Days prior to the Revolving Facility Maturity Date for such Class the applicable Borrower shall provide Cash Collateral pursuant to documentation reasonably satisfactory to the Collateral Agent and the relevant Issuing Bank in an amount equal to the face amount of each such Letter of Credit on or prior to the date that is three (3) Business Days prior to such Revolving Facility Maturity Date or, if later, such date of issuance. Unless otherwise directed by the applicable Issuing Bank, the applicable Borrower shall not be required to make a specific request to the applicable Issuing Bank for any such renewal. Once an Auto Renewal Letter of Credit has been issued, the Lenders shall be deemed to have authorized (but may not require) the applicable Issuing Bank to permit the renewal of such Letter of Credit at any time to an expiry date not later than such Revolving Facility Maturity Date (except as otherwise provided in the second proviso to this paragraph (c)).

(d) Participations. By the issuance of a Letter of Credit (or an amendment to a Letter of Credit increasing the amount thereof) under the Revolving Facility Commitments of any Class and without any further action on the part of the applicable Issuing Bank or the Revolving Facility Lenders, such Issuing Bank hereby grants to each Revolving Facility Lender under such Class, and each such Revolving Facility Lender hereby acquires from such Issuing Bank, a participation in such Letter of Credit equal to such Revolving Facility Lender's applicable Revolving Facility Percentage of the aggregate amount available to be drawn under such Letter of Credit. In consideration and in furtherance of the foregoing, each Revolving Facility Lender hereby absolutely and unconditionally agrees to pay to the Administrative Agent, for the account of the applicable Issuing Bank, such Revolving Facility Lender's applicable Revolving Facility Percentage of each L/C Disbursement made by such Issuing Bank and not reimbursed by the applicable Borrower on the date due as provided in paragraph (e) of this Section, or of any reimbursement payment required to be refunded to the applicable Borrower for any reason. Each Revolving Facility Lender acknowledges and agrees that its obligation to acquire participations pursuant to this paragraph in respect of Letters of Credit is absolute and unconditional and shall not be affected by any circumstance whatsoever, including any amendment, renewal or extension of any Letter of

Credit or the occurrence and continuance of a Default or Event of Default or reduction or termination of the Commitments, and that each such payment shall be made without any offset, abatement, withholding or reduction whatsoever.

(e) Reimbursement. If the applicable Issuing Bank shall make any L/C Disbursement in respect of a Letter of Credit, the applicable Borrower shall reimburse such L/C Disbursement by paying to the Administrative Agent an amount equal to such L/C Disbursement not later than 4:00 p.m. Local Time on the day that is one Business Day after notice of such L/C Disbursement is received by the applicable Borrower, together with accrued interest thereon from the date of such L/C Disbursement at the rate applicable to ABR Revolving Loans of the applicable Class; provided, that the applicable Borrower may, subject to the conditions to borrowing set forth herein, request in accordance with Section 2.03 that such payment be financed with an ABR Revolving Facility Borrowing of the applicable Class, as applicable, and, to the extent so financed, the applicable Borrower's obligation to make such payment shall be discharged and replaced by the resulting Borrowing (and with interest owing thereon from the date of the respective L/C Disbursement). In the case of a Letter of Credit denominated in an Alternative Currency, the applicable Borrower shall reimburse the applicable Issuing Bank in Dollars, unless the applicable Issuing Bank (at its option) shall have specified in such notice that it will require reimbursement in such Alternative Currency. In the case of any such reimbursement in Dollars of a drawing under a Letter of Credit denominated in an Alternative Currency, the applicable Issuing Bank shall notify the applicable Borrower of the Dollar Equivalent of the amount of the drawing promptly following the determination thereof. If the applicable Borrower fails to reimburse any L/C Disbursement when due, then the Administrative Agent shall promptly notify the applicable Issuing Bank and each other applicable Revolving Facility Lender of the applicable L/C Disbursement, the payment then due from the applicable Borrower in respect thereof (the "Unreimbursed Amount") and, in the case of a Revolving Facility

Lender, such Lender's Revolving Facility Percentage thereof. Promptly following receipt of such notice, each Revolving Facility Lender with a Revolving Facility Commitment of the applicable Class shall pay to the Administrative Agent its Revolving Facility Percentage of the Unreimbursed Amount in the same manner as provided in Section 2.06 with respect to Loans made by such Lender (and Section 2.06 shall apply, mutatis mutandis, to the payment obligations of the Revolving Facility Lenders), and the Administrative Agent shall promptly pay to the applicable Issuing Bank the amounts so received by it from the Revolving Facility Lenders. Promptly following receipt by the Administrative Agent of any payment from the applicable Borrower pursuant to this paragraph, the Administrative Agent shall distribute such payment to the applicable Issuing Bank or, to the extent that Revolving Facility Lenders have made payments pursuant to this paragraph to reimburse such Issuing Bank, then to such Lenders and such Issuing Bank as their interests may appear. Any payment made by a Revolving Facility Lender pursuant to this paragraph to reimburse an Issuing Bank for any L/C Disbursement (other than the funding of an ABR Revolving Loan as contemplated above) shall not constitute a Loan and shall not relieve the applicable Borrower of its obligations to reimburse such L/C Disbursement.

(f) Obligations Absolute. The Borrowers' obligations to reimburse L/C Disbursements as provided in paragraph (e) of this Section shall be absolute, unconditional and irrevocable, and shall be performed strictly in accordance with the terms of this Agreement under any and all circumstances whatsoever and irrespective of (i) any lack of validity or enforceability of any Letter of Credit or this Agreement, or any term or provision therein, (ii) any draft or other document presented under a Letter of Credit proving to be forged, fraudulent or invalid in any respect or any statement therein being untrue or inaccurate in any respect, (iii) payment by the applicable Issuing Bank under a Letter of Credit against presentation of a draft or other document that does not comply with the terms of such Letter of Credit or (iv) any other event or circumstance whatsoever, whether or not similar to any of the foregoing, that might, but for the provisions of this Section, constitute a legal or equitable discharge of, or provide a right of setoff against, the Borrowers' obligations hereunder. Neither the Administrative Agent, the Lenders nor any Issuing Bank, nor any of their Related Parties, shall have any liability or responsibility by reason of or in connection with the issuance or transfer of any Letter of Credit or any payment or failure to make any payment thereunder (irrespective of any of the circumstances referred to in the preceding sentence), or any error, omission, interruption, loss or delay in transmission or delivery of any draft, notice or other communication under or relating to any Letter of Credit (including any document required to make a drawing thereunder), any error in interpretation of technical terms or any consequence arising from causes beyond the control of such Issuing Bank, or any of the circumstances referred to in clauses (i), (ii) or (iii) of the first sentence; provided, that the foregoing shall not be construed to excuse the applicable Issuing Bank from liability to any Borrower to the extent of any direct damages (as opposed to special, indirect, consequential or punitive damages, claims in respect of which are hereby waived by each Borrower to the extent permitted by applicable law) suffered by such Borrower that are determined by final and binding decision of a court of competent jurisdiction to have been caused by such Issuing Bank's failure to exercise care when determining whether drafts and other documents presented under a Letter of Credit comply with the terms thereof. The parties hereto expressly agree that, in the absence of gross negligence or willful misconduct on the part of the applicable Issuing Bank, such Issuing Bank shall be deemed to have exercised care in each such determination. In furtherance of the foregoing and without limiting the generality thereof, the parties agree that, with respect to documents presented that appear on their face to be in substantial compliance with the terms of a Letter of Credit, the applicable Issuing Bank may, in its sole discretion, either accept and make payment upon such documents without responsibility for further investigation, regardless of any notice or information to the contrary, or refuse to accept and make payment upon such documents if such documents are not in strict compliance with the terms of such Letter of Credit.

(g) Disbursement Procedures. The applicable Issuing Bank shall, promptly following its receipt thereof, examine all documents purporting to represent a demand for payment under a Letter of Credit. Such Issuing Bank shall promptly notify the Administrative Agent and the applicable Borrower by telephone (confirmed by electronic means) of any such demand for payment under a Letter of Credit and whether such Issuing Bank has made or will make an L/C Disbursement thereunder; provided, that any failure to give or delay in giving such notice shall not relieve the applicable Borrower of its obligations to reimburse such Issuing Bank and the Revolving Facility Lenders with respect to any such L/C Disbursement.

(h) Interim Interest. If an Issuing Bank shall make any L/C Disbursement, then, unless the applicable Borrower reimburses such L/C Disbursement in full on the date such L/C Disbursement is made, the unpaid Dollar Equivalent amount thereof shall bear interest, for each day from and including the date such L/C Disbursement is

made to but excluding the date that the applicable Borrower reimburses such L/C Disbursement, at the rate per annum then applicable to ABR Revolving Loans of the applicable Class; provided, that, if such L/C Disbursement is not reimbursed by the applicable Borrower when due pursuant to paragraph (e) of this Section, then Section 2.13(c) shall apply. Interest accrued pursuant to this paragraph shall be for the account of the applicable Issuing Bank, except that interest accrued on and after the date of payment by any Revolving Facility Lender pursuant to paragraph (e) of this Section to reimburse such Issuing Bank shall be for the account of such Revolving Facility Lender to the extent of such payment.

(i) **Replacement of an Issuing Bank.** An Issuing Bank may be replaced at any time by written agreement among the Borrower Representative, the Administrative Agent, the replaced Issuing Bank and the successor Issuing Bank. The Administrative Agent shall notify the Revolving Facility Lenders of any such replacement of an Issuing Bank. At the time any such replacement shall become effective, the applicable Borrower(s) shall pay all unpaid fees accrued for the account of the replaced Issuing Bank pursuant to Section 2.12. From and after the effective date of any such replacement, (i) the successor Issuing Bank shall have all the rights and obligations of the replaced Issuing Bank under this Agreement with respect to Letters of Credit to be issued thereafter and (ii) references herein to the term "Issuing Bank" shall be deemed to refer to such successor or to any previous Issuing Bank, or to such successor and all previous Issuing Banks, as the context shall require. After the replacement of an Issuing Bank hereunder, the replaced Issuing Bank shall remain a party hereto and shall continue to have all the rights and obligations of such Issuing Bank under this Agreement with respect to Letters of Credit issued by it prior to such replacement but shall not be required to issue additional Letters of Credit.

(j) **Cash Collateralization Following Certain Events.** If and when any Borrower is required to Cash Collateralize any Revolving L/C Exposure relating to any outstanding Letters of Credit pursuant to any of Section 2.11(d), 2.11(e), 2.24(a)(v) or 7.01, such Borrower shall deposit in an account with or at the direction of the Collateral Agent, in the name of the Collateral Agent and for the benefit of the Revolving Facility Lenders, an amount in cash equal to 102% of the Revolving L/C Exposure as of such date plus any accrued but unpaid interest thereon (or, in the case of Sections 2.11(d), 2.11(e) and 2.24(a)(v), the portion thereof required by such sections). Each deposit of Cash Collateral (x) made pursuant to this paragraph or (y) made by the Administrative Agent pursuant to Section 2.24(a)(ii), in each case, shall be held by the Collateral Agent as collateral for the payment and performance of the obligations of such Borrower under this Agreement. The Collateral Agent shall have exclusive dominion and control, including the exclusive right of withdrawal, over such account and the Borrowers hereby grant the Collateral Agent, for the ratable benefit of the Secured Parties, a security interest in such account. Other than any interest earned on the investment of such deposits, which investments shall be made (unless an Event of Default shall be continuing) at the Borrower Representative's request in Permitted Investments and at the risk and expense of the Borrowers, such deposits shall not bear interest. Interest or profits, if any, on such investments shall accumulate in such account. Moneys in such account shall be applied by the Collateral Agent to reimburse each Issuing Bank for L/C Disbursements for which such Issuing Bank has not been reimbursed and, to the extent not so applied, shall be held for the satisfaction of the reimbursement obligations of the applicable Borrower for the Revolving L/C Exposure at such time or, if the maturity of the Loans has been accelerated (but subject to the consent of the Required Revolving Lenders), be applied to satisfy other Loan Obligations. If any Borrower is required to provide an amount of Cash Collateral hereunder as a result of the occurrence of an Event of Default or the existence of a Defaulting Lender or the occurrence of a limit under Sections 2.11(d) or (e) being exceeded, such amount (to the extent not applied as aforesaid) shall be returned to the applicable Borrower within three (3) Business Days after all Events of Default have been cured or waived or the termination of the Defaulting Lender status or the limits under Sections 2.11(d) and (e) no longer being exceeded, as applicable.

(k) **Cash Collateralization Following Termination of the Revolving Facility.** Notwithstanding anything to the contrary herein, in the event of the prepayment in full of all outstanding Revolving Facility Loans and the termination of all Revolving Facility Commitments (a "Revolving Facility Termination Event") in connection with which the Borrower Representative notifies any one or more Issuing Banks that it intends to maintain one or more Letters of Credit initially issued under this Agreement in effect after the date of such Revolving Facility Termination Event (each, a "Continuing Letter of Credit"), then the security interest of the Collateral Agent in the Collateral under the Security Documents may be terminated in accordance with Section 9.18 if each such Continuing Letter of Credit is Cash Collateralized (in the same currency in which such Continuing Letter of Credit is denominated) in an amount equal to the Minimum L/C Collateral Amount, which shall be deposited with or at the direction of each such Issuing Bank.

(l) Additional Issuing Banks. From time to time, the Borrower Representative may by notice to the Administrative Agent designate any Lender (in addition to the initial Issuing Banks) which agrees (in its sole discretion) to act in such capacity and is reasonably satisfactory to the Administrative Agent as an Issuing Bank. Each such additional Issuing Bank shall execute a counterpart of this Agreement upon the approval of the Administrative Agent (which approval shall not be unreasonably withheld) and shall thereafter be an Issuing Bank hereunder for all purposes.

(m) Reporting. Unless otherwise requested by the Administrative Agent, each Issuing Bank (other than the Administrative Agent or its Affiliates) shall (i) provide to the Administrative Agent copies of any notice received from the Borrower Representative pursuant to Section 2.05(b) no later than the next Business Day after receipt thereof and (ii) report in writing to the Administrative Agent (A) on or prior to each Business Day on which such Issuing Bank expects to issue, amend or extend any Letter of Credit, the date of such issuance, amendment or extension, and the aggregate face amount of the Letters of Credit to be issued, amended or extended by it and outstanding after giving effect to such issuance, amendment or extension occurred (and whether the amount thereof changed), and the applicable Issuing Bank shall be permitted to issue, amend or extend such Letter of Credit if the Administrative Agent shall not have advised the applicable Issuing Bank that such issuance, amendment or extension would not be in conformity with the requirements of this Agreement, (B) on each Business Day on which such Issuing Bank makes any L/C Disbursement, the date of such L/C Disbursement and the amount of such L/C Disbursement and (C) on any other Business Day, such other information with respect to the outstanding Letters of Credit issued by such Issuing Bank as the Administrative Agent shall reasonably request.

Section 2.06 Funding of Borrowings.

(a) Each Lender shall make each Loan to be made by it hereunder on the proposed date thereof by wire transfer of immediately available funds by (x) in the case of Loans denominated in Dollars, 12:00 noon, Local Time and (y) in the case of Loans denominated in an Alternative Currency, the Applicable Time specified by the Administrative Agent, in each case, to the account of the Administrative Agent most recently designated by it for such purpose by notice to the Lenders. The Administrative Agent will make such Loans available to the applicable Borrower by promptly crediting the amounts so received, in like funds, to an account of such Borrower as specified in the applicable Borrowing Request; provided, that Borrowings made to finance the reimbursement of a L/C Disbursement and reimbursements as provided in Section 2.05(e) shall be remitted by the Administrative Agent to the applicable Issuing Bank.

(b) Unless the Administrative Agent shall have received notice from a Lender prior to the proposed date of any Borrowing that such Lender will not make available to the Administrative Agent such Lender's share of such Borrowing, the Administrative Agent may assume that such Lender has made such share available on such date in accordance with clause (a) of this Section and may, in reliance upon such assumption, make available to such Borrower a corresponding amount. In such event, if a Lender has not in fact made its share of the Borrowing available to the Administrative Agent, then the applicable Lender and such Borrower severally agree to pay to the Administrative Agent forthwith on demand such amount with interest thereon, for each day from and including the date such amount is made available to the applicable Borrower to but excluding the date of payment to the Administrative Agent, at (i) in the case of a payment to be made by such Lender, the greater of (A) the Federal Funds Effective Rate and (B) a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation or (ii) in the case of a payment to be made by the Borrowers, the interest rate then applicable to ABR Loans. If such Lender pays such amount to the Administrative Agent, then such amount shall constitute such Lender's Loan included in such Borrowing. The foregoing shall be without prejudice to any claim such Borrower may have against a Lender that shall have failed to make such payment to the Administrative Agent.

Section 2.07 Interest Elections.

(a) Each Borrowing initially shall be of the Type, and under the applicable Class, specified in the applicable Borrowing Request and, in the case of a Eurocurrency Borrowing, shall have an initial Interest Period as specified in such Borrowing Request. Thereafter, the Borrower Representative may elect to convert such Borrowing to a different Type or to continue such Borrowing and, in the case of a Eurocurrency Borrowing, may elect Interest Periods therefor, all as provided in this Section. The Borrower Representative may elect different options with respect to different portions of the affected Borrowing, in which case each such portion shall be allocated ratably

among the Lenders holding the Loans comprising such Borrowing, and the Loans comprising each such portion shall be considered a separate Borrowing. Notwithstanding any other provision of this Section 2.07, the Borrowers shall not be permitted to change the Class or currency of any Borrowing.

(b) To make an election pursuant to this Section, the Borrower Representative shall notify the Administrative Agent of such election (by telephone or irrevocable written notice), by the time that a Borrowing Request would be required under Section 2.03 if the Borrower Representative were requesting a Borrowing of the Type and Class resulting from such election to be made on the effective date of such election. Each such telephonic Interest Election Request shall be irrevocable and shall be confirmed promptly by hand delivery or electronic means to the Administrative Agent of a written Interest Election Request signed by the Borrower Representative. Notwithstanding any contrary provision herein, this Section 2.07 shall not be construed to permit the Borrower Representative to (i) elect an Interest Period for Eurocurrency Loans that does not comply with Section 2.02(d) or (ii) convert any Borrowing to a Borrowing of a Type not available under the Class of Commitments or Loans pursuant to which such Borrowing was made.

(c) Each telephonic and written Interest Election Request shall specify the following information in compliance with Section 2.02:

(i) the Borrowing to which such Interest Election Request applies and, if different options are being elected with respect to different portions thereof, the portions thereof to be allocated to each resulting Borrowing (in which case the information to be specified pursuant to clauses (iii) and (iv) below shall be specified for each resulting Borrowing);

(ii) the effective date of the election made pursuant to such Interest Election Request, which shall be a Business Day;

(iii) whether the resulting Borrowing is to be an ABR Borrowing or a Eurocurrency Borrowing; and

(iv) if the resulting Borrowing is a Eurocurrency Borrowing, the Interest Period to be applicable thereto after giving effect to such election, which Interest Period shall be a period contemplated by the definition of the term "Interest Period."

If any such Interest Election Request requests a Eurocurrency Borrowing but does not specify an Interest Period, then the applicable Borrower shall be deemed to have selected an Interest Period of one month's duration. If less than all the outstanding principal amount of any Borrowing shall be converted or continued, then each resulting Borrowing shall be in an integral multiple of the Borrowing Multiple and not less than the Borrowing Minimum and satisfy the limitations specified in Section 2.02(d) regarding the maximum number of Borrowings of the relevant Type.

(d) Promptly following receipt of an Interest Election Request, the Administrative Agent shall advise each Lender to which such Interest Election Request relates of the details thereof and of such Lender's portion of each resulting Borrowing.

(e) If the applicable Borrower fails to deliver a timely Interest Election Request with respect to (x) a Eurocurrency Borrowing denominated in Dollars prior to the end of the Interest Period applicable thereto, then, unless such Borrowing is repaid as provided herein, at the end of such Interest Period such Borrowing shall be converted to an ABR Borrowing and (y) a Eurocurrency Borrowing denominated in an Alternative Currency prior to the end of the Interest Period applicable thereto, then, unless such Borrowing is repaid as provided herein, at the end of such Interest Period such Borrowing shall be continued as a Eurocurrency Borrowing with an Interest Period of one month's duration. Notwithstanding any contrary provision hereof, if an Event of Default has occurred and is continuing and the Administrative Agent, at the written request (including a request through electronic means) of the Required Lenders, so notifies such Borrower, then, so long as an Event of Default is continuing (i) no outstanding Borrowing (other than any outstanding Borrowing denominated in an Alternative Currency) may be converted to or

continued as a Eurocurrency Borrowing and (ii) unless repaid, each Eurocurrency Borrowing (other than any Eurocurrency Borrowing denominated in an Alternative Currency) shall be converted to an ABR Borrowing.

Section 2.08 Termination and Reduction of Commitments.

(a) Unless previously terminated, the Revolving Facility Commitments of each Class shall automatically and permanently terminate on the applicable Revolving Facility Maturity Date for such Class, including for the avoidance of doubt, on the Revolving Facility Outside Date to the extent that the Spinoff Date has not occurred on or prior to 11:59 p.m. (New York City time) on the Revolving Facility Outside Date. All outstanding Initial Term A Loan Commitments shall (x) be reduced immediately and without further action upon each Borrowing of Initial Term A Loans on a dollar-for-dollar basis by the amount of such Borrowing and (y) automatically terminate at the earlier of 11:59 p.m. (New York City time) on the Initial Term A Facility Outside Date and the consummation of the Spinoff on the Spinoff Date, whether or not the full amount of available Initial Term A Loan Commitments have been funded.

(b) The Borrower Representative may at any time terminate, or from time to time reduce, the Commitments of any Class; provided, that (i) each reduction of the Commitments of any Class shall be in an amount that is an integral multiple of \$5,000,000 and not less than \$10,000,000 (or, if less, the remaining amount of the Commitments of such Class) and (ii) the Borrower Representative shall not terminate or reduce the Revolving Facility Commitments of any Class if, after giving effect to any concurrent prepayment of the Revolving Facility Loans in accordance with Section 2.11 and any Cash Collateralization of Letters of Credit in accordance with Section 2.05(j) or (k), as applicable, the Revolving Facility Credit Exposure of such Class (excluding any Cash Collateralized Letter of Credit, to the extent so Cash Collateralized) would exceed the total Revolving Facility Commitments of such Class.

(c) The Borrower Representative shall notify the Administrative Agent of any election to terminate or reduce the Commitments of any Class under paragraph (b) of this Section 2.08 at least three (3) Business Days prior to the effective date of such termination or reduction (or such shorter period acceptable to the Administrative Agent), specifying such election and the effective date thereof. Promptly following receipt of any notice, the Administrative Agent shall advise the applicable Lenders of the contents thereof. Each notice delivered by the Borrower Representative pursuant to this Section 2.08 shall be irrevocable; provided, that a notice of termination or reduction of the Commitments of any Class delivered by the Borrower Representative may state that such notice is conditioned upon the effectiveness of other credit facilities, indentures or similar agreements or other transactions, in which case such notice may be revoked by the Borrower Representative (by notice to the Administrative Agent on or prior to the specified effective date) if such condition is not satisfied. Any termination or reduction of the Commitments shall be permanent. Each reduction of the Commitments of any Class shall be made ratably among the Lenders in accordance with their respective Commitments of such Class.

Section 2.09 Repayment of Loans; Evidence of Debt.

(a) Each Borrower hereby unconditionally promises to pay (i) to the Administrative Agent for the account of each Revolving Facility Lender the then unpaid principal amount of each Revolving Facility Loan to such Borrower on the Revolving Facility Maturity Date applicable to such Revolving Facility Loans and (ii) to the Administrative Agent for the account of each Lender the then unpaid principal amount of each Term Loan to such Borrower of such Lender as provided in Section 2.10.

(b) Each Lender shall maintain in accordance with its usual practice an account or accounts evidencing the indebtedness of each Borrower to such Lender resulting from each Loan made by such Lender, including the amounts of principal and interest and applicable currencies payable and paid to such Lender from time to time hereunder.

(c) The Administrative Agent shall maintain accounts in which it shall record (i) the amount of each Loan made hereunder, the Facility, currency, Class and Type thereof, the Interest Period (if any) applicable thereto and the Borrower thereof, (ii) the amount of any principal or interest due and payable or to become due and payable from each Borrower to each Lender hereunder and (iii) any amount received by the Administrative Agent hereunder for the account of the Lenders and each Lender's share thereof.

(d) The entries made in the accounts maintained pursuant to clause (b) or (c) of this Section shall be prima facie evidence of the existence and amounts of the obligations recorded therein; provided, that the failure of any Lender or the Administrative Agent to maintain such accounts or any error therein shall not in any manner affect the obligation of any Borrower to repay the Loans in accordance with the terms of this Agreement.

(e) Any Lender may request that Loans made by it be evidenced by a promissory note (a “Note”). In such event, the applicable Borrower(s) shall prepare, execute and deliver to such Lender a promissory note payable to such Lender (or, if requested by such Lender, to such Lender and its registered assigns) and substantially in the form attached hereto as Exhibit H, or in another form approved by such Lender, the Administrative Agent and the Borrower Representative in their sole discretion. Thereafter, unless otherwise agreed to by the applicable Lender, the Loans evidenced by such promissory note and interest thereon shall at all times (including after assignment pursuant to Section 9.04) be represented by one or more promissory notes in such form.

Section 2.10 Repayment of Term Loans and Revolving Facility Loans.

(a) Subject to the other clauses of this Section 2.10 and to Section 9.08(e),

(i) the Initial Borrower shall repay principal of outstanding Initial Term A Loans on the last day of each March, June, September and December of each year (commencing on the earlier of (i) June 30, 2017 or (ii) if the Spinoff Date has occurred prior to December 31, 2016, the last day of the first full fiscal quarter of Parent after the Spinoff Date) and on the applicable Term Facility Maturity Date or, if any such date is not a Business Day, on the immediately preceding Business Day (each such date being referred to as an “Initial Term A Loan Installment Date”), in an aggregate principal amount of such Initial Term A Loans equal to (i) 0.625% of the aggregate principal amount of such Initial Term A Loans incurred during the Initial Term A Facility Availability Period on each Initial Term A Loan Installment Date during the first year after the Closing Date, (ii) 1.25% of the aggregate principal amount of such Initial Term A Loans incurred during the Initial Term A Facility Availability Period on each Initial Term A Loan Installment Date during the second year after the Closing Date, (iii) 1.25% of the aggregate principal amount of such Initial Term A Loans incurred during the Initial Term A Facility Availability Period on each Initial Term A Loan Installment Date during the third year after the Closing Date, (iv) 2.50% of the aggregate principal amount of such Initial Term A Loans incurred during the Initial Term A Facility Availability Period on each Initial Term A Loan Installment Date thereafter until the Initial Term A Facility Maturity Date and (v) in the case of such payment due on the Initial Term A Facility Maturity Date, an amount equal to the then unpaid principal amount of such Initial Term A Loans outstanding;

(ii) in the event that any Other Term Loans are made, the Borrower thereof shall repay such Other Term Loans on the dates and in the amounts set forth in the related Incremental Assumption Agreement, Extension Amendment or Refinancing Amendment (each such date being referred to as an “Other Term Loan Installment Date”); and

(iii) to the extent not previously paid, all outstanding Term Loans shall be due and payable on the applicable Term Facility Maturity Date.

(b) To the extent not previously paid, all outstanding Revolving Facility Loans shall be due and payable on the applicable Revolving Facility Maturity Date, including for the avoidance of doubt, on the Revolving Facility Outside Date to the extent that the Spinoff Date has not occurred on or prior to 11:59 p.m. (New York City time) on the Revolving Facility Outside Date.

(c) Any mandatory prepayment of Term Loans pursuant to Section 2.11(b) shall be applied so that the aggregate amount of such prepayment is allocated among the Initial Term A Loans and the Other Term Loans, if any, pro rata based on the aggregate principal amount of outstanding Initial Term A Loans and Other Term Loans, if any, to reduce amounts due on the succeeding Term Loan Installment Dates for such Classes; provided, that, subject to the pro rata application to Loans outstanding within any respective Class of Loans, (x) with respect to mandatory prepayments of Term Loans pursuant to Section 2.11(b)(1), any Class of Other Incremental Term Loans may receive less than such pro rata share thereof (so long as the amount by which such pro rata share exceeds the amount actually applied to such Class is applied to repay (on a pro rata basis) the outstanding Initial Term A Loans and any

other Classes of then outstanding Other Incremental Term Loans), in each case to the extent the respective Class receiving less than its pro rata share has consented thereto and (y) the Borrower Representative shall allocate any repayments pursuant to Section 2.11(b)(2) to repay the respective Class or Classes being refinanced, as provided in said Section 2.11(b)(2). Any optional prepayments of the Term Loans pursuant to Section 2.11(a) shall be applied to the remaining installments of the Term Loans under the applicable Class or Classes as the Borrower Representative may in each case direct.

Prior to any prepayment of any Loan under any Facility hereunder, except as set forth in Section 2.10(d), the Borrower Representative shall select the Borrowing or Borrowings under the applicable Facility to be prepaid and shall notify the Administrative Agent by telephone (confirmed by electronic means) of such selection not later than 2:00 p.m., Local Time, (i) in the case of an ABR Borrowing, on the scheduled date of such prepayment and (ii) in the case of a Eurocurrency Borrowing, at least three (3) Business Days before the scheduled date of such prepayment (or, in each case, such shorter period acceptable to the Administrative Agent). Each such notice shall be irrevocable; provided, that a notice of prepayment may state that such notice is conditioned upon the effectiveness of other credit facilities, indentures or similar agreements or other transactions, in which case such notice may be revoked by the Borrower Representative (by notice to the Administrative Agent on or prior to the specified effective date) if such condition is not satisfied. Each repayment of a Borrowing (x) in the case of the Revolving Facility Commitments of any Class, shall be applied to the Revolving Facility Loans included in the repaid Borrowing such that each Revolving Facility Lender receives its ratable share of such repayment (based upon the respective Revolving Facility Credit Exposures of the Revolving Facility Lenders of such Class at the time of such repayment) and (y) in all other cases, shall be applied ratably to the Loans included in the repaid Borrowing. All repayments of Loans shall be accompanied by (1) accrued interest on the amount repaid to the extent required by Section 2.13(d) and (2) break funding payments pursuant to Section 2.16.

(d) The Borrower Representative shall notify the Administrative Agent in writing of any mandatory prepayment of Term Loans required to be made pursuant to Section 2.11(b) at least four (4) Business Days prior to the date of such prepayment. Each such notice shall specify the date of such prepayment and provide a reasonably detailed calculation of the amount of such prepayment. The Administrative Agent will promptly notify each Term Lender of the contents of any such prepayment notice and of such Term Lender's ratable portion of such prepayment (based on such Lender's pro rata share of each relevant Class of the Term Loans). Any Term Lender (a "Declining Term Lender," and any Term Lender which is not a Declining Term Lender, an "Accepting Term Lender") may elect, by delivering written notice to the Administrative Agent and the Borrower Representative no later than 5:00 p.m. one (1) Business Day after the date of such Term Lender's receipt of notice from the Administrative Agent regarding such prepayment, that the full amount of any mandatory prepayment otherwise required to be made with respect to the Term Loans held by such Term Lender pursuant to Section 2.11(b) not be made (the aggregate amount of such prepayments declined by the Declining Term Lenders, the "Declined Prepayment Amount"). If a Term Lender fails to deliver notice setting forth such rejection of a prepayment to the Administrative Agent within the time frame specified above or such notice fails to specify the principal amount of the Term Loans to be rejected, any such failure will be deemed an acceptance of the total amount of such mandatory prepayment of Term Loans. In the event that the Declined Prepayment Amount is greater than \$0, the Administrative Agent will promptly notify each Accepting Term Lender of the amount of such Declined Prepayment Amount and of any such Accepting Term Lender's ratable portion of such Declined Prepayment Amount (based on such Lender's pro rata share of the Term Loans (excluding the pro rata share of Declining Term Lenders)). Any such Accepting Term Lender may elect, by delivering, no later than 5:00 p.m. one (1) Business Day after the date of such Accepting Term Lender's receipt of notice from the Administrative Agent regarding such additional prepayment, a written notice, that such Accepting Term Lender's ratable portion of such Declined Prepayment Amount not be applied to repay such Accepting Term Lender's Term Loans, in which case the portion of such Declined Prepayment Amount which would otherwise have been applied to such Term Loans of the Declining Term Lenders shall instead be retained by the Borrowers. Each Accepting Term Lender's ratable portion of such Declined Prepayment Amount (unless declined by the respective Accepting Term Lender as described in the preceding sentence) shall be applied to the respective Term Loans of such Lenders. For the avoidance of doubt, the Borrowers may, at their option, apply any amounts retained in accordance with the immediately preceding sentence to prepay loans in accordance with Section 2.11(a) below.

Section 2.11 Prepayment of Loans.

(a) Each Borrower shall have the right at any time and from time to time to prepay any Loan to such Borrower in whole or in part, without premium or penalty (but subject to Section 2.16 and subject to prior notice in accordance with the provisions of Section 2.10(c)), in an aggregate principal amount that is an integral multiple of the Borrowing Multiple and not less than the Borrowing Minimum or, if less, the amount outstanding, subject to prior notice in accordance with Section 2.10(d).

(b) Beginning on the Spinoff Date, the Borrowers shall apply (1) all Net Proceeds (other than Net Proceeds of the kind described in the following clause (2)) within five (5) Business Days after receipt thereof to prepay Term Loans in accordance with clauses (c) and (d) of Section 2.10 and (2) all Net Proceeds from any issuance or incurrence of Refinancing Notes, Refinancing Term Loans and Replacement Revolving Facility Commitments (other than solely by means of extending or renewing then existing Refinancing Notes, Refinancing Term Loans and Replacement Revolving Facility Commitments without resulting in any Net Proceeds), no later than three (3) Business Days after the date on which such Refinancing Notes, Refinancing Term Loans and Replacement Revolving Facility Commitments are issued or incurred, to prepay Term Loans and/or Revolving Facility Commitments in accordance with Section 2.10(c), Section 2.23 and the definition of "Refinancing Notes" (as applicable).

(c) Prepayments of any Loans hereunder will be (x) net of any additional Taxes paid, or estimated by the Borrower Representative in good faith to be payable, as a result of the repatriation of such Net Proceeds and (y) limited to the extent that the Borrower Representative determines in good faith that such prepayments would result in material adverse Tax consequences or would be prohibited or restricted by applicable Requirement of Law; provided that, (i) the Borrower Representative shall use commercially reasonable efforts to eliminate such Tax effects in order to make such prepayments and (ii) once the repatriation of any such funds is permitted under the applicable Requirement of Law and no longer results in material adverse Tax consequences, such repatriation will be promptly effected and such repatriated funds will be promptly applied (net of additional Taxes payable or reserved against as a result thereof) to the prepayment of the Term Loans in accordance with this Section 2.11.

(d) In the event that the aggregate amount of Revolving Facility Credit Exposure of any Class exceeds the total Revolving Facility Commitments of such Class, the Borrowers shall prepay Revolving Facility Borrowings of such Class to such Borrower (or, if no such Borrowings are outstanding, provide Cash Collateral in respect of outstanding Letters of Credit pursuant to Section 2.05(j)) in an aggregate amount equal to such excess.

(e) In the event that the aggregate amount of Revolving L/C Exposure of any Class exceeds the total Revolving Facility Commitments of such Class, the Borrowers shall provide Cash Collateral in respect of outstanding Letters of Credit attributable thereto pursuant to Section 2.05(j) in an aggregate amount equal to such excess.

Section 2.12 Fees.

(a) The Initial Borrower agrees to pay to the Administrative Agent for the account of each Lender, on the last Business Day of each fiscal quarter (commencing on the last Business Day of the first full fiscal quarter after the date that is the earlier of (i) 90 days after the Signing Date and (ii) the Spinoff Date) and on the date on which the Initial Term A Loan Commitments and Revolving Facility Commitments, as applicable, of all the Lenders shall be terminated as provided herein, a commitment fee (a "Commitment Fee") in Dollars on the daily amount of the applicable Available Unused Commitment of such Lender during the preceding quarter (or other period commencing with the date that is the earlier of (i) 90 days after the Signing Date and (ii) the Spinoff Date or ending with the date on which the last of the Commitments of such Lender shall be terminated) at a rate equal to the Applicable Commitment Fee. All Commitment Fees shall be computed on the basis of the actual number of days elapsed (including the first day but excluding the last) in a year of 360 days. The Commitment Fee due to each Lender shall commence to accrue on the date that is the earlier of (i) 90 days after the Signing Date and (ii) the Spinoff Date and, in each case, shall cease to accrue on the date on which the last of the Commitments of such Lender shall be terminated as provided herein.

(b) The Initial Borrower agrees to pay from time to time (i) to the Administrative Agent for the account of each Revolving Facility Lender of each Class, on the last Business Day of each fiscal quarter (commencing on the last Business Day of the first full fiscal quarter after the Closing Date) and on the date on which the Revolving Facility Commitments of all the Lenders shall be terminated as provided herein, a fee (an “L/C Participation Fee”) on such Lender’s Revolving Facility Percentage of the daily average Revolving L/C Exposure (excluding the portion thereof attributable to unreimbursed L/C Disbursements) of such Class, during the preceding quarter (or other period commencing with the Closing Date or ending with the Revolving Facility Maturity Date or the date on which the Revolving Facility Commitments of such Class shall be terminated; provided, that any such fees accruing after the date on which such Revolving Facility Commitments terminate shall be payable on demand) at the rate per annum equal to (a) with respect to the Trade Letters of Credit, the Applicable Margin for Eurocurrency Revolving Facility Borrowings of such Class effective for each day in such period multiplied by $\frac{2}{3}$ and (b) with respect to the Standby Letters of Credit, the Applicable Margin for Eurocurrency Revolving Facility Borrowings of such Class effective for each day in such period, and (ii) to each Issuing Bank, for its own account (x) on the last Business Day of each fiscal quarter (commencing on the last Business Day of the first full fiscal quarter after the Closing Date) and on the date on which the Revolving Facility Commitments of all the Lenders shall be terminated, a fronting fee in Dollars in respect of each Letter of Credit issued by such Issuing Bank for the period from and including the date of issuance of such Letter of Credit to and including the termination of such Letter of Credit, computed at a rate equal to 0.125% per annum (or such lesser rate as any such Issuing Bank may agree with the Borrower Representative) of the daily stated amount of such Letter of Credit, plus (y) in connection with the issuance, amendment, cancellation, negotiation, presentment, renewal, extension or transfer of any such Letter of Credit or any L/C Disbursement thereunder, such Issuing Bank’s customary documentary and processing fees and charges (collectively, “Issuing Bank Fees”). All L/C Participation Fees and Issuing Bank Fees that are payable on a per annum basis shall be computed on the basis of the actual number of days elapsed (including the first day but excluding the last) in a year of 360 days.

(c) The Initial Borrower agrees to pay to the Administrative Agent, for the account of the Administrative Agent, the “Administration Fee” as set forth in the Administrative Agent Fee Letter, in the amounts and, at the times specified therein (the “Administrative Agent Fees”).

(d) All Fees shall be paid on the dates due, in Dollars and immediately available funds, to the Administrative Agent for distribution, if and as appropriate, among the Lenders, except that Issuing Bank Fees shall be paid directly to the applicable Issuing Banks. Once paid, none of the Fees shall be refundable under any circumstances.

Section 2.13 Interest.

(a) The Loans comprising each ABR Borrowing shall bear interest at the ABR plus the Applicable Margin.

(b) The Loans comprising each Eurocurrency Borrowing shall bear interest at the Adjusted LIBO Rate for the Interest Period in effect for such Borrowing plus the Applicable Margin.

(c) Notwithstanding the foregoing, if any principal of or interest on any Loan or any Fees or other amount payable by any Borrower hereunder is not paid when due, whether at stated maturity, upon acceleration or otherwise, such overdue amount shall bear interest, after as well as before judgment, at a rate per annum equal to (i) in the case of overdue principal of any Loan, 2% plus the rate otherwise applicable to such Loan as provided in the preceding clauses of this Section 2.13 or (ii) in the case of any other overdue amount, 2% plus the rate applicable to ABR Loans as provided in clause (a) of this Section; provided, that this clause (c) shall not apply to any Event of Default that has been waived by the Lenders pursuant to Section 9.08.

(d) Accrued interest on each Loan shall be payable in arrears (i) on each Interest Payment Date for such Loan, (ii) in the case of Revolving Facility Loans, upon termination of the applicable Revolving Facility Commitments and (iii) in the case of the Term Loans, on the applicable Term Facility Maturity Date; provided, that (A) interest accrued pursuant to clause (c) of this Section 2.13 shall be payable on demand, (B) in the event of any repayment or prepayment of any Loan (other than a prepayment of a Revolving Facility Loan that is an ABR Loan that is not made in conjunction with a permanent commitment reduction), accrued interest on the principal amount

repaid or prepaid shall be payable on the date of such repayment or prepayment and (C) in the event of any conversion of any Eurocurrency Loan prior to the end of the current Interest Period therefor, accrued interest on such Loan shall be payable on the effective date of such conversion.

(e) All interest hereunder shall be computed on the basis of a year of 360 days, except that interest computed by reference to the ABR at times when the ABR is based on the Prime Rate and Eurocurrency Loans denominated in an Alternative Currency where market convention is to use such day count, shall be computed on the basis of a year of 365 days (or 366 days in a leap year), and in each case shall be payable for the actual number of days elapsed (including the first day but excluding the last day). The applicable ABR, Adjusted LIBO Rate, or LIBO Rate shall be determined by the Administrative Agent, and such determination shall be conclusive absent manifest error.

Section 2.14 Alternate Rate of Interest. If prior to the commencement of any Interest Period for a Eurocurrency Borrowing:

(a) the Administrative Agent determines (which determination shall be conclusive absent manifest error) that adequate and reasonable means do not exist for ascertaining the Adjusted LIBO Rate or the LIBO Rate, as applicable, for such Interest Period for the applicable currency; or

(b) the Administrative Agent is advised by the Majority Lenders of any Class that the Adjusted LIBO Rate or the LIBO Rate, as applicable for such Interest Period will not adequately and fairly reflect the cost to such Lenders (or Lender) of making or maintaining their Loans (or its Loan) included in such Borrowing for such Interest Period;

then the Administrative Agent shall give notice thereof to the Borrower Representative and the applicable Lenders by telephone or electronic means as promptly as practicable thereafter and, until the Administrative Agent notifies the Borrower Representative and the applicable Lenders that the circumstances giving rise to such notice no longer exist, (i) any Interest Election Request that requests (or any deemed request for) the conversion of any Borrowing to, or continuation of any Borrowing as, a Eurocurrency Borrowing in the affected currency shall be ineffective and such Borrowing shall be converted to or continued as on the last day of the Interest Period applicable thereto an ABR Borrowing denominated in Dollars, and (ii) if any Borrowing Request requests a Eurocurrency Borrowing in the affected currency, such Borrowing shall be made as an ABR Borrowing denominated in Dollars; provided, that if the circumstances giving rise to such notice affect only one Type of Borrowings, then the other Type of Borrowings shall be permitted.

Section 2.15 Increased Costs.

(a) If any Change in Law shall:

(i) impose, modify or deem applicable any reserve, special deposit, compulsory loan, insurance charge or similar requirement against assets of, deposits with or for the account of, or credit extended by, any Lender or any Issuing Bank;

(ii) subject the Administrative Agent, any Lender or any Issuing Bank to any Taxes with respect to any Loan Document (other than (i) Indemnified Taxes and Other Taxes indemnifiable under Section 2.17 or (ii) Excluded Taxes); or

(iii) impose on any Lender or Issuing Bank or the London or other relevant interbank market any other condition affecting this Agreement or Loans made by such Lender or any Letter of Credit or participation therein;

and the result of any of the foregoing shall be to increase the cost to such Lender of making or maintaining any Loan or of maintaining its obligation to make any such Loan or to increase the cost to such Lender or Issuing Bank of participating in, issuing or maintaining any Letter of Credit or to reduce the amount of any sum received or receivable by such Lender or Issuing Bank hereunder, whether of principal, interest or otherwise, then the applicable

Borrower will pay to the Administrative Agent, such Lender or Issuing Bank, as applicable, such additional amount or amounts as will compensate the Administrative Agent, such Lender or Issuing Bank, as applicable, for such additional costs incurred or reduction suffered.

(b) If any Lender or Issuing Bank determines that any Change in Law regarding capital or liquidity requirements has or would have the effect of reducing the rate of return on such Lender's or Issuing Bank's capital or on the capital of such Lender's or Issuing Bank's holding company, if any, as a consequence of this Agreement or the Loans or Commitments made by, or participations in Letters of Credit held by, such Lender, or the Letters of Credit issued by such Issuing Bank, to a level below that which such Lender or such Issuing Bank or such Lender's or such Issuing Bank's holding company could have achieved but for such Change in Law (taking into consideration such Lender's or such Issuing Bank's policies and the policies of such Lender's or such Issuing Bank's holding company with respect to capital adequacy and liquidity), then from time to time the applicable Borrower will pay to such Lender or such Issuing Bank, as applicable, such additional amount or amounts as will compensate such Lender or such Issuing Bank or such Lender's or such Issuing Bank's holding company for any such reduction suffered.

(c) A certificate of a Lender or an Issuing Bank setting forth the amount or amounts necessary to compensate such Lender or Issuing Bank or its holding company, as applicable, as specified in clause (a) or (b) of this Section shall be delivered to the Borrower Representative and shall be conclusive absent manifest error; provided, that any such certificate claiming amounts described in clause (x) or (y) of the definition of "Change in Law" shall, in addition, state the basis upon which such amount has been calculated and certify that such Lender's or Issuing Bank's demand for payment of such costs hereunder, and such method of allocation is not inconsistent with its treatment of other borrowers, which as a credit matter, are similarly situated to the Borrowers and which are subject to similar provisions. The applicable Borrower shall pay such Lender or Issuing Bank, as applicable, the amount shown as due on any such certificate within 10 days after receipt thereof.

(d) Promptly after any Lender or Issuing Bank has determined that it will make a request for increased compensation pursuant to this Section 2.15, such Lender or Issuing Bank shall notify the Borrower Representative thereof. Failure or delay on the part of any Lender or Issuing Bank to demand compensation pursuant to this Section 2.15 shall not constitute a waiver of such Lender's or Issuing Bank's right to demand such compensation; provided, that the Borrowers shall not be required to compensate a Lender or an Issuing Bank pursuant to this Section 2.15 for any increased costs or reductions incurred more than 180 days prior to the date that such Lender or Issuing Bank, as applicable, notifies the Borrower Representative of the Change in Law giving rise to such increased costs or reductions and of such Lender's or Issuing Bank's intention to claim compensation therefor; provided, further, that, if the Change in Law giving rise to such increased costs or reductions is retroactive, then the 180-day period referred to above shall be extended to include the period of retroactive effect thereof.

Section 2.16 Break Funding Payments. In the event of (a) the payment of any principal of any Eurocurrency Loan other than on the last day of an Interest Period applicable thereto (including as a result of an Event of Default or as a result of any prepayment pursuant to Section 2.10 or 2.11), (b) the conversion of any Eurocurrency Loan other than on the last day of the Interest Period applicable thereto, (c) the failure to borrow, convert, continue or prepay any Eurocurrency Loan on the date specified in any notice delivered pursuant hereto (unless such notice may be revoked under Section 2.10(c) and is revoked in accordance therewith) or (d) the assignment of any Eurocurrency Loan other than on the last day of the Interest Period applicable thereto as a result of a request by a Borrower pursuant to Section 2.19, then, in any such event, the applicable Borrower shall compensate each Lender for the loss, cost and expense attributable to such event. Such loss, cost or expense to any Lender shall be deemed to include an amount determined by such Lender (it being understood that the deemed amount shall not exceed the actual amount) to be the excess, if any, of (i) the amount of interest that would have accrued on the principal amount of such Loan had such event not occurred, at the LIBO Rate that would have been applicable to such Loan, for the period from the date of such event to the last day of the then current Interest Period therefor (or, in the case of a failure to borrow, convert or continue, for the period that would have been the Interest Period for such Loan), over (ii) the amount of interest that would accrue on such principal amount for such period at the interest rate which such Lender would bid were it to bid, at the commencement of such period, for deposits in the applicable currency of a comparable amount and period from other banks in the Eurocurrency market. A certificate of any Lender setting forth any amount or amounts that such Lender is entitled to receive pursuant to this Section 2.16 shall be delivered to the Borrower Representative and shall be conclusive absent manifest error. The

applicable Borrower shall pay such Lender the amount shown as due on any such certificate within 10 days after receipt thereof.

Section 2.17 Taxes.

(a) Any and all payments made by or on behalf of a Loan Party under this Agreement or any other Loan Document shall be made free and clear of, and without deduction or withholding for or on account of, any Taxes; provided, that if a Loan Party, the Administrative Agent or any other applicable withholding agent shall be required by applicable Requirement of Law to deduct or withhold any Taxes from such payments, then (i) the applicable withholding agent shall make such deductions or withholdings as are reasonably determined by the applicable withholding agent to be required by any applicable Requirement of Law, (ii) the applicable withholding agent shall timely pay the full amount deducted or withheld to the relevant Governmental Authority within the time allowed and in accordance with applicable Requirement of Law, and (iii) to the extent withholding or deduction is required to be made on account of Indemnified Taxes or Other Taxes, the sum payable by the Loan Party shall be increased as necessary so that after all required deductions and withholdings have been made (including deductions or withholdings applicable to additional sums payable under this Section 2.17) the Administrative Agent or any Lender, as applicable, receives an amount equal to the sum it would have received had no such deductions or withholdings been made. Whenever any Indemnified Taxes or Other Taxes are payable by a Loan Party, as promptly as possible thereafter, such Loan Party shall send to the Administrative Agent for its own account or for the account of a Lender, as the case may be, a copy of an official receipt (or other evidence acceptable to the Administrative Agent or such Lender, acting reasonably) received by the Loan Party showing payment thereof. Without duplication, as soon as reasonably practicable after any payment of Taxes by any Loan Party or the Administrative Agent to a Governmental Authority as provided in this Section 2.17, the Borrower Representative shall deliver to the Administrative Agent or the Administrative Agent shall deliver to the Borrower Representative, as the case may be, a copy of a receipt issued by such Governmental Authority evidencing such payment, where applicable, a statement under section 975 of the ITA, a copy of any return required by applicable Requirements of Law to report such payment or other evidence of such payment reasonably satisfactory to the Borrower Representative or the Administrative Agent, as the case may be.

(b) Notwithstanding anything herein to the contrary, the sum payable by a UK Loan Party shall not be increased under Section 2.17(a) by reason of a Tax Deduction on account of Taxes imposed by the United Kingdom, and Taxes in respect of which such Tax Deduction is made shall be treated as Excluded Taxes (and not Indemnified Taxes or Other Taxes) for all purposes of this Agreement, if on the date on which the payment falls due:

(i) the payment could have been made to the relevant Lender without a Tax Deduction if the Lender had been a Qualifying Lender, but on that date that Lender is not or has ceased to be a Qualifying Lender other than as a result of any change after the date it became a Lender under this Agreement in (or in the interpretation, administration, or application of) any law or Treaty or any published practice or published concession of any relevant taxing authority; or

(ii) the relevant Lender is a Qualifying Lender solely by virtue of paragraph (a)(ii) of the definition of Qualifying Lender; and

(A) an officer of H.M. Revenue & Customs has given (and not revoked) a direction (a "Direction") under section 931 of the ITA which relates to the payment and that Lender has received from the UK Loan Party making the payment or from the Borrower Representative a certified copy of that Direction; and:

(B) the payment could have been made to the Lender without any Tax Deduction if that Direction had not been made; or

(iii) the relevant Lender is a Qualifying Lender solely by virtue of paragraph (a)(ii) of the definition of Qualifying Lender and:

(A) the relevant Lender has not given a Tax Confirmation to the Borrower Representative; and

(B) the payment could have been made to the Lender without any Tax Deduction if the Lender had given a Tax Confirmation to the Borrower Representative, on the basis that the Tax Confirmation would have enabled the Borrower Representative to have formed a reasonable belief that the payment was an “excepted payment” for the purpose of section 930 of the ITA; or

(iv) the relevant Lender is a Treaty Lender and the UK Loan Party making the payment is able to demonstrate that payment could have been made to the Lender without the Tax Deduction had that Lender complied with its obligations under Sections 2.17(g)(i)-(iii) (as applicable) below.

(c) The Initial Borrower shall timely pay any Other Taxes imposed on or incurred by the Administrative Agent or any Lender to the relevant Governmental Authority in accordance with applicable law.

(d) Without duplication of any additional amounts paid pursuant to Section 2.17(a)(iii) or any amounts paid pursuant to Section 2.17(c), the Initial Borrower shall indemnify and hold harmless the Administrative Agent and each Lender within fifteen (15) Business Days after written demand therefor, for the full amount of any Indemnified Taxes or Other Taxes imposed on the Administrative Agent or such Lender, as applicable, as the case may be (including Indemnified Taxes or Other Taxes imposed or asserted on or attributable to amounts payable under this Section 2.17), and any reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes or Other Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate setting forth in reasonable detail the basis and calculation of the amount of such payment or liability delivered to the Borrower Representative by a Lender or by the Administrative Agent (as applicable) on its own behalf or on behalf of a Lender shall be conclusive absent manifest error.

(e) The Borrower Representative shall promptly upon becoming aware that a Loan Party must make any deduction or withholding in respect of Taxes (or that there is any change in the rate or the basis of any deduction or withholding in respect of Taxes) notify the Administrative Agent accordingly. Similarly, a Lender shall notify the Administrative Agent on becoming so aware in respect of a payment payable to that Lender. If the Administrative Agent receives such notification from a Lender it shall notify the Borrower Representative and that Loan Party.

(f) Any Lender that may be entitled to an exemption from or reduction of withholding Tax with respect to payments under this Agreement shall deliver to the Borrower Representative (with a copy to the Administrative Agent), at the time(s) and in the manner(s) prescribed by applicable law or reasonably requested by the Borrower Representative, such information and/or properly completed and executed documentation prescribed by applicable law or reasonably requested by the Borrower Representative as may permit such payments to be made without withholding or at a reduced rate of withholding and would reasonably assist the applicable Loan Party in assessing whether any exemption or reduction of withholding Tax applies. Notwithstanding anything to the contrary in this Section 2.17(f), the completion, execution and submission of such documentation shall only be required to the extent the relevant Lender is legally eligible to do so.

Each person that shall become a Participant pursuant to Section 9.04 or a Lender pursuant to Section 9.04 shall, upon the effectiveness of the related transfer, be required to provide all the forms and statements required pursuant to this Section 2.17(f) and Section 2.17(i); provided, that a Participant shall furnish all such required forms and statements to the participating Lender.

(i) Each Lender and Administrative Agent that is a U.S. Person (other than persons that are corporations or otherwise exempt from United States backup withholding Tax), shall deliver at the time(s) and in the manner(s) prescribed by applicable law or reasonably requested by the Borrower Representative, to the Borrower Representative and the Administrative Agent (as applicable), a properly completed and duly executed IRS Form W-9 or any successor form, certifying that such person is exempt from United States backup withholding Tax on payments made hereunder.

(ii) Without limiting the foregoing:

(A) any Foreign Lender shall, to the extent it is legally eligible to do so, deliver to the Borrower Representative and the Administrative Agent (in such number of copies as shall be requested by the recipient) on or prior to the date on which such Foreign Lender becomes a party to this Agreement (and from time to time thereafter upon the reasonable request of the Borrower Representative or the Administrative Agent), whichever of the following is applicable:

(1) in the case of a Foreign Lender (or, if such Foreign Lender is disregarded as an entity separate from its owner for U.S. Federal Tax purposes, the person treated as its owner for U.S. Federal Tax purposes) eligible for the benefits of an income tax treaty to which the United States is a party (x) with respect to payments of interest under any Loan Document, duly completed and executed originals of IRS Form W-8BEN or IRS Form W-8BEN-E, whichever is applicable, establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the “interest” article of such Tax treaty and (y) with respect to any other applicable payments under any Loan Document, duly completed and executed IRS Form W-8BEN or IRS Form W-8BEN-E, whichever is applicable, establishing an exemption from, or reduction of, U.S. federal withholding Tax pursuant to the “business profits” or “other income” article of such Tax treaty;

(2) duly completed and executed originals of IRS Form W-8ECI with respect to such Foreign Lender (or, if such Foreign Lender is disregarded as an entity separate from its owner for U.S. Federal Tax purposes, with respect to the person treated as its owner for U.S. Federal Tax purposes);

(3) in the case of a Foreign Lender (or, if such Foreign Lender is disregarded as an entity separate from its owner for U.S. Federal Tax purposes, the person treated as its owner for U.S. Federal Tax purposes) entitled to the benefits of the exemption for portfolio interest under Section 881(c) of the Code, (x) a certificate substantially in the form of Exhibit J-1 to the effect that such Foreign Lender is not a “bank” within the meaning of Section 881(c)(3)(A) of the Code, a “10 percent shareholder” of the Borrower Representative within the meaning of Section 881(c)(3)(B) of the Code, or a “controlled foreign corporation” described in Section 881(c)(3)(C) of the Code (a “U.S. Tax Compliance Certificate”) and (y) duly completed and executed originals of IRS Form W-8BEN or IRS Form W-8BEN-E, whichever is applicable; or

(4) to the extent a Foreign Lender (or, if such Foreign Lender is disregarded as an entity separate from its owner for U.S. Federal Tax purposes, the person treated as its owner for U.S. Federal Tax purposes) is not the beneficial owner of such payments, duly completed and executed originals of IRS Form W-8IMY, accompanied by IRS Form W-8ECI, IRS Form W-8BEN or IRS Form W-8BEN-E, whichever is applicable, a U.S. Tax Compliance Certificate substantially in the form of Exhibit J-1 or Exhibit J-3, IRS Form W-9, and/or other certification documents from each beneficial owner, as applicable; provided, that if the Foreign Lender is a partnership and one or more direct or indirect partners of such Foreign Lender are claiming the portfolio interest exemption, such Foreign Lender may provide a U.S. Tax Compliance Certificate substantially in the form of Exhibit J-2 or Exhibit J-4 on behalf of each such direct and indirect partner.

(iii) Each Lender (A) shall promptly notify the Borrower Representative and the Administrative Agent of any change in circumstance which would modify or render invalid any claimed exemption or reduction, and (B) agrees that if any form or certification it previously delivered pursuant to this Section 2.17 expires or becomes inaccurate in any respect, it shall promptly (x) update such form or certification or (y) notify the Borrower Representative and the Administrative Agent in writing of its legal inability to do so.

(g) (i) Subject to clause (ii) below, a Treaty Lender and each UK Loan Party which makes a payment to which that Treaty Lender is entitled shall complete as soon as reasonably practicable any procedural formalities necessary for that UK Loan Party to obtain authorization to make payment under this Agreement to that Treaty Lender without a Tax Deduction on account of Tax imposed by the United Kingdom.

(ii) (A) A Treaty Lender which is an Original Lender that holds a passport under the HMRC DT Treaty Passport scheme, and which wishes that scheme to apply to this Agreement, shall confirm its scheme reference number and its jurisdiction of tax residence opposite its name in Schedule 2.01, and

(B) a New Lender that is a Treaty Lender that holds a passport under the HMRC DT Treaty Passport scheme, and which wishes that scheme to apply to this Agreement, shall confirm its scheme reference number and its jurisdiction of tax residence in the Incremental Assumption Agreement or Assignment and Acceptance which it executes, and

(C) having done so, that Lender shall be under no obligation pursuant to Section 2.17(g)(i) above.

(iii) If a Lender has confirmed its scheme reference number and its jurisdiction of tax residence in accordance with Section 2.17(g) (ii) above and:

(A) a Borrower making a payment to that Lender has not made a Borrower DTTP Filing in respect of that Lender; or

(B) a Borrower making a payment to that Lender has made a Borrower DTTP Filing in respect of that Lender but:

(1) that Borrower DTTP Filing has been rejected by HM Revenue & Customs, or

(2) HM Revenue & Customs has not given the Borrower authority to make payments to that Lender without a Tax Deduction within 60 days of the date of the Borrower DTTP Filing,

and, in each case, the Borrower has notified that Lender in writing, that Lender and the Borrower shall co-operate in completing any additional procedural formalities necessary for that Borrower to obtain authorization to make that payment without a Tax Deduction.

(iv) If a Lender has not confirmed its scheme reference number and jurisdiction of tax residence in accordance with Section 2.17(g) (ii) above, no UK Loan Party shall make a Borrower DTTP Filing or file any other form relating to the HMRC DT Treaty Passport scheme in respect of that Lender's Commitment(s) or its participation in any Loan unless the Lender otherwise agrees.

(v) A Borrower shall, promptly on making a Borrower DTTP Filing, deliver a copy of that Borrower DTTP Filing to the Administrative Agent for delivery to the relevant Lender.

(vi) Each Lender which is an Original Lender confirms that it is a Qualifying Lender by entering into this Agreement.

(vii) A Lender shall promptly notify the Administrative Agent (which shall on receipt of such notification promptly notify the Borrower Representative) if it becomes aware that it has ceased to be a Qualifying Lender.

(viii) A UK Non-Bank Lender which is an Original Lender gives a Tax Confirmation to the Borrower Representative by entering into this Agreement.

(ix) A UK Non-Bank Lender shall promptly notify the Borrower Representative and the Administrative Agent if there is any change in the position from that set out in the Tax Confirmation.

(x) Each New Lender shall indicate, in the Incremental Assumption Agreement or Assignment and Acceptance which it executes on becoming a Lender which of the following categories it falls in: (A) not a Qualifying Lender, (B) a Qualifying Lender (other than a Treaty Lender); or (C) a Treaty Lender. If a New Lender fails to indicate its status in accordance with this Section 2.17(g)(viii) then such New Lender shall be treated for the purposes of this Agreement (including by each Loan Party) as if it is not a Qualifying Lender until such time as it notifies the Administrative Agent which category applies (and the Administrative Agent, upon receipt of such notification, shall inform the Borrower Representative). For the avoidance of doubt, an Incremental Assumption Agreement or Assignment and Acceptance shall not be invalidated by any failure of a Lender to comply with this Section 2.17(g)(viii).

(xi) If a Borrower receives a notification from HM Revenue & Customs that a QPP Certificate given by a Lender has no effect, the Borrower shall promptly deliver a copy of that notification to that Lender.

(h) If any Lender or the Administrative Agent, as applicable, determines in good faith that it has received a refund or repayment (including by way of credit) of, or relief or remission for, an Indemnified Tax or Other Tax (each, a “Refund”) for which a payment has been made by a Loan Party pursuant to this Agreement or any other Loan Document, which Refund in the good faith judgment of such Lender or the Administrative Agent, as the case may be, is attributable to such payment made by such Loan Party, then the Lender or the Administrative Agent, as the case may be, shall reimburse the Loan Party for such amount (net of all reasonable out-of-pocket expenses of such Lender or the Administrative Agent, as the case may be, and without interest other than any interest received thereon from the relevant Governmental Authority with respect to such refund) as the Lender or Administrative Agent, as the case may be, determines in good faith to be the portion of the Refund as will leave it, after such reimbursement, in no better or worse position (taking into account expenses or any Taxes imposed on the Refund) than it would have been in if the Indemnified Tax or Other Tax giving rise to such Refund had not been imposed in the first instance; provided, that the Loan Party, upon the request of the Lender or the Administrative Agent, agrees to repay the amount paid over to the Loan Party (plus any penalties, interest (solely with respect to the time period during which the Loan Party actually held such funds, except to the extent that the refund was initially claimed at the written request of such Loan Party) or other charges imposed by the relevant Governmental Authority) to the Lender or the Administrative Agent in the event the Lender or the Administrative Agent is required to repay such Refund to such Governmental Authority. In such event, such Lender or the Administrative Agent, as the case may be, shall, at the Borrower Representative’s request, provide the Borrower Representative with a copy of any notice of assessment or other evidence of the requirement to repay such Refund received from the relevant Governmental Authority (provided, that such Lender or the Administrative Agent may delete any information therein that it deems confidential). Each Lender and the Administrative Agent shall each claim all such Refunds that are available to it, unless it concludes in its reasonable discretion that it would be adversely affected by making such a claim. No Lender nor the Administrative Agent shall be obliged to make available its Tax returns (or any other information relating to its Taxes that it deems confidential) to any Loan Party in connection with this clause (h) or any other provision of this Section 2.17.

(i) If a payment made to any Lender or any Agent under this Agreement or any other Loan Document would be subject to U.S. federal withholding Tax imposed by FATCA if such Lender or such Agent were to fail to comply with the applicable reporting requirements of FATCA (including those contained in Section 1471(b) or 1472(b) of the Code, as applicable), such Lender or such Agent shall deliver to the Borrower Representative and the Administrative Agent at the time or times prescribed by law and at such time or times reasonably requested by the Borrower Representative or the Administrative Agent such documentation prescribed by applicable law (including as prescribed by Section 1471(b)(3)(C)(i) of the Code) and such additional documentation reasonably requested by the Borrower Representative or the Administrative Agent as may be necessary for the Borrowers and the Administrative Agent to comply with their obligations under FATCA, to determine whether such Lender has or has not complied with such Lender’s obligations under FATCA or to determine the amount, if any, to deduct and withhold from such payment. Solely for purposes of this Section 2.17(i), “FATCA” shall include any amendments made to FATCA after the date of this Agreement.

(j) If:

- (i) a Lender assigns or transfers any of its rights or obligations under the Loan Documents or changes its Lending Office; and
- (ii) as a result of circumstances existing and laws in force at the date such assignment, transfer or change occurs, a Loan Party would be obliged to make a payment which relates to a Tax Deduction or Tax imposed by the United Kingdom to the assignee, transferee, New Lender or Lender acting through its new Lending Office under this Section 2.17,

then such assignee, transferee, New Lender or Lender acting through its new Lending Office shall only be entitled to receive payment under this Section 2.17 to the same extent as it would have been if the assignment, transfer or change had not occurred (other than to the extent such Lender is an assignee pursuant to a request by a Borrower under Section 2.19(b) or 2.19(c)).

(k) All amounts expressed to be payable under a Loan Document by any Loan Party which (in whole or in part) constitute the consideration for any supply for the purposes of United Kingdom Value Added Tax (“VAT”) are deemed to be exclusive of any VAT which shall be payable in addition to and at the same time as any such consideration where a Loan Document requires any Loan Party to reimburse or indemnify a Finance Party for any cost or expense, the reference to such cost or expense shall include such part thereof as represents VAT, save to the extent that such Finance Party reasonably determines that it is entitled to credit or repayment in respect of such VAT from the relevant Governmental Authority.

The agreements in this Section 2.17 shall survive the termination of this Agreement and the payment of the Loans and all other amounts payable under any Loan Document.

For purposes of this Section 2.17, the term “Lender” includes any Issuing Bank and the term “applicable Requirement of Law” includes FATCA.

Section 2.18 Payments Generally; Pro Rata Treatment; Sharing of Set-offs.

(a) Each Borrower shall make each payment required to be made by it hereunder (whether of principal, interest, fees or reimbursement of L/C Disbursements, or of amounts payable under Sections 2.15, 2.16 or 2.17, or otherwise) prior to 2:00 p.m., Local Time (unless otherwise specified herein), on the date when due, in immediately available funds, without condition or deduction for any defense, recoupment, set-off or counterclaim. Any amounts received after such time on any date may, in the discretion of the Administrative Agent, be deemed to have been received on the next succeeding Business Day for purposes of calculating interest thereon. All such payments shall be made to the Administrative Agent to the applicable account designated to the Borrowers by the Administrative Agent, except payments to be made directly to the applicable Issuing Bank as expressly provided herein and except that payments pursuant to Sections 2.15, 2.16, 2.17 and 9.05 shall be made directly to the persons entitled thereto. The Administrative Agent shall distribute any such payments received by it for the account of any other person to the appropriate recipient promptly following receipt thereof. Except as otherwise expressly provided herein, if any payment hereunder shall be due on a day that is not a Business Day, the date for payment shall be extended to the next succeeding Business Day, and, in the case of any payment accruing interest, interest thereon shall be payable for the period of such extension. All payments made under the Loan Documents shall be made in Dollars except (i) that any payment in respect of principal or interest of a Loan shall be made in the currency in which such Loan is denominated and (ii) reimbursements of L/C Disbursements shall be made pursuant to Section 2.05(e). Any payment required to be made by the Administrative Agent hereunder shall be deemed to have been made by the time required if the Administrative Agent shall, at or before such time, have taken the necessary steps to make such payment in accordance with the regulations or operating procedures of the clearing or settlement system used by the Administrative Agent to make such payment.

(b) Any proceeds of Collateral received by the Administrative Agent (whether as a result of any realization on the Collateral, any setoff rights, any distribution in connection with any proceedings or other action of any Loan Party in respect of Debtor Relief Laws or otherwise and whether received in cash or otherwise) (i) not constituting (A) a specific payment of principal, interest, fees or other sum payable under the Loan Documents

(which shall be applied on a pro rata basis among the relevant Lenders under the Class of Loans being prepaid as specified by the Borrower Representative) or (B) a mandatory prepayment (which shall be applied in accordance with Section 2.11) or (ii) after an Event of Default has occurred and is continuing and the Administrative Agent or Collateral Agent so elects or the Required Lenders so direct, shall be applied, subject to the provisions of any applicable Intercreditor Agreement, ratably first, to pay any fees, indemnities, or expense reimbursements including amounts then due to the Administrative Agent, the Collateral Agent (and any agent appointed by it under a Security Document), including all costs and expenses incurred by the Collateral Agent in connection with the collection or sale of the Collateral, second, to pay any fees, indemnities, or expense reimbursements including amounts then due to any Issuing Bank from the Borrowers, third, to pay any fees or expense reimbursements then due to the Lenders (in their capacities as such) from the Borrowers, fourth, to pay interest (including post-petition interest, whether or not an allowed claim in any claim or proceeding under any Debtor Relief Laws) then due and payable on the Loans ratably, fifth, to repay principal on the Loans and unreimbursed L/C Disbursements, to Cash Collateralize all outstanding Letters of Credit, and any other amounts owing with respect to Secured Cash Management Agreements, Secured Supply Chain Financings and Secured Hedge Agreements ratably; provided, that amounts which are applied to Cash Collateralize outstanding Letters of Credit that remain available after expiry of the applicable Letter of Credit shall be applied in the manner set forth herein sixth, to the payment of any other Obligation due to any Secured Party and seventh to the Loan Parties, their successors or assigns, or as a court of competent jurisdiction may otherwise direct.

(c) If any Lender shall, by exercising any right of set-off or counterclaim or otherwise, obtain payment in respect of any principal of, or interest on, any of its Term Loans, Revolving Facility Loans or participations in L/C Disbursements of a given Class resulting in such Lender receiving payment of a greater proportion of the aggregate amount of its Term Loans, Revolving Facility Loans and participations in L/C Disbursements of such Class and accrued interest thereon than the proportion received by any other Lender entitled to receive the same proportion of such payment, then the Lender receiving such greater proportion shall purchase (for cash at face value) participations in the Term Loans, Revolving Facility Loans and participations in L/C Disbursements of such Class of such other Lenders to the extent necessary so that the benefit of all such payments shall be shared by all such Lenders ratably in accordance with the principal amount of each such Lender's respective Term Loans, Revolving Facility Loans and participations in L/C Disbursements of such Class and accrued interest thereon; provided, that (i) if any such participations are purchased and all or any portion of the payment giving rise thereto is recovered, such participations shall be rescinded and the purchase price restored to the extent of such recovery, without interest, (ii) the provisions of this clause (c) shall not be construed to apply to any payment made by the Borrowers pursuant to and in accordance with the express terms of this Agreement or any payment obtained by a Lender as consideration for the assignment of or sale of a participation in any of its Loans or participations in L/C Disbursements to any assignee or participant and (iii) nothing in this Section 2.18(c) shall be construed to limit the applicability of Section 2.18(b) in the circumstances where Section 2.18(b) is applicable in accordance with its terms. The Borrowers consent to the foregoing and agree, to the extent each may effectively do so under applicable law, that any Lender acquiring a participation pursuant to the foregoing arrangements may exercise against the Borrower rights of set-off and counterclaim with respect to such participation as fully as if such Lender were a direct creditor of the applicable Borrower in the amount of such participation.

(d) Unless the Administrative Agent shall have received notice from the Borrower Representative prior to the date on which any payment is due to the Administrative Agent for the account of the relevant Lenders or the applicable Issuing Bank hereunder that a Borrower will not make such payment, the Administrative Agent may assume that such Borrower has made such payment on such date in accordance herewith and may, in reliance upon such assumption, distribute to the relevant Lenders or the applicable Issuing Bank, as applicable, the amount due. In such event, if the applicable Borrower has not in fact made such payment, then each of the relevant Lenders or the applicable Issuing Bank, as applicable, severally agrees to repay to the Administrative Agent forthwith on demand the amount so distributed to such Lender or Issuing Bank with interest thereon, for each day from and including the date such amount is distributed to it to but excluding the date of payment to the Administrative Agent, at the greater of the Federal Funds Effective Rate and a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation.

(e) Subject to Section 2.24, if any Lender shall fail to make any payment required to be made by it pursuant to 2.05(d) or (e), 2.06, or 2.18(d), then the Administrative Agent may, in its discretion (notwithstanding any contrary provision hereof), (i) apply any amounts thereafter received by the Administrative Agent for the

account of such Lender to satisfy such Lender's obligations under such Sections until all such unsatisfied obligations are fully paid and/or (ii) hold any such amounts in a segregated account as cash collateral for, and application to, any future funding obligations of such Lender under any such Section; in the case of each of clauses (i) and (ii) above, in any order as determined by the Administrative Agent in its discretion.

Section 2.19 Mitigation Obligations; Replacement of Lenders.

(a) If any Lender requests compensation under Section 2.15, or if the Borrowers are required to pay any additional amount to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 2.17 or mitigate the applicability of Section 2.20 or any event that gives rise to the operation of Section 2.20, then such Lender shall use reasonable efforts to designate a different Lending Office for funding or booking its Loans hereunder or to assign its rights and obligations hereunder to another of its offices, branches or Affiliates, if, in the reasonable judgment of such Lender, such designation or assignment (i) would eliminate or reduce amounts payable pursuant to Section 2.15 or 2.17, as applicable, in the future and (ii) would not subject such Lender to any material unreimbursed cost or expense and would not otherwise be disadvantageous to such Lender in any material respect. The Initial Borrower hereby agrees to pay all reasonable costs and expenses incurred by any Lender in connection with any such designation or assignment.

(b) If (i) any Lender requests compensation under Section 2.15 (in a material amount in excess of that being charged by other Lenders) or gives notice under Section 2.20, (ii) any Borrower is required to pay any additional amount to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 2.17 (in a material amount in excess of that being charged by other Lenders), or (iii) any Lender is a Defaulting Lender, then the Borrowers may, at their sole expense and effort, upon notice to such Lender and the Administrative Agent, require any such Lender to assign and delegate, without recourse (in accordance with and subject to the restrictions contained in Section 9.04), all its interests, rights and obligations under the Loan Documents to an assignee that shall assume such obligations (which assignee may be another Lender, if a Lender accepts such assignment); provided, that (i) the Borrowers shall have received the prior written consent of the Administrative Agent (and, if in respect of any Revolving Facility Commitment or Revolving Facility Loan, the Issuing Banks), to the extent consent would be required under Section 9.04(b) for an assignment of Loans or Commitments, as applicable, which consent, in each case, shall not unreasonably be withheld, (ii) such Lender shall have received payment of an amount equal to the outstanding principal of its Loans and participations in L/C Disbursements, accrued interest thereon, accrued fees and all other amounts payable to it hereunder from the assignee (to the extent of such outstanding principal and accrued interest and fees) or the Borrowers (in the case of all other amounts), (iii) in the case of any such assignment resulting from a claim for compensation under Section 2.15, payments required to be made pursuant to Section 2.17 or a notice given under Section 2.20, such assignment will result in a reduction in such compensation or payments and (iv) such assignment does not conflict with any applicable Requirement of Law. A Lender shall not be required to make any such assignment and delegation if, prior thereto, as a result of a waiver by such Lender or otherwise, the circumstances entitling the Borrowers to require such assignment and delegation cease to apply. Nothing in this Section 2.19 shall be deemed to prejudice any rights that the Borrowers may have against any Lender that is a Defaulting Lender. No action by or consent of the removed Lender shall be necessary in connection with such assignment, which shall be immediately and automatically effective upon payment of such purchase price. In connection with any such assignment by the Borrowers, Administrative Agent, such removed Lender and the replacement Lender shall otherwise comply with Section 9.04, provided, that if such removed Lender does not comply with Section 9.04 within one Business Day after the Borrowers' request, compliance with Section 9.04 (but only on the part of the removed Lender) shall not be required to effect such assignment.

(c) If any Lender (such Lender, a "Non-Consenting Lender") has failed to consent to a proposed amendment, waiver or consent which pursuant to the terms of Section 9.08 requires the consent of all of the Lenders affected and with respect to which the Required Lenders shall have granted their consent, then the Borrowers shall have the right (unless such Non-Consenting Lender grants such consent) at their sole expense (including with respect to the processing and recordation fee referred to in Section 9.04(b)(ii)(C)) to replace such Non-Consenting Lender by requiring such Non-Consenting Lender to (and any such Non-Consenting Lender agrees that it shall, upon the Borrowers' request) assign its Loans and its Commitments (or, at the Borrowers' option, the Loans and Commitments under the Facility that is the subject of the proposed amendment, waiver or consent) hereunder to one or more assignees reasonably acceptable to (i) the Administrative Agent (unless such assignee is a Lender, an

Affiliate of a Lender or an Approved Fund) and (ii) if in respect of any Revolving Facility Commitment or Revolving Facility Loan, the Issuing Banks; provided, that: (i) all Loan Obligations of the Borrowers owing to such Non-Consenting Lender being replaced shall be paid in full in same day funds to such Non-Consenting Lender concurrently with such assignment, (ii) the replacement Lender shall purchase the foregoing by paying to such Non-Consenting Lender a price equal to the principal amount thereof plus accrued and unpaid interest thereon, and (iii) the replacement Lender shall grant its consent with respect to the applicable proposed amendment, waiver or consent. No action by or consent of the Non-Consenting Lender shall be necessary in connection with such assignment, which shall be immediately and automatically effective upon payment of such purchase price. In connection with any such assignment by the Borrowers, the Administrative Agent, such Non-Consenting Lender and the replacement Lender shall otherwise comply with Section 9.04; provided, that if such Non-Consenting Lender does not comply with Section 9.04 within one Business Day after the Borrowers' request, compliance with Section 9.04 (but only on the part of the Non-Consenting Lender) shall not be required to effect such assignment.

Section 2.20 Illegality. If any Lender reasonably determines that any Change in Law has made it unlawful, or that any Governmental Authority has asserted after the Closing Date that it is unlawful, for any Lender or its applicable lending office to make, maintain or fund any Eurocurrency Loans, or to determine or charge interest rates based upon the LIBO Rate, or any Governmental Authority has imposed material restrictions on the authority of such Lender to purchase or sell, or to take deposits of, Dollars or any Alternative Currency in the London interbank market then, on notice thereof by such Lender to the Borrowers through the Administrative Agent, (i) any obligations of such Lender to make or continue Eurocurrency Loans or to convert ABR Borrowings to Eurocurrency Borrowings shall be suspended and (ii) if such notice asserts the illegality of such Lender making or maintaining ABR Loans the interest rate on which is determined by reference to the LIBO Rate component of the ABR, the interest rate on which ABR Loans of such Lender shall, if necessary to avoid such illegality, be determined by the Administrative Agent without reference to the Adjusted LIBO Rate component of the ABR, in each case until such Lender notifies the Administrative Agent and the Borrowers that the circumstances giving rise to such determination no longer exist. Upon receipt of such notice, (x) the Borrowers shall upon demand from such Lender (with a copy to the Administrative Agent), prepay all Eurocurrency Borrowings of such Lender or, if applicable and such Loans are denominated in Dollars, convert all Eurocurrency Borrowings of such Lender to ABR Borrowings (the interest rate on such ABR Loans of such Lender shall, if necessary to avoid such illegality, be determined by the Administrative Agent without reference to the Adjusted LIBO Rate component of the ABR), either on the last day of the Interest Period therefor, if such Lender may lawfully continue to maintain such Eurocurrency Borrowings to such day, or immediately, if such Lender may not lawfully continue to maintain such Loans and (y) if such notice asserts the illegality of such Lender determining or charging interest rates based upon the LIBO Rate, the Administrative Agent shall during the period of such suspension compute the ABR applicable to such Lender without reference to the Adjusted LIBO Rate component thereof until the Administrative Agent is advised in writing by such Lender that it is no longer illegal for such Lender to determine or charge interest rates based upon the LIBO Rate. Upon any such

prepayment or conversion, the applicable Borrower shall also pay accrued interest on the amount so prepaid or converted.

Section 2.21 Incremental Commitments.

(a) After the Spinoff Date has occurred, the Borrower Representative may, by written notice to the Administrative Agent from time to time, request Incremental Term Loan Commitments and/or Incremental Revolving Facility Commitments, as applicable, in an amount not to exceed the Incremental Amount available at the time such Incremental Term Loans are funded or Incremental Revolving Facility Commitments are established (except as set forth in clause (C) of the third paragraph under Section 6.01) from one or more Incremental Term Lenders and/or Incremental Revolving Facility Lenders (which, in each case, may include any existing Lender, but shall be required to be persons which would qualify as assignees of a Lender in accordance with Section 9.04) willing to provide such Incremental Term Loans and/or Incremental Revolving Facility Commitments, as the case may be, in their sole discretion; provided, that each Incremental Revolving Facility Lender providing a commitment to make revolving loans shall be subject to the approval of the Administrative Agent and, to the extent the same would be required for an assignment under Section 9.04, the Issuing Banks (which approvals shall not be unreasonably withheld, conditioned or delayed). Such notice shall set forth (i) the amount of the Incremental Term Loan Commitments and/or Incremental Revolving Facility Commitments being requested (which shall be in minimum increments of \$5,000,000 and a minimum amount of \$10,000,000, or equal to the remaining Incremental Amount or, in each case, such lesser amount approved by the Administrative Agent), (ii) the date on which such

Incremental Term Loan Commitments and/or Incremental Revolving Facility Commitments are requested to become effective and (iii) in the case of Incremental Term Loan Commitments, whether such Incremental Term Loan Commitments are to be (x) commitments to make term loans with terms identical to (and which shall together with any then outstanding Initial Term A Loans, as applicable, form a single Class of) the Initial Term A Loans or (y) commitments to make term loans with pricing, maturity, amortization, participation in mandatory prepayments and/or other terms different from the Initial Term A Loans (“Other Incremental Term Loans”).

(b) The applicable Borrower and each Incremental Term Lender and/or Incremental Revolving Facility Lender shall execute and deliver to the Administrative Agent an Incremental Assumption Agreement and such other documentation as the Administrative Agent shall reasonably specify to evidence the Incremental Term Loan Commitment of such Incremental Term Lender and/or Incremental Revolving Facility Commitment of such Incremental Revolving Facility Lender. Each Incremental Assumption Agreement shall specify the terms of the applicable Incremental Term Loans and/or Incremental Revolving Facility Commitments; provided, that:

(i) any (x) commitments to make additional Initial Term A Loans shall have the same terms as the Initial Term A Loans, and shall form part of the same Class of Initial Term A Loans and (y) Incremental Revolving Facility Commitments shall have the same terms as the then outstanding Class of Revolving Facility Commitments (or, if more than one Class of Revolving Facility Commitments is then outstanding, the Revolving Facility Commitments with the then latest Revolving Facility Maturity Date) and shall require no scheduled amortization or mandatory commitment reduction prior to the Latest Maturity Date of the Revolving Facility Commitments,

(ii) the Other Incremental Term Loans incurred pursuant to clause (a) of this Section 2.21 shall rank equally and ratably in right of security with the existing Loans,

(iii) the final maturity date of any such Other Incremental Term Loans shall be no earlier than the Latest Maturity Date applicable to the Term Loans in effect at the date of incurrence of such Other Incremental Term Loans and, except as to pricing, amortization, final maturity date and participation in mandatory prepayments (which shall, subject to the other clauses of this proviso, be determined by the applicable Borrower and the applicable Incremental Term Lenders in their sole discretion), shall have (x) the same terms as the Term Loans or (y) such other terms as shall be reasonably satisfactory to the Administrative Agent,

(iv) the Weighted Average Life to Maturity of any such Other Incremental Term Loans shall be no shorter than the remaining Weighted Average Life to Maturity of the Term Loans with the longest remaining Weighted Average Life to Maturity,

(v) the Borrowers shall be in Pro Forma Compliance immediately after giving effect to the incurrence of such Incremental Facility and the use of proceeds thereof with the Financial Covenant as of the last day of the then most recently ended Test Period; provided that in the case of any Incremental Facility used to finance a Permitted Acquisition, and to the extent the Incremental Term Lenders participating in such Incremental Facility agree, this clause (v) shall be tested at the time of the execution of the acquisition agreement related to such Permitted Acquisition,

(vi) such Other Incremental Term Loans may participate on a pro rata basis or a less than pro rata basis (but not a greater than pro rata basis) than the Initial Term A Loans in any mandatory prepayment hereunder,

(vii) there shall be no borrower (other than a Borrower) or guarantor (other than the Loan Parties) in respect of any Incremental Term Loan Commitments or Incremental Revolving Facility Commitments, and

(viii) Incremental Term Loans and Incremental Revolving Facility Commitments shall not be secured by any asset of Parent or its Subsidiaries other than then Collateral.

Each party hereto hereby agrees that, upon the effectiveness of any Incremental Assumption Agreement, this Agreement shall be amended to the extent (but only to the extent) necessary to reflect the existence and terms of the Incremental Term Loan Commitments and/or Incremental Revolving Facility Commitments evidenced thereby as provided for in Section 9.08(e). Any amendment to this Agreement or any other Loan Document that is necessary to effect the provisions of this Section 2.21 and any such collateral and other documentation shall be deemed "Loan Documents" hereunder and may be memorialized in writing by the Administrative Agent with the Borrower Representative's consent (not to be unreasonably withheld) and furnished to the other parties hereto.

(c) Notwithstanding the foregoing, no Incremental Term Loan Commitment or Incremental Revolving Facility Commitment shall become effective under this Section 2.21 unless (i) no Default or Event of Default shall exist; provided, that in the event that any tranche of Incremental Term Loans is used to finance a Permitted Acquisition, to the extent the Incremental Term Lenders participating in such tranche of Incremental Term Loans agree, the foregoing clause (i) shall be tested at the time of the execution of the acquisition agreement related to such Permitted Acquisition (provided, that such Incremental Term Lenders shall not be permitted to waive any Default or Event of Default then existing or existing after giving effect to such tranche of Incremental Term Loans); (ii) the representations and warranties of the applicable Borrower set forth in this Agreement shall be true and correct in all material respects (other than to the extent qualified by materiality or "Material Adverse Effect," in which case, such representations and warranties shall be true and correct); provided, that in the event that the tranche of Incremental Term Loans is used to finance a Permitted Acquisition and to the extent the Incremental Term Lenders participating in such tranche of Incremental Term Loans agree, the foregoing clause (ii) shall be limited such that the availability of such Incremental Term Loans shall only be subject to the accuracy of customary "specified representations" and those representations of the seller or the target company (as applicable) included in the acquisition agreement related to such Permitted Acquisition that are material to the interests of the Lenders and only to the extent that Parent or its applicable Subsidiary has the right to terminate its obligations under such acquisition agreement as a result of a failure of such representations to be accurate; and (iii) the Administrative Agent shall have received documents and legal opinions consistent with those delivered on the Closing Date as to such matters as are reasonably requested by the Administrative Agent. The Administrative Agent shall promptly notify each Lender as to the effectiveness of each Incremental Assumption Agreement.

(d) Each of the parties hereto hereby agrees that the Administrative Agent may take any and all action as may be reasonably necessary to ensure that (i) all Incremental Term Loans (other than Other Incremental Term Loans), when originally made, are included in each Borrowing of the outstanding applicable Class of Term Loans on a pro rata basis, and (ii) all Revolving Facility Loans in respect of Incremental Revolving Facility Commitments, when originally made, are included in each Borrowing of the applicable Class of outstanding Revolving Facility Loans on a pro rata basis. The Borrowers agree that Section 2.16 shall apply to any conversion of Eurocurrency Loans to ABR Loans reasonably required by the Administrative Agent to effect the foregoing.

Section 2.22 Extensions of Loans and Commitments.

(a) Notwithstanding anything to the contrary in this Agreement, including Section 2.18(c) (which provisions shall not be applicable to this Section 2.22), pursuant to one or more offers made from time to time by the Borrower Representative to all Lenders of any Class of Term Loans and/or Revolving Facility Commitments on a pro rata basis (based, in the case of an offer to the Lenders under any Class of Term Loans, on the aggregate outstanding Term Loans of such Class and, in the case of an offer to the Lenders under any Revolving Facility, on the aggregate outstanding Revolving Facility Commitments under such Revolving Facility, as applicable), and on the same terms to each such Lender ("Pro Rata Extension Offers"), the Borrowers are hereby permitted to consummate transactions with individual Lenders that agree to such transactions from time to time to extend the maturity date of such Lender's Loans and/or Commitments of such Class and to otherwise modify the terms of such Lender's Loans and/or Commitments of such Class pursuant to the terms of the relevant Pro Rata Extension Offer (including, without limitation, increasing the interest rate or fees payable in respect of such Lender's Loans and/or Commitments and/or modifying the amortization schedule in respect of such Lender's Loans). For the avoidance of doubt, the reference to "on the same terms" in the preceding sentence shall mean, (i) in the case of an offer to the Lenders under any Class of Term Loans, that all of the Term Loans of such Class are offered to be extended for the same amount of time and that the interest rate changes and fees payable with respect to such extension are the same and (ii) in the case of an offer to the Lenders under any Revolving Facility, that all of the Revolving Facility Commitments of such Facility are offered to be extended for the same amount of time and that the interest rate

changes and fees payable with respect to such extension are the same. Any such extension (an “Extension”) agreed to between the applicable Borrower and any such Lender (an “Extending Lender”) will be established under this Agreement by implementing an Other Term Loan for such Lender if such Lender is extending an existing Term Loan (such extended Term Loan, an “Extended Term Loan”) or an Other Revolving Facility Commitment for such Lender if such Lender is extending an existing Revolving Facility Commitment (such extended Revolving Facility Commitment, an “Extended Revolving Facility Commitment,” and any Revolving Facility Loan made pursuant to such Extended Revolving Facility Commitment, an “Extended Revolving Loan”). Each Pro Rata Extension Offer shall specify the date on which the Borrower Representative proposes that the Extended Term Loan shall be made or the proposed Extended Revolving Facility Commitment shall become effective, which shall be a date not earlier than five (5) Business Days after the date on which notice is delivered to the Administrative Agent (or such shorter period agreed to by the Administrative Agent in its reasonable discretion).

(b) The applicable Borrower and each Extending Lender shall execute and deliver to the Administrative Agent an amendment to this Agreement (an “Extension Amendment”) and such other documentation as the Administrative Agent shall reasonably specify to evidence the Extended Term Loans and/or Extended Revolving Facility Commitments of such Extending Lender. Each Extension Amendment shall specify the terms of the applicable Extended Term Loans and/or Extended Revolving Facility Commitments; provided, that (i) except as to interest rates, fees and any other pricing terms, and amortization, final maturity date and participation in prepayments and commitment reductions (which shall, subject to clauses (ii) and (iii) of this proviso, be determined by the applicable Borrower and set forth in the Pro Rata Extension Offer), the Extended Term Loans shall have (x) the same terms as the existing Class of Term Loans from which they are extended or (y) such other terms as shall be reasonably satisfactory to the Administrative Agent, (ii) the final maturity date of any Extended Term Loans shall be no earlier than the latest Term Facility Maturity Date in effect on the date of incurrence, (iii) the Weighted Average Life to Maturity of any Extended Term Loans shall be no shorter than the remaining Weighted Average Life to Maturity of the Class of Term Loans to which such offer relates, (iv) except as to interest rates, fees, any other pricing terms and final maturity (which shall be determined by the applicable Borrower and set forth in the Pro Rata Extension Offer), any Extended Revolving Facility Commitment shall have (x) the same terms as the existing Class of Revolving Facility Commitments from which they are extended or (y) have such other terms as shall be reasonably satisfactory to the Administrative Agent and, in respect of any other terms that would affect the rights or duties of any Issuing Bank, such terms as shall be reasonably satisfactory to such Issuing Bank, and (v) any Extended Term Loans may participate on a pro rata basis or a less than pro rata basis (but not a greater than pro rata basis) than the Initial Term A Loans in any mandatory prepayment hereunder. Upon the effectiveness of any Extension Amendment, this Agreement shall be amended to the extent (but only to the extent) necessary to reflect the existence and terms of the Extended Term Loans and/or Extended Revolving Facility Commitments evidenced thereby as provided for in Section 9.08(e). Any such deemed amendment may be memorialized in writing by the Administrative Agent with the Borrower Representative’s consent (not to be unreasonably withheld) and furnished to the other parties hereto. If provided in any Extension Amendment with respect to any Extended Revolving Facility Commitments, and with the consent of each Issuing Bank, participations in Letters of Credit shall be reallocated to lenders holding such Extended Revolving Facility Commitments in the manner specified in such Extension Amendment, including upon effectiveness of such Extended Revolving Facility Commitment or upon or prior to the maturity date for any Class of Revolving Facility Commitments.

(c) Upon the effectiveness of any such Extension, the applicable Extending Lender’s Term Loan will be automatically designated an Extended Term Loan and/or such Extending Lender’s Revolving Facility Commitment will be automatically designated an Extended Revolving Facility Commitment. For purposes of this Agreement and the other Loan Documents, (i) if such Extending Lender is extending a Term Loan, such Extending Lender will be deemed to have an Other Term Loan having the terms of such Extended Term Loan and (ii) if such Extending Lender is extending a Revolving Facility Commitment, such Extending Lender will be deemed to have an Other Revolving Facility Commitment having the terms of such Extended Revolving Facility Commitment.

(d) Notwithstanding anything to the contrary set forth in this Agreement or any other Loan Document (including without limitation this Section 2.22), (i) the aggregate amount of Extended Term Loans and Extended Revolving Facility Commitments will not be included in the calculation of clause (a) of the definition of Incremental Amount, (ii) no Extended Term Loan or Extended Revolving Facility Commitment is required to be in any minimum amount or any minimum increment, (iii) any Extending Lender may extend all or any portion of its Term Loans and/or Revolving Facility Commitment pursuant to one or more Pro Rata Extension Offers (subject to

applicable proration in the case of over participation) (including the extension of any Extended Term Loan and/or Extended Revolving Facility Commitment), (iv) there shall be no condition to any Extension of any Loan or Commitment at any time or from time to time other than notice to the Administrative Agent of such Extension and the terms of the Extended Term Loan or Extended Revolving Facility Commitment implemented thereby, (v) all Extended Term Loans, Extended Revolving Facility Commitments and all obligations in respect thereof shall be Loan Obligations of the relevant Loan Parties under this Agreement and the other Loan Documents that rank equally and ratably in right of security with all other Obligations of the Class being extended (and all other Obligations secured by Other First Liens), (vi) no Issuing Bank shall be obligated to issue Letters of Credit under such Extended Revolving Facility Commitments unless it shall have consented thereto and (vii) there shall be no borrower (other than the Borrowers) and no guarantors (other than the Guarantors) in respect of any such Extended Term Loans or Extended Revolving Facility Commitments.

(e) Each Extension shall be consummated pursuant to procedures set forth in the associated Pro Rata Extension Offer; provided, that the applicable Borrower shall cooperate with the Administrative Agent prior to making any Pro Rata Extension Offer to establish reasonable procedures with respect to mechanical provisions relating to such Extension, including, without limitation, timing, rounding and other adjustments.

Section 2.23 Refinancing Amendments.

(a) After the Spinoff Date, (a) notwithstanding anything to the contrary in this Agreement, including Section 2.18(c) (which provisions shall not be applicable to this Section 2.23), the Borrower Representative may by written notice to the Administrative Agent establish one or more additional tranches of term loans under this Agreement (such loans, "Refinancing Term Loans"), all Net Proceeds of which are used to Refinance in whole or in part any Class of Term Loans pursuant to Section 2.11(b)(2). Each such notice shall specify the date (each, a "Refinancing Effective Date") on which the Borrower Representative proposes that the Refinancing Term Loans shall be made, which shall be a date not earlier than five (5) Business Days after the date on which such notice is delivered to the Administrative Agent (or such shorter period agreed to by the Administrative Agent in its sole discretion); provided, that:

(i) before and after giving effect to the borrowing of such Refinancing Term Loans on the Refinancing Effective Date each of the conditions set forth in Section 4.03 shall be satisfied;

(ii) the final maturity date of the Refinancing Term Loans shall be no earlier than the Term Facility Maturity Date of the refinanced Term Loans;

(iii) the Weighted Average Life to Maturity of such Refinancing Term Loans shall be no shorter than the then-remaining Weighted Average Life to Maturity of the refinanced Term Loans;

(iv) the aggregate principal amount of the Refinancing Term Loans shall not exceed the outstanding principal amount of the refinanced Term Loans plus amounts used to pay fees, premiums, costs and expenses (including original issue discount) and accrued interest associated therewith;

(v) all other terms applicable to such Refinancing Term Loans (other than provisions relating to original issue discount, upfront fees, interest rates and any other pricing terms and optional prepayment or mandatory prepayment or redemption terms, which shall be as agreed between the applicable Borrower and the Lenders providing such Refinancing Term Loans) taken as a whole shall (as determined by the applicable Borrower in good faith) be substantially similar to, or no more restrictive to Parent and its Subsidiaries than, the terms, taken as a whole, applicable to the Term Loans being refinanced (except to the extent such covenants and other terms apply solely to any period after the Latest Maturity Date or are otherwise reasonably acceptable to the Administrative Agent);

(vi) [reserved];

(vii) there shall be no borrower (other than the Borrowers) and no guarantors (other than the Loan Parties) in respect of such Refinancing Term Loans;

(viii) Refinancing Term Loans shall not be secured by any asset of Parent or any of its subsidiaries other than the Collateral; and

(ix) Refinancing Term Loans may participate on a pro rata basis or on a less than pro rata basis (but not on a greater than pro rata basis) in any mandatory prepayments (other than as provided otherwise in the case of such prepayments pursuant to Section 2.11(b)(2)) hereunder, as specified in the applicable Refinancing Amendment.

(b) Any Borrower may approach any Lender or any other person that would be a permitted Assignee pursuant to Section 9.04 to provide all or a portion of the Refinancing Term Loans; provided, that any Lender offered or approached to provide all or a portion of the Refinancing Term Loans may elect or decline, in its sole discretion, to provide a Refinancing Term Loan. Any Refinancing Term Loans made on any Refinancing Effective Date shall be designated an additional Class of Term Loans for all purposes of this Agreement; provided, further, that any Refinancing Term Loans may, to the extent provided in the applicable Refinancing Amendment governing such Refinancing Term Loans, be designated as an increase in any previously established Class of Term Loans made to a Borrower.

(c) Notwithstanding anything to the contrary in this Agreement, including Section 2.18(c) (which provisions shall not be applicable to this Section 2.23), the Borrower Representative may by written notice to the Administrative Agent establish one or more additional Facilities (“Replacement Revolving Facilities”) providing for revolving commitments (“Replacement Revolving Facility Commitments”) and the revolving loans thereunder, (“Replacement Revolving Loans”), which replace in whole or in part any Class of Revolving Facility Commitments under this Agreement. Each such notice shall specify the date (each, a “Replacement Revolving Facility Effective Date”) on which the Borrower Representative proposes that the Replacement Revolving Facility Commitments shall become effective, which shall be a date not less than five (5) Business Days after the date on which such notice is delivered to the Administrative Agent (or such shorter period agreed to by the Administrative Agent in its reasonable discretion); provided, that: (i) before and after giving effect to the establishment of such Replacement Revolving Facility Commitments on the Replacement Revolving Facility Effective Date, each of the conditions set forth in Section 4.03 shall be satisfied; (ii) after giving effect to the establishment of any Replacement Revolving Facility Commitments and any concurrent reduction in the aggregate amount of any other Revolving Facility Commitments, the aggregate amount of Revolving Facility Commitments shall not exceed the aggregate amount of the Revolving Facility Commitments outstanding immediately prior to the applicable Replacement Revolving Facility Effective Date plus amounts used to pay fees, premiums, costs and expenses (including original issue discount) and accrued interest associated therewith; (iii) no Replacement Revolving Facility Commitments shall have a final maturity date (or require commitment reductions or amortizations) prior to the Revolving Facility Maturity Date for the Revolving Facility Commitments being replaced; (iv) all other terms applicable to such Replacement Revolving Facility (other than provisions relating to (x) fees, interest rates and other pricing terms and prepayment and commitment reduction and optional redemption terms which shall be as agreed between the applicable Borrower and the Lenders providing such Replacement Revolving Facility Commitments and (y) the amount of any letter of credit sublimit under such Replacement Revolving Facility, which shall be as agreed between the applicable Borrower, the Lenders providing such Replacement Revolving Facility Commitments, the Administrative Agent and the replacement issuing bank, if any, under such Replacement Revolving Facility Commitments) taken as a whole shall (as determined by the applicable Borrower in good faith) be substantially similar to, or no more restrictive to Parent and the Subsidiaries than, those, taken as a whole, applicable to the Revolving Facility Commitments so replaced (except to the extent such covenants and other terms apply solely to any period after the latest Revolving Facility Maturity Date in effect at the time of incurrence or are otherwise reasonably acceptable to the Administrative Agent); and (v) there shall be no borrower (other than the Borrowers) and no guarantors (other than the Guarantors) in respect of such Replacement Revolving Facility; and (vi) Replacement Revolving Facility Commitments and extensions of credit thereunder shall not be secured by any asset of Parent and its subsidiaries other than the Collateral. In addition, the applicable Borrower may establish Replacement Revolving Facility Commitments to refinance and/or replace all or any portion of a Term Loan hereunder (regardless of whether such Term Loan is repaid with the proceeds of Replacement Revolving Loans or otherwise), so long as the aggregate amount of such Replacement Revolving Facility Commitments does not exceed the aggregate amount of Term Loans repaid at the time of establishment thereof plus amounts used to pay fees, premiums, costs and expenses (including original issue discount) and accrued interest associated therewith (it being understood that such Replacement Revolving Facility Commitment may be provided by the Lenders holding the

Term Loans being repaid and/or by any other person that would be a permitted Assignee hereunder) so long as (i) before and after giving effect to the establishment such Replacement Revolving Facility Commitments on the Replacement Revolving Facility Effective Date each of the conditions set forth in Section 4.03 shall be satisfied to the extent required by the relevant agreement governing such Replacement Revolving Facility Commitments, (ii) the remaining life to termination of such Replacement Revolving Facility Commitments shall be no shorter than the Weighted Average Life to Maturity then applicable to the refinanced Term Loans, (iii) the final termination date of the Replacement Revolving Facility Commitments shall be no earlier than the Term Facility Maturity Date of the refinanced Term Loans, (iv) [reserved], (v) there shall be no borrower (other than the Borrowers) and no guarantors (other than the Guarantors) in respect of such Replacement Revolving Facility; and (vi) all other terms applicable to such Replacement Revolving Facility (other than provisions relating to (x) fees, interest rates and other pricing terms and prepayment and commitment reduction and optional redemption terms which shall be as agreed between the applicable Borrower and the Lenders providing such Replacement Revolving Facility Commitments and (y) the amount of any letter of credit sublimit under such Replacement Revolving Facility, which shall be as agreed between the Applicable Borrower, the Lenders providing such Replacement Revolving Facility Commitments, the Administrative Agent and the replacement issuing bank, if any, under such Replacement Revolving Facility Commitments) taken as a whole shall (as determined by the applicable Borrower in good faith) be substantially similar to, or no more restrictive to Parent and its Subsidiaries than, those, taken as a whole, applicable to the Term Loans being refinanced (except to the extent such covenants and other terms apply solely to any period after the Latest Maturity Date or are otherwise reasonably acceptable to the Administrative Agent). Solely to the extent that an Issuing Bank is not a replacement issuing bank under a Replacement Revolving Facility, it is understood and agreed that such Issuing Bank shall not be required to issue any letters of credit under such Replacement Revolving Facility and, to the extent it is necessary for such Issuing Bank to withdraw as an Issuing Bank, as the case may be, at the time of the establishment of such Replacement Revolving Facility, such withdrawal shall be on terms and conditions reasonably satisfactory to such Issuing Bank in its sole discretion. The Initial Borrower agrees to reimburse each Issuing Bank in full upon demand, for any reasonable and documented out-of-pocket cost or expense attributable to such withdrawal.

(d) Any Borrower may approach any Lender or any other person that would be a permitted Assignee of a Revolving Facility Commitment pursuant to Section 9.04 to provide all or a portion of the Replacement Revolving Facility Commitments; provided, that any Lender offered or approached to provide all or a portion of the Replacement Revolving Facility Commitments may elect or decline, in its sole discretion, to provide a Replacement Revolving Facility Commitment. Any Replacement Revolving Facility Commitment made on any Replacement Revolving Facility Effective Date shall be designated an additional Class of Revolving Facility Commitments for all purposes of this Agreement; provided, that any Replacement Revolving Facility Commitments may, to the extent provided in the applicable Refinancing Amendment, be designated as an increase in any previously established Class of Revolving Facility Commitments.

(e) Any Borrower and each Lender providing the applicable Refinancing Term Loans and/or Replacement Revolving Facility Commitments (as applicable) shall execute and deliver to the Administrative Agent an amendment to this Agreement (a "Refinancing Amendment") and such other documentation as the Administrative Agent shall reasonably specify to evidence such Refinancing Term Loans and/or Replacement Revolving Facility Commitments (as applicable). For purposes of this Agreement and the other Loan Documents, (A) if a Lender is providing a Refinancing Term Loan, such Lender will be deemed to have an Other Term Loan having the terms of such Refinancing Term Loan and (B) if a Lender is providing a Replacement Revolving Facility Commitment, such Lender will be deemed to have an Other Revolving Facility Commitment having the terms of such Replacement Revolving Facility Commitment. Notwithstanding anything to the contrary set forth in this Agreement or any other Loan Document (including without limitation this Section 2.23), (i) the aggregate amount of Refinancing Term Loans and Replacement Revolving Facility Commitments will not be included in the calculation of clause (a) of the definition of Incremental Amount, (ii) no Refinancing Term Loan or Replacement Revolving Facility Commitment is required to be in any minimum amount or any minimum increment, (iii) there shall be no condition to any incurrence of any Refinancing Term Loan or Replacement Revolving Facility Commitment at any time or from time to time other than those set forth in clauses (a) or (c) above, as applicable, and (iv) all Refinancing Term Loans, Replacement Revolving Facility Commitments and all obligations in respect thereof shall be Loan Obligations under this Agreement and the other Loan Documents that rank equally and ratably in right of security with the Initial Term A Loans and other Loan Obligations.

Section 2.24 Defaulting Lender.

(a) *Defaulting Lender Adjustments.* Notwithstanding anything to the contrary contained in this Agreement, if any Lender becomes a Defaulting Lender, then, until such time as such Lender is no longer a Defaulting Lender, to the extent permitted by applicable law:

(i) *Waivers and Amendments.* Such Defaulting Lender's right to approve or disapprove any amendment, waiver or consent with respect to this Agreement shall be restricted as set forth in the definitions of "Required Lenders" or "Required Revolving Facility Lenders," as applicable, and Section 9.08.

(ii) *Defaulting Lender Waterfall.* Any payment of principal, interest, fees or other amounts received by the Administrative Agent for the account of such Defaulting Lender (whether voluntary or mandatory, at maturity, following an Event of Default or otherwise) or received by the Administrative Agent from a Defaulting Lender pursuant to Section 9.06 shall be applied at such time or times as may be determined by the Administrative Agent as follows: first, to the payment of any amounts owing by such Defaulting Lender to the Administrative Agent hereunder, second, to the payment on a pro rata basis of any amounts owing by such Defaulting Lender to any Issuing Bank hereunder, third, to Cash Collateralize the Issuing Banks' Fronting Exposure with respect to such Defaulting Lender in accordance with Section 2.05(j), fourth, as the Borrower Representative may request (so long as no Default or Event of Default exists), to the funding of any Loan in respect of which such Defaulting Lender has failed to fund its portion thereof as required by this Agreement, as determined by the Administrative Agent, fifth, if so determined by the Administrative Agent and the Borrower Representative, to be held in a deposit account and released pro rata in order to (x) satisfy such Defaulting Lender's potential future funding obligations with respect to Loans under this Agreement and (y) Cash Collateralize the Issuing Banks' future Fronting Exposure with respect to such Defaulting Lender with respect to future Letters of Credit issued under this Agreement, in accordance with Section 2.05(j), sixth, to the payment of any amounts owing to the Lenders, the Issuing Banks as a result of any judgment of a court of competent jurisdiction obtained by any Lender or Issuing Bank against such Defaulting Lender as a result of such Defaulting Lender's breach of its obligations under this Agreement, seventh, so long as no Default or Event of Default exists, to the payment of any amounts owing to the Borrowers as a result of any judgment of a court of competent jurisdiction obtained by the Borrowers against such Defaulting Lender as a result of such Defaulting Lender's breach of its obligations under this Agreement, and eighth, to such Defaulting Lender or as otherwise directed by a court of competent jurisdiction. Any payments, prepayments or other amounts paid or payable to a Defaulting Lender that are applied (or held) to pay amounts owed by a Defaulting Lender or to post Cash Collateral pursuant to this Section 2.24 shall be deemed paid to and redirected by such Defaulting Lender, and each Lender irrevocably consents hereto.

(iii) *Certain Fees.* (A) No Defaulting Lender shall be entitled to receive any Commitment Fee for any period during which that Lender is a Defaulting Lender (and, except as provided in clause (C) below, the Borrowers shall not be required to pay any such fee that otherwise would have been paid to that Defaulting Lender).

(B) Each Defaulting Lender shall be entitled to receive L/C Participation Fees for any period during which that Lender is a Defaulting Lender only to the extent allocable to its pro rata share of the stated amount of Letters of Credit for which it has provided Cash Collateral.

(C) With respect to any Commitment Fee or L/C Participation Fee not required to be paid to any Defaulting Lender pursuant to clause (A) or (B) above, the Borrowers shall (x) pay to each Non-Defaulting Lender that portion of any such fee otherwise payable to such Defaulting Lender with respect to such Defaulting Lender's participation in Letters of Credit that has been reallocated to such Non-Defaulting Lender pursuant to clause (iv) below, (y) pay to each Issuing Bank the amount of any such fee otherwise payable to such Defaulting Lender to the extent allocable to such Issuing Bank's Fronting Exposure to such Defaulting Lender, and (z) not be required to pay the remaining amount of any such fee.

(iv) *Reallocation of Participations to Reduce Fronting Exposure.* All or any part of such Defaulting Lender's participation in Letters of Credit shall be reallocated among the Non-Defaulting Lenders in accordance with their respective pro rata Commitments (calculated without regard to such Defaulting Lender's Commitment) but only to the extent that (x) the conditions set forth in Section 4.03 are satisfied at the time of such reallocation (and, unless the Borrower Representative has otherwise notified the Administrative Agent at such time, the Borrowers shall be deemed to have represented and warranted that such conditions are satisfied at such time), and (y) such reallocation does not cause the aggregate Revolving Facility Credit Exposure of any Non-Defaulting Lender to exceed such Non-Defaulting Lender's Revolving Facility Commitment. Subject to Section 9.22, no reallocation hereunder shall constitute a waiver or release of any claim of any party hereunder against a Defaulting Lender arising from that Lender having become a Defaulting Lender, including any claim of a Non-Defaulting Lender as a result of such Non-Defaulting Lender's increased exposure following such reallocation.

(v) *Cash Collateral.* If the reallocation described in clause (iv) above cannot, or can only partially, be effected, the Borrowers shall, without prejudice to any right or remedy available to it hereunder or under law, within three (3) Business Days following the written request of the (i) Administrative Agent or (ii) any Issuing Bank (with a copy to the Administrative Agent), Cash Collateralize the Issuing Banks' Fronting Exposure in accordance with the procedures set forth in Section 2.05(j).

(b) *Defaulting Lender Cure.* If the Borrower Representative, the Administrative Agent and each Issuing Bank agree in writing that a Lender is no longer a Defaulting Lender, the Administrative Agent will so notify the parties hereto, whereupon as of the effective date specified in such notice and subject to any conditions set forth therein (which may include arrangements with respect to any Cash Collateral), that Lender will, to the extent applicable, purchase at par (together with any break funding costs incurred by the non-Defaulting Lenders as a result of such purchase) that portion of outstanding Revolving Facility Loans of the other Lenders or take such other actions as the Administrative Agent may determine to be necessary to cause the Loans and funded and unfunded participations in Letters of Credit to be held pro rata by the Lenders in accordance with their Revolving Facility Commitments (without giving effect to Section 2.24(a)(iv)), whereupon such Lender will cease to be a Defaulting Lender; provided, that no adjustments will be made retroactively with respect to fees accrued or payments made by or on behalf of the Borrowers while that Lender was a Defaulting Lender; provided, further, that except to the extent otherwise expressly agreed by the affected parties, no change hereunder from Defaulting Lender to Lender will constitute a waiver or release of any claim of any party hereunder arising from that Lender's having been a Defaulting Lender.

(c) *New Letters of Credit.* So long as any Lender is a Defaulting Lender, the Issuing Banks shall not be required to issue, extend, renew or increase any Letter of Credit unless it is satisfied that it will have no Fronting Exposure after giving effect thereto.

Section 2.25 Assumption. Notwithstanding anything to the contrary contained in this Agreement or any other Loan Document, at any time from and after the Signing Date, at the option of the Initial Borrower and upon no less than five Business Days' prior written notice to the Administrative Agent, the Initial Borrower may, without the consent of the Administrative Agent, any Lender or any other party hereto, in its sole discretion, assign and novate its obligations under this Agreement to a Wholly Owned Subsidiary of (X) prior to the Spinoff Date, the Initial Borrower or (Y) from and after the Spinoff Date, Parent, in each case organized under the laws of England and Wales to whom the Initial Borrower has transferred or intends to promptly commence transferring all or substantially all of its assets (such date, the "Borrower Transfer Date"), provided that, (i) such Wholly Owned Subsidiary shall expressly assume the obligations of the Initial Borrower pursuant to the Borrower Assumption Agreement, (ii) such Wholly Owned Subsidiary shall cause to be delivered to the Administrative Agent legal opinions substantially consistent with those delivered on the Closing Date with respect to the Initial Borrower as to such matters as are reasonably requested by the Administrative Agent, (iii) the Administrative Agent shall have received, at least three (3) Business Days prior to the Borrower Transfer Date, all documentation and other information required with respect to such Wholly Owned Subsidiary by regulatory authorities under applicable "know your customer" and anti-money laundering rules and regulations, including without limitation the USA PATRIOT Act and (iv) such Wholly Owned Subsidiary shall have satisfied the Collateral and Guarantee Requirement and delivered such Security Documents or joinders thereto as are required by the Collateral and

Guarantee Requirement. Adient Global Holdings Ltd will be automatically released from any obligations and liabilities (including the Loan Obligations) under this Agreement or any other Loan Document (in each case, solely in its capacity as the Initial Borrower, a Borrower or as the Borrower Representative, and not in any other capacity (including as a Guarantor), unless on such date Adient Global Holdings Ltd is liquidated, dissolved or transfers all its assets to Loan Parties or is otherwise wound up in a transaction otherwise permitted by this Agreement, in which case it shall also be released from any other obligations thereof under the Loan Documents in accordance with Section 9.18), and all references herein to the "Initial Borrower" shall refer instead to such Wholly Owned Subsidiary, in each case upon the Borrower Transfer Date.

ARTICLE III

Representations and Warranties

On the Signing Date, the Closing Date and the date of each other Credit Event prior to the Spinoff Date, as provided in Section 4.03, (i) to the extent prior to the Successor JCI Credit Agreement Effectiveness Date, the Initial Borrower represents and warrants to the Lenders that the Predecessor JCI Credit Agreement Reps and Warranties are true and correct in all material respects as of such applicable date as though made on and as of such date, except to the extent such representations and warranties expressly relate to an earlier date (in which case such representations and warranties shall be true and correct in all material respects as of such earlier date) and (ii) upon and after the Successor JCI Credit Agreement Effectiveness Date, the Initial Borrower represents and warrants to the Lenders that the Successor JCI Credit Agreement Reps and Warranties are true and correct in all material respects as of such applicable date as though made on and as of such date, except to the extent such representations and warranties expressly relate to an earlier date (in which case such representations and warranties shall be true and correct in all material respects as of such earlier date).

On the Spinoff Date and the date of each Credit Event thereafter, as provided in Section 4.03, the Borrowers represent and warrant to the Lenders (other than, from and after the occurrence of the Borrower Transfer Date, with respect to Section 3.24) that:

Section 3.01 Organization; Powers. Parent and each of the Subsidiaries which is a Loan Party or a Material Subsidiary (a) is a partnership, limited liability company, public limited company, corporation or other entity duly organized/incorporated, validly existing and in good standing under the laws of the jurisdiction of its organization/incorporation (to the extent that each such concept exists in such jurisdiction), (b) has all requisite power and authority to own its property and assets and to carry on its business as now conducted, (c) is qualified to do business in each jurisdiction where such qualification is required, except in the case of clause (a) (other than with respect to Parent and the Borrowers), clause (b) (other than with respect to Parent and the Borrowers), and clause (c), where the failure so to be or have, individually or in the aggregate, would not reasonably be expected to have a Material Adverse Effect, and (d) has the power and authority to execute, deliver and perform its obligations under each of the Loan Documents and each other agreement or instrument contemplated thereby to which it is or will be a party and, in the case of the Borrowers, to borrow and otherwise obtain credit hereunder.

Section 3.02 Authorization. The execution, delivery and performance by the Borrowers and each of the Guarantors of each of the Loan Documents to which it is a party and the borrowings and other extensions of credit hereunder (a) have been duly authorized by all corporate, stockholder, shareholder, partnership, limited liability company or other organizational action required to be obtained by the Borrowers and such Guarantors and (b) will not (i) violate (A) any provision of law, statute, rule or regulation applicable to the Borrowers or any such Guarantor (including, with respect to Parent, Section 82 and Section 239 of the Companies Act of Ireland, as amended), (B) the certificate or articles of incorporation or other constitutional documents (including any partnership, limited liability company or operating agreements) or by-laws or articles of association of the Borrowers, or any such Guarantor, (C) any applicable order of any court or any law, rule, regulation or order of any Governmental Authority applicable to the Borrowers or any such Guarantor or (D) any provision of any indenture, certificate of designation for preferred stock, agreement or other instrument to which the Borrowers or any such Guarantor is a party or by which any of them or any of their property is or may be bound, (ii) result in a breach of or constitute (alone or with due notice or lapse of time or both) a default under, give rise to a right of or result in any

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cancellation or acceleration of any right or obligation (including any payment) under any such indenture, certificate of designation for preferred stock, agreement or other instrument, where any such conflict, violation, breach or default referred to in clause (i) or (ii) of this Section 3.02(b), would reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect, or (iii) result in the creation or imposition of any Lien upon or with respect to any property or assets now owned or hereafter acquired by the Borrowers or any such Guarantor, other than the Liens created by the Loan Documents and Permitted Liens.

Section 3.03 Enforceability. This Agreement has been duly executed and delivered by the Borrowers and constitutes, and each other Loan Document when executed and delivered by the Borrowers and each Guarantor that is party thereto will constitute, a legal, valid and binding obligation of such Loan Party enforceable against the Borrowers and each such Guarantor in accordance with its terms, subject to (a) the effects of bankruptcy, insolvency, moratorium, administration, reorganization, Irish examinership, fraudulent conveyance or other similar laws affecting creditors' rights generally, (b) general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law), (c) implied covenants of good faith and fair dealing, and (d) the need for filings and registrations necessary to perfect the Liens on the Collateral granted by the Loan Parties in favor of the Collateral Agent.

Section 3.04 Governmental Approvals. No action, consent or approval of, registration or filing with or any other action by any Governmental Authority is or will be required for the execution, delivery or performance of each Loan Document to which the Borrowers or any Guarantor is a party, except for (a) the filing of Uniform Commercial Code financing statements, (b) filings with the United States Patent and Trademark Office and the United States Copyright Office, the United Kingdom Intellectual Property Office, the European Patent Office and the European Union Intellectual Property Office, and comparable offices in foreign jurisdictions and equivalent filings in foreign jurisdictions, (c) such as have been made or obtained and are in full force and effect, (d) such actions, consents and approvals the failure of which to be obtained or made would not reasonably be expected to have a Material Adverse Effect and (e) filings or other actions listed on Schedule 3.04 (as may be updated prior to the Spinoff Date in a manner acceptable to the Administrative Agent), recordation of the Mortgages and any other filings or registrations required to perfect Liens created by the Security Documents (including, in the case of the Specified Foreign Loan Documents under the laws of England and Wales, any required registrations with the UK Companies House under Section 859A of the UK Companies Act 2006 and/or with the Land Registry or Land Charges Registry in England), and including in the case of any Security Document entered into by Parent any required registrations with the Companies Registration Office of Ireland pursuant to Part 7 of the Companies Act 2014 of Ireland, in the case of the Jersey Law All Assets Pledge Agreement the filing of the financing statements on SIR and/or with the Revenue Commissioners of

Ireland pursuant to Section 1001 of the Taxes Consolidation Act, 1997 of Ireland (as amended).

Section 3.05 Financial Statements. (a) The audited consolidated balance sheets and the statements of income, stockholders' or shareholders' equity, and cash flow for Parent and its consolidated subsidiaries and (b) the unaudited consolidated balance sheets and statements of income, stockholders' or shareholders' equity and cash flow for Parent and its consolidated subsidiaries, in each case as set forth in the Form 10, including the notes thereto, if applicable, present fairly in all material respects the consolidated financial position of Parent and its consolidated subsidiaries as of the dates and for the periods referred to therein and the results of operations and cash flows for the periods then ended, and, except as set forth on Schedule 3.05 (as may be updated prior to the Spinoff Date in a manner acceptable to the Administrative Agent), were prepared in accordance with GAAP applied on a consistent basis throughout the periods covered thereby, except, in the case of interim period financial statements, for the absence of notes and for normal year-end adjustments and except as otherwise noted therein.

Section 3.06 No Material Adverse Effect. Since June 30, 2016 (for this purpose, assuming that the Transactions had been consummated before such date), there has been no event or circumstance that, individually or in the aggregate with other events or circumstances, has had or would reasonably be expected to have a Material Adverse Effect.

Section 3.07 Title to Properties; Possession Under Leases; Flood Documentation.

(a) Each of Parent and the Subsidiaries has valid title in fee simple or equivalent to, or valid leasehold interests in, or easements or other limited property interests in, all its Real Properties and has valid title to its

personal property and assets, in each case, subject to Permitted Liens and except for defects in title that do not materially interfere with its ability to conduct its business as currently conducted or to utilize such properties and assets for their intended purposes and except where the failures to have such title would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect. All such properties and assets are free and clear of Liens, other than Permitted Liens or Liens arising by operation of law, subject to the provisions of the immediately preceding sentence.

(b) As to all improved Material Real Property located in the United States which is subject to a Mortgage, (i) the Collateral Agent has received the Flood Documentation with respect to such Material Real Property on or prior to the granting of such Mortgage thereon, (ii) all flood hazard insurance policies required pursuant to Section 5.02(c) with respect to any such Material Real Property have been obtained and remain in full force and effect to the extent required by such Section, and (iii) except to the extent that the Borrower Representative has previously given written notice thereof to the Collateral Agent, there has been, to the Borrower Representative's knowledge, no redesignation of any Material Real Property subject to a Mortgage into Special Flood Hazard Area.

Section 3.08 Subsidiaries.

(a) Schedule 3.08(a) (as may be updated pursuant to Section 9.08(b) of this Agreement) sets forth as of the Spinoff Date the name and jurisdiction of incorporation, formation or organization of each subsidiary of Parent and, as to each such subsidiary, the percentage of each class of Equity Interests owned by Parent or by any such subsidiary.

(b) As of the Spinoff Date, after giving effect to the Transactions, there are no outstanding subscriptions, options, warrants, calls, rights or other agreements or commitments (other than stock options granted to employees or directors (or entities controlled by directors) and shares held by directors (or entities controlled by directors)) relating to any Equity Interests of Parent or any of the Subsidiaries, except as set forth on Schedule 3.08(b) (as may be updated pursuant to Section 9.08(b) of this Agreement).

Section 3.09 Litigation; Compliance with Law.

(a) There are no actions, suits, proceedings or investigations at law or in equity or by or on behalf of any Governmental Authority or in arbitration now pending, or, to the knowledge of Parent or any Borrower, threatened in writing against Parent, any Borrower or any of the Subsidiaries or any business, property or rights of any such person (i) that involve any Loan Document, to the extent that the applicable action, suit, proceeding or investigation is brought by Parent, any Borrower or any of their subsidiaries or (ii) that would reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect except for any action, suit or proceeding at law or in equity or by or on behalf of any Governmental Authority or in arbitration which has been disclosed in the Form 10.

(b) None of Parent, the Borrowers, the Subsidiaries and their respective properties or assets is in violation of (nor will the continued operation of their material properties and assets as currently conducted violate) any law, rule or regulation (including any zoning, building, ordinance, code or approval or any building permit, but excluding any Environmental Laws, which are the subject of Section 3.16) or any restriction of record or indenture, agreement or instrument affecting any Real Property, or is in default with respect to any judgment, writ, injunction or decree of any Governmental Authority, where such violation or default would reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

Section 3.10 Federal Reserve Regulations. No part of the proceeds of any Loans or any Letter of Credit will be used by Parent, the Borrowers and their Subsidiaries in any manner that would result in a violation of Regulation T, Regulation U or Regulation X.

Section 3.11 Investment Company Act. None of the Borrowers and the other Loan Parties is required to be registered as an "investment company" within the meaning of the Investment Company Act of 1940, as amended.

Section 3.12 Use of Proceeds.

(a) The Borrowers will use the proceeds of the (i) Revolving Facility Loans and (ii) Initial Term A Loans to finance certain payments (by way of debt repayments, distributions, sales or otherwise) to JCI and/or its subsidiaries or any Affiliate of JCI in connection with the Transactions, to pay Transaction Expenses, and for working capital, capital expenditures and other general corporate purposes.

(b) On and after the Spinoff Date, the Borrowers may request the issuance of Letters of Credit to replace or provide credit support for any Existing Letters of Credit of Parent, the Subsidiary Borrower or their respective subsidiaries.

(c) The Facilities shall not be utilized for any purpose that would (i) constitute unlawful financial assistance within the meaning of sections 678 or 679 of the UK Companies Act 2006 or (ii) breach Section 82 or Section 239 of the Companies Act 2014 of Ireland.

Section 3.13 Tax.

(a) Except as would not, individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect, Parent and each of the Subsidiaries has filed or caused to be filed all U.S. federal, state, local and non-U.S. Tax returns required to have been filed by it (including in its capacity as withholding agent) and each such Tax return is true and correct;

(b) Except as would not, individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect, Parent and each of the Subsidiaries has timely paid or caused to be timely paid all Taxes shown to be due and payable by it on the returns referred to in clause (a) and all other Taxes or assessments (or made adequate provision (in accordance with GAAP) for the payment of all Taxes due), except Taxes or assessments for which Parent or any of the Subsidiaries (as the case may be) has set aside on its books adequate reserves in accordance with GAAP and, to the extent such Taxes are due and payable pursuant to a governmental assessment, the amount thereof is being contested in good faith by appropriate proceedings; and

(c) Other than as would not be, individually or in the aggregate, reasonably expected to have a Material Adverse Effect, as of the Closing Date, with respect to Parent and each of the Subsidiaries, there are no claims being asserted in writing with respect to any Taxes.

(d) The Loan Parties are not required to make any Tax Deduction on account of Tax imposed by the United Kingdom from any payment they may make under any Loan Document to a Lender which is:

(i) a Qualifying Lender:

(A) falling within paragraph (a)(i) of the definition of Qualifying Lender; or

(B) except where a Direction has been given under section 931 of the ITA in relation to the payment concerned, falling within paragraph (a)(ii) of the definition of Qualifying Lender; or

(C) falling within paragraph (b) of the definition of Qualifying Lender; or

(D) that is a QPP Lender in respect of which each of the Loan Parties reasonably believes that it is not a connected person for purposes of the QPP Regulations; or

(ii) a Treaty Lender and the payment is one specified in a direction given by the Commissioners of Revenue & Customs under Regulation 2 of the Double Taxation Relief (Taxes on Income) (General) Regulations 1970 (SI 1970/488).

(e) Under the law of its jurisdiction of incorporation it is not necessary that the Loan Documents be filed, recorded or enrolled with any court or other authority in that jurisdiction or that any stamp, registration or similar tax be paid on or in relation to the Loan Documents or the transactions contemplated by the Loan Documents.

Section 3.14 No Material Misstatements.

(a) All written information (other than the Projections, forward looking information and information of a general economic or industry specific nature) (the “Information”) concerning Parent, the Borrowers, the Subsidiaries, the Transactions and any other transactions contemplated hereby included in the Information Memorandum or otherwise prepared by or on behalf of the foregoing or their representatives and made available to any Lenders or the Administrative Agent in connection with the Transactions or the other transactions contemplated hereby, when taken as a whole, was true and correct in all material respects, as of the date such Information was furnished to the Lenders (and as of the Closing Date, with respect to Information provided prior thereto) and did not, taken as a whole, contain any untrue statement of a material fact as of any such date or omit to state a material fact necessary in order to make the statements contained therein, taken as a whole, not materially misleading in light of the circumstances under which such statements were made (giving effect to all supplements and updates provided thereto).

(b) The Projections and other forward looking information prepared by or on behalf of Parent, the Borrowers or any of their representatives and that have been made available to any Lenders or the Administrative Agent in connection with the Transactions or the other transactions contemplated hereby have been prepared in good faith based upon assumptions believed by Parent and the Borrowers to be reasonable as of the date thereof (it being understood that such Projections and other forward looking information are as to future events and are not to be viewed as facts, such Projections and other forward looking information are subject to significant uncertainties and contingencies and that actual results during the period or periods covered by any such Projections or other forward looking information may differ significantly from the projected results, and that no assurance can be given that the projected results will be realized) and as of the date such Projections and information were furnished to the Lenders.

Section 3.15 Employee Benefit Plans. Except as would not reasonably be expected, individually or in the aggregate, to have a Material Adverse Effect: (a) no Reportable Event has occurred during the past five years as to which Parent, any of its Subsidiaries or any ERISA Affiliate was required to file a report with the PBGC; (b) no ERISA Event has occurred or is reasonably expected to occur; and (c) none of Parent, the Borrowers, the Subsidiaries or any of their ERISA Affiliates has received any written notification that any Multiemployer Plan is in reorganization or has been terminated within the meaning of Title IV of ERISA.

Section 3.16 Environmental Matters. Except as to matters that would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect: (a) no written notice, request for information, order, complaint or penalty has been received by Parent or any of its Subsidiaries, and there are no judicial, administrative or other actions, suits or proceedings pending or, to Parent or the Borrowers’ knowledge, threatened which allege a violation of or liability under any Environmental Laws, in each case relating to Parent or any of its Subsidiaries, (b) each of Parent and its Subsidiaries has all environmental permits, licenses, authorizations and other approvals necessary for its operations to comply with all Environmental Laws (“Environmental Permits”) and is, and in the prior eighteen (18) month period, has been, in compliance with the terms of such Environmental Permits and with all other Environmental Laws, (c) except as set forth on Schedule 3.16 (as may be updated prior to the Spinoff Date in a manner acceptable to the Administrative Agent), no Hazardous Material is located at, on or under any property currently or, to Parent or the Borrowers’ knowledge, formerly owned, operated or leased by Parent or any of its Subsidiaries that would reasonably be expected to give rise to any cost, liability or obligation of Parent or any of its Subsidiaries under any Environmental Laws or Environmental Permits, and no Hazardous Material has been generated, used, treated, stored, handled, disposed of or controlled, transported or released at any location in a manner that would reasonably be expected to give rise to any cost, liability or obligation of Parent or any of its Subsidiaries under any Environmental Laws or Environmental Permits, (d) there are no agreements in which Parent or any of its Subsidiaries has expressly assumed or undertaken responsibility for any known or reasonably likely liability or obligation of any other person arising under or relating to Environmental Laws, and (e) there has been no written environmental assessment or audit conducted (other than customary assessments not revealing anything that would reasonably be expected to result in a Material Adverse Effect), by or on behalf of Parent or any of the

Subsidiaries of any property currently or, to Parent or the Borrowers' knowledge, formerly owned, operated or leased by Parent or any of the Subsidiaries that has not been made available to the Administrative Agent prior to the Spinoff Date.

Section 3.17 Security Documents.

(a) Each Security Document is effective to create in favor of the Collateral Agent (for the benefit of the Secured Parties) a legal, valid and enforceable security interest in the Collateral described therein and proceeds thereof.

(i) As of the Spinoff Date, in the case of the Pledged Collateral and U.S. Pledged Collateral described in the U.S. Collateral Agreement, when certificates or promissory notes, as applicable, representing such Pledged Collateral and U.S. Pledged Collateral and required to be delivered under the U.S. Collateral Agreement are delivered to the Collateral Agent, and in the case of the other Collateral described in the U.S. Collateral Agreement (other than the Intellectual Property), when financing statements and other filings specified in the Perfection Certificate are filed in the offices specified in the Perfection Certificate, the Collateral Agent (for the benefit of the Secured Parties) shall have a fully perfected Lien (subject to all Permitted Liens) on, and security interest in, all right, title and interest of the Loan Parties in such Collateral and, subject to Section 9-315 of the New York Uniform Commercial Code, the proceeds thereof, as security for the Obligations to the extent perfection can be obtained by filing Uniform Commercial Code financing statements or possession.

(ii) In the case of the Collateral described in the English Law Debenture, when any required registration with the UK Companies House under Section 859A of the UK Companies Act 2006, the Land Registry or Land Charges Registry in England, the United Kingdom Intellectual Property Office, the European Patent Office, and the European Intellectual Property Office has been validly completed (by or on behalf of the Collateral Agent), the Collateral Agent (for the benefit of the Secured Parties) shall have a fully perfected Lien (subject to all Permitted Liens) on, and security interest in, all right, title and interest of the Loan Parties in such Collateral, to the extent perfection can be achieved by such registration.

(iii) In the case of the Collateral described in the Irish Law Debenture or any other Security Document to which Parent is a party, when any required registration with the Companies Registration Office of Ireland pursuant to Part 7 of the Companies Act 2014 of Ireland and/or with the Revenue Commissioners of Ireland pursuant to Section 1001 of the Taxes Consolidation Act, 1997 of Ireland (as amended) (to the extent that Parent has obtained an Irish tax registration number) has been validly completed, the Collateral Agent (for the benefit of the Secured Parties) shall have a fully perfected Lien (subject to all Permitted Liens) on, and security interest in, all right, title and interest of the Loan Parties in such Collateral, to the extent perfection can be achieved by such registration.

(iv) In the case of the Collateral described in the Jersey Law All Assets Pledge Agreement, when any required registration of financing statement on the SIR has been validly completed (by or on behalf of the Collateral Agent), the Collateral Agent (for the benefit of the Secured Parties) shall have a fully perfected Lien (subject to all Permitted Liens) on, and security interest in, all right, title and interest of the Loan Parties in such Collateral, to the extent perfection can be achieved by such registration.

(b) When the U.S. Collateral Agreement or an ancillary document thereunder is properly filed and recorded in the United States Patent and Trademark Office and the United States Copyright Office, and, with respect to Collateral in which a security interest cannot be perfected by such filings, upon the proper filing of the financing statements referred to in clause (a) above, the Collateral Agent (for the benefit of the Secured Parties) shall have a fully perfected Lien on, and security interest in, all right, title and interest of the U.S. Loan Parties thereunder in the material United States Intellectual Property included in the Collateral listed in such ancillary document (it being understood that subsequent recordings in the United States Patent and Trademark Office and the United States Copyright Office may be necessary to perfect a Lien on material registered trademarks and patents, trademark and patent applications and registered copyrights acquired by the Loan Parties after the Spinoff Date).

(c) The Mortgages, if any, executed and delivered on the Spinoff Date are, and the Mortgages executed and delivered after the Spinoff Date pursuant to Section 5.10 shall be, effective to create in favor of the Collateral Agent (for the benefit of the Secured Parties) or, if so contemplated by the respective Mortgage, the Collateral Agent and the other Secured Parties, legal, valid and enforceable Liens on all of the Loan Parties' rights, titles and interests in and to the Mortgaged Property thereunder and the proceeds thereof, and when such Mortgages are validly filed, registered or recorded in the proper real estate filing, registration or recording offices and any other required registrations have been validly completed by or on behalf of the Collateral Agent (including, in the case of any Mortgage over Mortgaged Property located in England and Wales, any required registration with the Land Registry or Land Charges Registry of England), and all relevant mortgage Taxes and recording and registration charges are duly paid, the Collateral Agent (for the benefit of the Secured Parties) shall have valid Liens with record or registered notice to third parties on, and security interests in, all rights, titles and interests of the Loan Parties in such Mortgaged Property and, to the extent applicable, subject to Section 9-315 of the Uniform Commercial Code, the proceeds thereof.

(d) Notwithstanding anything herein (including this Section 3.17) or in any other Loan Document to the contrary, no Borrower or any other Loan Party makes any representation or warranty as to the effects of perfection or non-perfection, the priority or the enforceability of any pledge of or security interest in any Equity Interests of any Foreign Subsidiary (other than English Subsidiaries or Adient Global Holdings Ltd), or as to the rights and remedies of the Agents or any Lender with respect thereto, under foreign law (other than the laws of England and Wales and Jersey, as applicable).

Section 3.18 Solvency. Immediately after giving effect to the Transactions on the Spinoff Date and the making of each Loan on or prior to the Spinoff Date and the application of the proceeds of such Loans, (i) Parent is able to pay its debts within the meaning of Section 570 of the Companies Act 2014 of Ireland ; (ii) the fair value of the assets of Parent and its Subsidiaries on a consolidated basis, exceeds, on a consolidated basis, their debts and liabilities, subordinated, contingent or otherwise; (iii) the present fair saleable value of the property of Parent and its Subsidiaries, on a consolidated basis, is greater than the amount that will be required to pay the probable liability, on a consolidated basis, of their debts and other liabilities, subordinated, contingent or otherwise, as such debts and other liabilities become absolute and matured; (iv) Parent and its Subsidiaries, on a consolidated basis, are able to pay their debts and liabilities, subordinated, contingent or otherwise, as such debts and liabilities become absolute and matured; and (v) Parent and its Subsidiaries, on a consolidated basis, are not engaged in, and are not about to engage in, business for which they have unreasonably small capital. For purposes of the foregoing, the amount of any contingent liability at any time shall be computed as the amount that would reasonably be expected to become an actual and matured liability.

Section 3.19 Labor Matters. Except as, individually or in the aggregate, would not reasonably be expected to have a Material Adverse Effect: (a) there are no strikes or other labor disputes pending or, to the knowledge of Parent and its Subsidiaries, threatened against Parent or any of the Subsidiaries; (b) the hours worked and payments made to employees of Parent and the Subsidiaries have not been in violation of the Fair Labor Standards Act or any other applicable law dealing with such matters; and (c) all payments due from Parent or any of the Subsidiaries or for which any claim may be made against Parent or any of the Subsidiaries, on account of wages and employee health and welfare insurance and other benefits have been paid or accrued as a liability on the books of Parent or such Subsidiary to the extent required by GAAP. Except as, individually or in the aggregate, would not reasonably be expected to have a Material Adverse Effect, the consummation of the Transactions will not give rise to a right of termination or right of renegotiation on the part of any union under any material collective bargaining agreement to which Parent or any of the Subsidiaries (or any predecessor) is a party or by which Parent or any of the Subsidiaries (or any predecessor) is bound.

Section 3.20 Insurance. Schedule 3.20 (as may be updated pursuant to Section 9.08(b) of this Agreement) sets forth a true, complete and correct description, in all material respects, of all material insurance (excluding any title insurance) maintained by or on behalf of Parent or the Subsidiaries as of the Spinoff Date. As of such date, such insurance is in full force and effect.

Section 3.21 Intellectual Property; Licenses, Etc. Except as would not reasonably be expected to have a Material Adverse Effect or as set forth in Schedule 3.21 (as may be updated pursuant to Section 9.08(b) of this Agreement), (a) Parent and each of its Subsidiaries owns, or possesses the right to use, all Intellectual Property that

is used or held for use or is otherwise reasonably necessary in the operation of their respective businesses (provided that this representation and warranty shall not be construed as a representation and warranty that the operation of the Parent's, and each of its Subsidiaries', businesses do not infringe, misappropriate or violate the Intellectual Property of any person, the sole representation and warranty in respect of which is set out in the following clause (b)), (b) to the knowledge of the Borrowers the operation of the Parent's, and each of its Subsidiaries', businesses is not interfering with, infringing upon, misappropriating or otherwise violating Intellectual Property of any other person, and (c) (i) no claim or litigation regarding any of the Intellectual Property owned by Parent and its Subsidiaries is pending or, to the knowledge of the Borrowers, threatened and (ii) to the knowledge of the Borrowers, no claim or litigation regarding any other Intellectual Property described in the foregoing clauses (a) and (b) is pending or threatened.

Section 3.22 USA PATRIOT Act. Except as would not reasonably be expected to have a Material Adverse Effect, Parent and each of its Subsidiaries is in compliance with the USA PATRIOT Act.

Section 3.23 Anti-Corruption Laws and Sanctions. Parent has implemented and maintains in effect policies and procedures designed to ensure compliance by Parent, its Subsidiaries and their respective directors, officers and employees with Anti-Corruption Laws and applicable Sanctions. Neither Parent nor any Subsidiary of Parent or, to the knowledge of Parent, any director, officer, agent, employee or affiliate of Parent or any of its Subsidiaries that, in each such case, is acting or benefitting in any capacity in connection with the Loans, (i) is currently the subject of any Sanctions or (ii) is operating, organized/incorporated or residing in any Designated Jurisdiction. Neither Parent nor any Subsidiary of Parent will, directly or, to its knowledge, indirectly, use or lend, contribute, provide or otherwise make available the proceeds of any extension of credit made pursuant to the terms of this Agreement to any Subsidiary, joint venture partner, or other person, (a) in furtherance of an offer, payment, promise to pay, or authorization of the payment or giving of money, or anything else of value, to any person in violation of any Anti-Corruption Laws, (b) to fund any activity or business in, of or with, any Designated Jurisdiction or to fund any activity or business of or with any person operating, organized/incorporated or residing, to the knowledge of Parent, in any Designated Jurisdiction or who, to the knowledge of Parent, is 50% or more owned by one or more persons who are, listed in any Sanctions-related list of designated persons maintained by the Office of Foreign Assets Control of the U.S. Department of the Treasury, the U.S. Department of State, the United Nations Security Council, the European Union or Her Majesty's Treasury, or (c) in a manner that will (to the knowledge of Parent) result in any violation by Parent or any Subsidiary of Parent or such Subsidiary of Sanctions, to the extent such violation in this clause (c) is reasonably expected to have a Material Adverse Effect.

Section 3.24 Adient Global Holdings Ltd.

- (a) All returns, resolutions and documents required by any legislation to be filed by Adient Global Holdings Ltd with the Jersey Registrar of Companies or the Jersey Financial Services Commission have been duly prepared, kept and filed (within all applicable time limits) and are correct.
- (b) Adient Global Holdings Ltd is not a "financial services company" or a "utility company" (as respectively defined in the Income Tax (Jersey) Law 1961).
- (c) Adient Global Holdings Ltd is exempt from the duty to hold a business licence under the Control of Housing and Work (Jersey) Law 2012.
- (d) Adient Global Holdings Ltd does not conduct any unauthorised "financial services business" (as defined in the Financial Services (Jersey) Law 1998).
- (e) Adient Global Holdings Ltd is and will remain an "international services entity" (within the meaning of the Goods and Services Tax (Jersey) Law 2007).
- (f) The information contained in the SIR Checklist provided by Parent is accurate and complete.

Notwithstanding anything herein to the contrary, the representations and warranties set forth in this Section 3.24 will automatically be deemed to be of no further effect from and after the Borrower Transfer Date.

ARTICLE IV

Conditions of Lending

Section 4.01 Signing Date. The effectiveness of this Agreement is subject to the satisfaction (or waiver in accordance with Section 9.08) of the following conditions:

- (a) The Administrative Agent shall have received from each of the Initial Borrower, the Issuing Banks and the Lenders a counterpart of this Agreement signed on behalf of such party.
- (b) The Administrative Agent shall have received from JCI a counterpart of the Guarantee Agreement signed thereby.
- (c) The Agents shall have received all fees due and payable thereto or to any Lender on or prior to the Signing Date and, to the extent invoiced at least three (3) Business Days prior to the Signing Date, reimbursement or payment of all reasonable and documented out-of-pocket expenses (including reasonable fees, charges and disbursements of Cahill Gordon & Reindel LLP, Linklaters LLP, Appleby Global Group Services Limited and Matheson) required to be reimbursed or paid by the Loan Parties hereunder, under the Fee Letter or this Agreement on or prior to the Signing Date.

Section 4.02 Closing Date. The obligations of (a) the Revolving Facility Lenders to make Revolving Facility Loans and (b) the obligation of each Lender with an Initial Term A Loan Commitment to make Initial Term A Loans to the Initial Borrower are subject to the satisfaction (or waiver in accordance with Section 9.08) of the following conditions:

- (a) The Administrative Agent shall have received, in the case of any Borrowing on the Closing Date, a Borrowing Request as required by Section 2.03.
- (b) The Administrative Agent shall have received a certificate of a Responsible Officer of JCI stating that (i) if the Successor JCI Credit Agreement Effectiveness Date shall not have occurred, (A) the Predecessor JCI Credit Agreement Reps and Warranties are true and correct in all material respects as of the Closing Date as though made on and as of such date, except to the extent such representations and warranties expressly relate to an earlier date (in which case such representations and warranties shall be true and correct in all material respects as of such earlier date); provided that any representation and warranty that is qualified as to “materiality,” “Material Adverse Effect” or similar language shall be true and correct (after giving effect to any qualification therein) in all respects on such respective dates and (B) no Predecessor JCI Credit Agreement Event of Default (or Default related thereto) shall have occurred and be continuing or (ii) if the Successor JCI Credit Agreement Effectiveness Date shall have occurred (or occurs substantially concurrently with the Closing Date), (A) the Successor JCI Credit Agreement Reps and Warranties are true and correct in all material respects as of the Closing Date as though made on and as of such date, except to the extent such representations and warranties expressly relate to an earlier date (in which case such representations and warranties shall be true and correct in all material respects as of such earlier date); provided that any representation and warranty that is qualified as to “materiality,” “Material Adverse Effect” or similar language shall be true and correct (after giving effect to any qualification therein) in all respects on such respective dates and (B) no Successor JCI Credit Agreement Event of Default (or Default related thereto) shall have occurred and be continuing.
- (c) The Administrative Agent shall have received, on behalf of itself, the Lenders and each Issuing Bank, a written opinion of (i) Wachtell, Lipton, Rosen & Katz, as special New York counsel for the Initial Borrower and JCI and (ii) Brian J. Cadwallader, General Counsel of JCI, or in each case, such other counsel as may be reasonably acceptable to the Administrative Agent, with respect to (I) (in the case of the opinion of special New York counsel) the enforceability of this Agreement and the Guarantee Agreement and (II) other related matters, in each case (A) dated the Closing Date, (B) addressed to each Issuing Bank,

the Administrative Agent and the Lenders on the Closing Date and (C) in form and substance reasonably satisfactory to the Administrative Agent covering such matters relating to this Agreement and the Guarantee Agreement as the Administrative Agent shall reasonably request.

(d) The Administrative Agent shall have received a certificate (or certificates) of the Secretary or Assistant Secretary or similar officer of each of the Initial Borrower and JCI dated the Closing Date and certifying:

(i) that attached thereto is a true and complete copy of the certificate or articles of incorporation, certificate of limited partnership, certificate of formation or other equivalent constituent and governing documents, including all amendments thereto, of the Initial Borrower or JCI, as applicable, certified as of a recent date by the Secretary of State (or other similar official or Governmental Authority) of the jurisdiction of its organization/incorporation or by the Secretary or Assistant Secretary or similar officer of the Initial Borrower or JCI, as applicable or other person duly authorized by the constituent documents of the Initial Borrower or JCI, as applicable,

(ii) solely in the case of JCI, that attached thereto is a true and complete copy of a certificate as to the good standing of JCI (to the extent that such concept exists in JCI's jurisdiction) as of a recent date from such Secretary of State (or other similar official or Governmental Authority),

(iii) that attached thereto is a true and complete copy of the by-laws (or articles of association, partnership agreement, limited liability company agreement or other equivalent constituent and governing documents) of the Initial Borrower or JCI, as applicable as in effect on the Closing Date and at all times since a date prior to the date of the resolutions described in the following clause (iv),

(iv) that attached thereto is a true and complete copy of resolutions duly adopted by the Board of Directors (or equivalent governing body) of the Initial Borrower or JCI, as applicable (or its managing general partner or managing member), authorizing the execution, delivery and performance of the Loan Documents to which such person is a party on the Closing Date and that such resolutions have not been modified, rescinded or amended and are in full force and effect on the Closing Date, and

(v) as to the incumbency and specimen signature of each officer or authorized signatory executing this Agreement or the Guarantee Agreement or any other document delivered in connection herewith on the Closing Date on behalf of the Initial Borrower or JCI, as applicable.

(e) [reserved].

(f) The Administrative Agent shall have received, at least three (3) Business Days prior to the Closing Date, all documentation and other information required with respect to the Initial Borrower and JCI by regulatory authorities under applicable "know your customer" and anti-money laundering rules and regulations, including without limitation the USA PATRIOT Act to the extent requested in writing at least ten (10) Business Days prior to the Closing Date.

(g) The Agents shall have received all fees due and payable thereto or to any Lender on or prior to the Closing Date and, to the extent invoiced at least three (3) Business Days prior to the Closing Date, reimbursement or payment of all reasonable and documented out-of-pocket expenses (including reasonable fees, charges and disbursements of Cahill Gordon & Reindel LLP) required to be reimbursed or paid by the Loan Parties hereunder, under the Fee Letter or this Agreement on or prior to the Closing Date.

(h) No Event of Default or Default (determined, in each case, pursuant to the lead-in to Section 7.01) shall have occurred and be continuing.

(i) To the extent the Closing Date is prior to the Successor JCI Credit Agreement Effectiveness Date, the Predecessor JCI Credit Agreement Reps and Warranties shall be true and correct in all material respects as of the Closing Date (after giving effect to the Transactions) as though made on and as of such date, except to the extent such representations and warranties expressly relate to an earlier date (in which case such representations and warranties shall be true and correct in all material respects as of such earlier date) and (ii) to the extent the Closing Date is on or after the Successor JCI Credit Agreement Effectiveness Date, the Successor JCI Credit Agreement Reps and Warranties shall be true and correct in all material respects as of the Closing Date (after giving effect to the Transactions) as though made on and as of such date, except to the extent such representations and warranties expressly relate to an earlier date (in which case such representations and warranties shall be true and correct in all material respects as of such earlier date); provided that any representation and warranty that is qualified as to “materiality,” “Material Adverse Effect” or similar language shall be true and correct (after giving effect to any qualification therein) in all respects on such respective dates.

Section 4.03 Subsequent Credit Events. Each Credit Event after the Closing Date and any credit extension pursuant to Sections 2.21, 2.22 or 2.23 is subject to the satisfaction (or waiver in accordance with Section 9.08) of the following conditions on the date of each Borrowing and on the date of each issuance, amendment, extension or renewal of a Letter of Credit:

(a) The Administrative Agent shall have received, in the case of a Borrowing, a Borrowing Request as required by Section 2.03 or, in the case of the issuance of a Letter of Credit on or after the Spinoff Date, the applicable Issuing Bank and the Administrative Agent shall have received a notice requesting the issuance of such Letter of Credit as required by Section 2.05(b).

(b) The applicable representations and warranties of each Loan Party which is a party to any Loan Document on the date of such Credit Event which are contained in (i) Article III of this Agreement (and determined pursuant to the first two paragraphs of Article III) or (ii) any other Loan Document in effect on the date of such Credit Event shall be true and correct in all material respects on and as of the date of such Credit Event; provided, that, to the extent that such representations and warranties specifically refer to an earlier date, they shall be true and correct in all material respects as of such earlier date; provided, further, that any representation and warranty that is qualified as to “materiality,” “Material Adverse Effect” or similar language shall be true and correct (after giving effect to any qualification therein) in all respects on such respective dates; provided, further, that with respect to Incremental Term Loans used to finance Permitted Acquisitions, the applicable representations and warranties shall be made in accordance with the foregoing but only the accuracy of customary “specified representations” shall be a condition to the availability of such Incremental Term Loans in accordance with Section 2.21(c).

(c) Except as set forth in Section 2.21(c) with respect to Incremental Term Loans used to finance a Permitted Acquisition, at the time of and immediately after such Credit Event (other than an amendment, extension or renewal of a Letter of Credit without any increase in the stated amount of such Letter of Credit), as applicable, no Event of Default or Default (determined, in each case, pursuant to the lead-in to Section 7.01) shall have occurred and be continuing.

Section 4.04 Determinations Under Section 4.02. For purposes of determining compliance with the conditions specified in Sections 4.01 and 4.02 and the definitions of “Spinoff Date” and “Successor JCI Credit Agreement Effectiveness Date,” each Lender shall be deemed to have consented to, approved or accepted or to be satisfied with each document or other matter required thereunder to be consented to or approved by or acceptable or satisfactory to the Administrative Agent or the Lenders unless an officer of the Administrative Agent responsible for the transactions contemplated by this Agreement shall have received written notice from such Lender prior to the Signing Date, the Closing Date, the Spinoff Date and the Successor JCI Credit Agreement Effectiveness Date, respectively, specifying its objection thereto in reasonable detail. The Administrative Agent shall promptly notify the Lenders and the Borrower Representative in writing of the occurrence of the Signing Date, the Closing Date, the Spinoff Date and the Successor JCI Credit Agreement Effectiveness Date, respectively, and each such notification shall be conclusive and binding.

ARTICLE V

Affirmative Covenants

Prior to the Spinoff Date, the Initial Borrower covenants and agrees with each Lender that from and after the Signing Date until the Spinoff Date, unless the Required Lenders shall otherwise consent in writing, the Initial Borrower will, and that JCI (and, after the Successor JCI Credit Agreement Effectiveness Date, New JCI) and the Subsidiaries will, comply with (i) to the extent prior to the Successor JCI Credit Agreement Effectiveness Date, the Predecessor JCI Credit Agreement Affirmative Covenants and (ii) upon and after the Successor JCI Credit Agreement Effectiveness Date, the Successor JCI Credit Agreement Affirmative Covenants.

Upon and after the Spinoff Date, the Borrowers covenant and agree with each Lender that from and after the Spinoff Date until the Termination Date, unless the Required Lenders shall otherwise consent in writing, Parent and the Borrowers will, and will cause each of the Subsidiaries to:

Section 5.01 Existence; Business and Properties.

(a) Do or cause to be done all things necessary to preserve, renew and keep in full force and effect its legal existence, except (i) in the case of a Subsidiary of Parent (other than a Borrower), where the failure to do so would not reasonably be expected to have a Material Adverse Effect, (ii) as otherwise permitted under Section 6.05, and (iii) for the liquidation or dissolution of Subsidiaries (other than a Borrower) if the assets of such Subsidiaries to the extent they exceed estimated liabilities are acquired by Parent or a Wholly Owned Subsidiary of Parent in such liquidation or dissolution; provided, that (x) Guarantors may not be liquidated into Subsidiaries that are not Loan Parties, and (y) U.S. Subsidiaries may not be liquidated into Foreign Subsidiaries (except in each case as permitted under Section 6.05).

(b) Except where the failure to do so would not reasonably be expected to have a Material Adverse Effect, do or cause to be done all things necessary to (i) except with respect to Intellectual Property, which is addressed in clause (c) below, lawfully obtain, preserve, renew, extend and keep in full force and effect the permits, franchises, authorizations, licenses and rights with respect thereto used in the conduct of its business, and (ii) at all times maintain, protect and preserve all property necessary to the normal conduct of its business and keep such property in good repair, working order and condition (ordinary wear and tear excepted), from time to time make, or cause to be made, all needful and proper repairs, renewals, additions, improvements and replacements thereto necessary in order that the business carried on in connection therewith, if any, may be properly conducted at all times (in each case

except as permitted by this Agreement).

(c) Except where the failure to do so would not reasonably be expected to have a Material Adverse Effect, take all steps necessary to preserve, prosecute, maintain, renew, extend, protect, enforce and keep in full force and effect the Intellectual Property which is owned by Parent or its Subsidiaries, to the extent used or held for use in the conduct of its business.

Section 5.02 Insurance.

(a) Maintain, with financially sound and reputable insurance companies, insurance (subject to customary deductibles and retentions) in such amounts and against such risks as are customarily maintained by similarly situated companies engaged in the same or similar businesses operating in the same or similar locations, and within thirty (30) days after the Spinoff Date (or such later date as the Collateral Agent may agree in writing in its reasonable discretion), cause the Collateral Agent to be listed as a co-insured or co-loss payee, on property and casualty policies with respect to tangible personal property and assets constituting Collateral located in the United States of America, England and Wales or Ireland and as an additional or co-insured on all general liability policies. Notwithstanding the foregoing, Parent and the Subsidiaries may (i) maintain all such insurance with any combination of primary and excess insurance, (ii) maintain any or all such insurance pursuant to master or so-called "blanket policies" insuring any or all Collateral and/or other Real Property which does not constitute Collateral (and in such event the co-payee endorsement shall be limited or otherwise modified accordingly), and/or (iii) self-insure with respect to such risks with respect to which companies of established reputation engaged in the same general line of business in the same general area usually self-insure.

(b) Except as the Collateral Agent may agree in its reasonable discretion, within thirty (30) days after the later of the Spinoff Date and, with respect to any Spinoff Date Mortgaged Property, the date on which such Mortgaged Property is required to be encumbered by a Mortgage hereunder (or such later date (A) not to exceed an additional fifteen (15) days if reasonably required by the Borrower Representative or (B) as such period may be further extended in the sole discretion of the Collateral Agent), subject to Section 5.02(a)(i), cause all such property and casualty insurance policies with respect to the Mortgaged Property located in the United States of America or England and Wales to be endorsed or otherwise amended to include a “standard” lender’s loss payable endorsement, in form and substance reasonably satisfactory to the Collateral Agent, deliver a certificate of insurance with respect to each Mortgaged Property to the Collateral Agent; deliver to the Collateral Agent, prior to or concurrently with the cancellation or nonrenewal of any such policy of insurance covered by this clause (b), a copy of a renewal or replacement policy (or other evidence of renewal of a policy previously delivered to the Collateral Agent), or insurance certificate with respect thereto, together with evidence satisfactory to the Collateral Agent of payment of the premium therefor, in each case of the foregoing, to the extent customarily maintained, purchased or provided to, or at the request of, lenders by similarly situated companies in connection with credit facilities of this nature.

(c) At the time of delivery of the applicable Mortgage, if any portion of any Mortgaged Property located in the United States is at any time located in an area identified by the Federal Emergency Management Agency (or any successor agency) as a special flood hazard area (each a “Special Flood Hazard Area”) with respect to which flood insurance has been made available under the Flood Insurance Laws (as now or hereafter in effect or successor act thereto), (i) maintain, or cause to be maintained, with a financially sound and reputable insurer, flood insurance in an amount and otherwise sufficient to comply with all applicable rules and regulations promulgated pursuant to the Flood Insurance Laws and (ii) deliver to the Collateral Agent evidence of such compliance in form and substance reasonably acceptable to the Collateral Agent.

(d) In connection with the covenants set forth in this Section 5.02, it is understood and agreed that:

(i) the Administrative Agent, the Collateral Agent, the Lenders, the Issuing Banks and their respective agents or employees shall not be liable for any loss or damage insured by the insurance policies required to be maintained under this Section 5.02, it being understood that (A) the Loan Parties shall look solely to their insurance companies or any other parties other than the aforesaid parties for the recovery of such loss or damage and (B) such insurance companies shall have no rights of subrogation against the Administrative Agent, the Collateral Agent, the Lenders, any Issuing Bank or their agents or employees. If, however, the insurance policies, as a matter of the internal policy of such insurer, do not provide waiver of subrogation rights against such parties, as required above, then the Borrowers, on behalf of themselves and behalf of each of Parent and the Subsidiaries, hereby agree, to the extent permitted by law, to waive, and further agree to cause each of Parent and their Subsidiaries to waive, its right of recovery, if any, against the Administrative Agent, the Collateral Agent, the Lenders, any Issuing Bank and their agents and employees;

(ii) the designation of any form, type or amount of insurance coverage by the Collateral Agent (including acting in the capacity as the Collateral Agent) under this Section 5.02 shall in no event be deemed a representation, warranty or advice by the Collateral Agent or the Lenders that such insurance is adequate for the purposes of the business of Parent and the Subsidiaries or the protection of their properties; and

(iii) the amount and type of insurance that Parent and its Subsidiaries have in effect as of the Spinoff Date and the certificates and endorsements listing the Collateral Agent as a co-insured, co-loss payee or additional insured, as the case may be, satisfy for all purposes the requirements of this Section 5.02.

Section 5.03 Taxes. Pay its obligations in respect of all Tax liabilities, assessments and governmental charges, before the same shall become delinquent or in default, except where (i) Parent or a Subsidiary thereof has set aside on its books adequate reserves therefor in accordance with GAAP and, to the extent due and payable pursuant to a governmental assessment, the amount thereof is being contested in good faith by appropriate proceedings or (ii) the failure to make payment could not reasonably be expected, individually or in the aggregate, to result in a Material Adverse Effect.

Section 5.04 Financial Statements, Reports, Etc. Furnish to the Administrative Agent (which will promptly furnish such information to the Lenders):

(a) within 90 days after the end of each fiscal year, commencing with the first fiscal year ending after the Spinoff Date, a consolidated balance sheet and related statements of operations, cash flows and owners' equity showing the financial position of Parent and its Subsidiaries as of the close of such fiscal year and the consolidated results of their operations during such year and setting forth in comparative form the corresponding figures for the prior fiscal year, which consolidated balance sheet and related statements of operations, cash flows and owners' equity shall be accompanied by customary management's discussion and analysis and audited by independent public accountants of recognized national standing and accompanied by an opinion of such accountants (which opinion shall not be qualified as to scope of audit or as to the status of Parent or any Material Subsidiary as a going concern, other than solely with respect to, or resulting solely from, an upcoming maturity date under any Indebtedness incurred under this Agreement occurring within one year from the time such opinion is delivered) to the effect that such consolidated financial statements fairly present, in all material respects, the financial position and results of operations of Parent and its Subsidiaries on a consolidated basis in accordance with GAAP (it being understood that the delivery by Parent of annual reports on Form 10-K of Parent and its consolidated Subsidiaries shall satisfy the requirements of this Section 5.04(a) to the extent such annual reports include the information specified herein and are delivered within the time period specified above);

(b) within 45 days after the end of each of the first three fiscal quarters of each fiscal year (commencing with the first fiscal quarter ending after the Spinoff Date), a consolidated balance sheet and related statements of operations and cash flows showing the financial position of Parent and its Subsidiaries as of the close of such fiscal quarter and the consolidated results of their operations during such fiscal quarter and the then-elapsed portion of the fiscal year and setting forth in comparative form the corresponding figures for the corresponding periods of the prior fiscal year, all of which shall be in reasonable detail, which consolidated balance sheet and related statements of operations and cash flows shall be accompanied by customary management's discussion and analysis and which consolidated balance sheet and related statements of operations and cash flows shall be certified by a Financial Officer of Parent on behalf of Parent as fairly presenting, in all material respects, the financial position and results of operations of Parent and its Subsidiaries on a consolidated basis in accordance with GAAP (subject to normal year-end audit adjustments and the absence of footnotes) (it being understood that the delivery by Parent of quarterly reports on Form 10-Q of Parent and its consolidated Subsidiaries shall satisfy the requirements of this Section 5.04(b) to the extent such quarterly reports include the information specified herein and are delivered within the time period specified above);

(c) (x) concurrently with any delivery of financial statements under clause (a) or (b) above, a certificate of a Financial Officer of Parent (i) certifying that no Event of Default or Default has occurred since the date of the last certificate delivered pursuant to this Section 5.04(c) (or since the Spinoff Date in the case of the first such certificate) or, if such an Event of Default or Default has occurred, specifying the nature and extent thereof and any corrective action taken or proposed to be taken with respect thereto, (ii) commencing with the end of the first full fiscal quarter after the Spinoff Date, setting forth computations in reasonable detail satisfactory to the Administrative Agent demonstrating compliance with the Financial Covenant (if applicable) and (iii) setting forth the calculation and uses of the Available Amount for the fiscal period then ended if the Available Amount has been used for any purpose during such fiscal period and (y) concurrently with any delivery of financial statements under clause (a) above, if the accounting firm is not restricted from providing such a certificate by its policies office, a certificate of the accounting firm opining on or certifying such statements stating whether they obtained knowledge during the course of their examination of such statements of any Default or Event of Default (which certificate may be limited to accounting matters and disclaim responsibility for legal interpretations);

(d) promptly after the same become publicly available, copies of all periodic and other publicly available reports, proxy statements and, to the extent requested by the Administrative Agent, other materials filed by Parent or any of the Subsidiaries with the SEC, or distributed to its stockholders or shareholders generally, as applicable; provided, however, that such reports, proxy statements, filings and other materials required to be delivered pursuant to this clause (d) shall be deemed delivered for purposes

of this Agreement when posted to the website of Parent or the Borrowers or the website of the SEC and written notice of such posting has been delivered to the Administrative Agent;

(e) within 90 days after the beginning of each fiscal year that commences after the Spinoff Date, a consolidated annual budget for such fiscal year consisting of a projected consolidated balance sheet of Parent and its Subsidiaries as of the end of such fiscal year and the related consolidated statements of projected cash flow and projected income (collectively, the “Budget”), which Budget shall in each case be accompanied by the statement of a Financial Officer of Parent to the effect that the Budget is based on assumptions believed by Parent to be reasonable as of the date of delivery thereof;

(f) concurrently with the delivery of financial statements under clause (a) above, an updated Perfection Certificate reflecting all changes since the date of the information most recently received pursuant to this clause (f) or Section 5.10(c) (or a certificate of a Responsible Officer certifying as to the absence of any changes to the previously delivered update, if applicable); and

(g) promptly, from time to time, such other information regarding the operations, business affairs and financial condition of Parent or any of the Subsidiaries, or compliance with the terms of any Loan Document as in each case the Administrative Agent may reasonably request (for itself or on behalf of any Lender).

The Borrowers acknowledge and agree that all financial statements furnished pursuant to paragraphs (a), (b) and (d) above are hereby deemed to be Borrower Materials suitable for distribution, and to be made available, to Public Lenders as contemplated by Section 9.17 and may be treated by the Administrative Agent and the Lenders as if the same had been marked “PUBLIC” in accordance with such paragraph (unless the Borrower Representative otherwise notifies the Administrative Agent in writing on or prior to delivery thereof).

Section 5.05 Litigation and Other Notices. Furnish to the Administrative Agent (which will promptly thereafter furnish to the Lenders) written notice of the following promptly after any Responsible Officer of the Borrower Representative obtains actual knowledge thereof:

(a) any Event of Default or Default, specifying the nature and extent thereof and the corrective action (if any) proposed to be taken with respect thereto;

(b) the filing or commencement of, or any written threat or notice of intention of any person to file or commence, any action, suit or proceeding, whether at law or in equity or by or before any Governmental Authority or in arbitration, against Parent or any of the Subsidiaries as to which an adverse determination is reasonably probable and which, if adversely determined, would reasonably be expected to have a Material Adverse Effect;

(c) any other development specific to Parent or any of the Subsidiaries that is not a matter of general public knowledge and that has had, or would reasonably be expected to have, a Material Adverse Effect; and

(d) the occurrence of any ERISA Event that, together with all other ERISA Events that have occurred, would reasonably be expected to have a Material Adverse Effect.

Each notice delivered under this Section 5.05 shall be accompanied by a statement of a Responsible Officer of the Borrower Representative setting forth the details of the event or development requiring such notice and any action taken or proposed to be taken with respect thereto.

Section 5.06 Compliance with Laws. Comply with all laws, rules, regulations and orders of any Governmental Authority applicable to it or its property, except where the failure to do so, individually or in the aggregate, would not reasonably be expected to result in a Material Adverse Effect; provided, that this Section 5.06 shall not apply to Environmental Laws, which are the subject of Section 5.09, or to laws related to Taxes, which are the subject of Section 5.03. Parent will implement and maintain in effect and enforce policies and procedures

designed to ensure compliance by Parent, its Subsidiaries and their respect directors, officers and employees with Anti-Corruption Laws and applicable Sanctions.

Section 5.07 Maintaining Records; Access to Properties and Inspections. Maintain all financial records in accordance with GAAP and permit any persons designated by the Administrative Agent or, upon the occurrence and during the continuance of an Event of Default, any Lender to visit and inspect the financial records and the properties of Parent or any of the Subsidiaries at reasonable times, upon reasonable prior notice to Parent, and as often as reasonably requested and to make extracts from and copies of such financial records, and permit any persons designated by the Administrative Agent or, upon the occurrence and during the continuance of an Event of Default, any Lender upon reasonable prior notice to Parent to discuss the affairs, finances and condition of Parent or any of the Subsidiaries with the officers thereof and independent accountants therefor (so long as Parent has the opportunity to participate in any such discussions with such accountants), in each case, subject to reasonable requirements of confidentiality, including requirements imposed by law or by contract.

Section 5.08 Use of Proceeds. Use the proceeds of the Loans made and Letters of Credit issued in the manner contemplated by Section 3.12.

Section 5.09 Compliance with Environmental Laws. Comply, and make reasonable efforts to cause all lessees and other persons occupying its properties to comply, with all applicable Environmental Laws; and obtain and renew all required Environmental Permits, except, in each case with respect to this Section 5.09, to the extent the failure to do so would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

Section 5.10 Further Assurances; Additional Guarantors; Additional Security.

(a) Execute any and all further documents, financing statements, agreements and instruments, and take all such further actions (including the filing and recording of financing statements and other documents), that the Collateral Agent may reasonably request (including, without limitation, those required by applicable law), to satisfy the Collateral and Guarantee Requirement and to cause the Collateral and Guarantee Requirement to be and remain satisfied, all at the expense of the Loan Parties and provide to the Collateral Agent, from time to time upon reasonable request, evidence reasonably satisfactory to the Collateral Agent as to the perfection of the Liens created or intended to be created by the Security Documents.

(b) If any asset (other than Real Property) is acquired by any Loan Party after the Spinoff Date or owned by an entity at the time it becomes a Guarantor (in each case other than (x) assets constituting Collateral under a Security Document that automatically become subject to the Lien of such Security Document upon acquisition thereof, (y) assets constituting Excluded Property and (z)(i) in the case of a Loan Party organized under the laws of the United States or any state thereof, assets (other than Equity Interests) owned thereby and located outside of the United States, (ii) in the case of a Loan Party organized under the laws of England and Wales, assets (other than Equity Interests) owned thereby and located outside of England and Wales, (iii) in the case of Adient Global Holdings Ltd, assets (other than Equity Interests) owned thereby and located outside of Jersey and (iv) in the case of Parent, assets (other than Equity Interests) owned thereby and located outside of Ireland), such Loan Party will, (A) notify the Collateral Agent of such acquisition or ownership (provided that this clause (A) will be deemed satisfied with respect to any applicable asset so long as such notice is delivered on the first date on which financial statements are required to be delivered pursuant to Section 5.04(a) or (b) which occurs at least 10 business days after the acquisition of such asset, or at any time prior thereto) and (B) cause such asset to be subjected to a Lien (subject to any Permitted Liens) securing the Obligations by, and take, and cause the Guarantors to take, such actions as shall be reasonably requested by the Collateral Agent to satisfy the Collateral and Guarantee Requirement to be satisfied with respect to such asset, including actions described in clause (a) of this Section 5.10, all at the expense of the Loan Parties, subject to the penultimate paragraph of this Section 5.10.

(c) Grant and cause each of the Guarantors to grant to the Collateral Agent security interests in, and mortgages on, any Material Real Property of such Loan Parties, as applicable, that are not Mortgaged Property as of the Spinoff Date, to the extent acquired after the Spinoff Date, within (i) with respect to each Mortgaged Property located in the United States, ninety (90) days after such acquisition and (ii) with respect to each Mortgaged Property located in England and Wales, twenty (20) days after such acquisition, or such later date as the Collateral Agent may

agree in its reasonable discretion) pursuant to documentation in form and substance reasonably satisfactory to the Collateral Agent and the Borrower Representative (each, an “Additional Mortgage”), which security interest and mortgage shall constitute valid and enforceable Liens subject to no other Liens except Permitted Liens and record, register or file, and cause each such Subsidiary to record, register or file, the Additional Mortgage or instruments related thereto in such manner and in such places as is required by law to establish, perfect, preserve and protect the Liens in favor of the Collateral Agent (for the benefit of the Secured Parties) required to be granted pursuant to the Additional Mortgages and pay, and cause each such Subsidiary to pay, in full, all Taxes, fees and other charges required to be paid in connection with such recording, registration or filing, in each case subject to the penultimate paragraph of this Section 5.10. Unless otherwise waived by the Collateral Agent, with respect to each such Additional Mortgage, the Borrowers shall cause the requirements set forth in clauses (b)(iii), (h) and (i) of the definition of “Collateral and Guarantee Requirement” to be satisfied with respect to such Material Real Property.

(d) If any additional direct or indirect Subsidiary of Parent is formed, acquired or ceases to constitute an Excluded Subsidiary following the Spinoff Date and such Subsidiary is (1) a Wholly Owned Subsidiary which is a U.S. Subsidiary or English Subsidiary of Parent and which is not an Excluded Subsidiary or (2) any other U.S. Subsidiary or English Subsidiary of Parent that may be designated by Parent in its sole discretion, within twenty (20) days after the date such Subsidiary is formed or acquired or meets such criteria (or first becomes subject to such requirement) (or such longer period as the Collateral Agent may agree in its sole discretion), notify the Collateral Agent thereof and, within thirty (30) days after the date such Subsidiary is formed or acquired or meets such criteria (or first becomes subject to such requirement) or such longer period as the Collateral Agent may agree in its sole discretion, cause such Subsidiary to become a Guarantor and cause the Collateral and Guarantee Requirement to be satisfied with respect to such Subsidiary and with respect to any Equity Interest in or Indebtedness of such Subsidiary owned by or on behalf of any Loan Party, subject to the penultimate paragraph of this Section 5.10. Notwithstanding anything to the contrary herein, in no circumstance shall an Excluded Subsidiary become a Guarantor unless designated as a Guarantor by Parent in its sole discretion and no Foreign Subsidiary other than an English Subsidiary shall become a Guarantor unless the Administrative Agent shall have consented in writing (such consent shall be in the sole discretion of the Administrative Agent).

(e) Furnish to the Collateral Agent prompt written notice of any change (A) in any Loan Party’s corporate, registered or organization name, (B) in any Loan Party’s identity or organizational structure, (C) in any Loan Party’s organizational identification or registered number (to the extent relevant in the applicable jurisdiction of organization) and (D) in any Loan Party’s jurisdiction of organization; provided, that the Loan Parties shall not effect or permit any such change unless all filings have been made, or will have been made within 10 days following such change (or such longer period as the Collateral Agent may agree in its sole discretion), under the Uniform Commercial Code (or its equivalent in any applicable jurisdiction) that are required in order for the Collateral Agent to continue at all times following such change to have a valid, legal and perfected security interest in all the Collateral in which a security interest may be perfected by such filing, for the benefit of the Secured Parties.

(f) If any additional Foreign Subsidiary (other than an English Subsidiary) of Parent is formed or acquired after the Spinoff Date (with any Subsidiary Redesignation resulting in an Unrestricted Subsidiary becoming a Subsidiary being deemed to constitute the acquisition of a Subsidiary) and if such Subsidiary is a “first tier” Foreign Subsidiary of a Loan Party, within thirty (30) days after the date such Foreign Subsidiary is formed or acquired (or such longer period as the Collateral Agent may agree in its reasonable discretion), notify the Collateral Agent thereof and, within sixty (60) days after the date such Foreign Subsidiary is formed or acquired or such longer period as the Collateral Agent may agree in its reasonable discretion, cause the Collateral and Guarantee Requirement to be satisfied with respect to any Equity Interest in such Foreign Subsidiary owned by or on behalf of any Loan Party, subject to the penultimate paragraph of this Section 5.10.

Notwithstanding anything to the contrary in this Agreement or in the other Loan Documents, the Collateral and Guarantee Requirement and the other provisions of this Section 5.10 and the other Loan Documents with respect to Collateral need not be satisfied with respect to any of the following (collectively, the “Excluded Property”):

(i) any Real Property other than Material Real Property;

(ii) motor vehicles and other assets subject to certificates of title (other than to the extent that a security interest therein can be perfected by the filing of a financing statement under the Uniform Commercial Code or applicable filings under Specified Foreign Law or is perfected without any filing under Specified Foreign Law);

(iii) letter of credit rights (other than to the extent that a security interest therein can be perfected by the filing of a financing statement under the Uniform Commercial Code or applicable filings under Specified Foreign Law or is perfected without any filing under Specified Foreign Law);

(iv) commercial tort claims with a value of less than \$10,000,000 (other than to the extent that a security interest therein can be perfected by the filing of a financing statement under the Uniform Commercial Code or applicable filings under Specified Foreign Law or is perfected without any filing under Specified Foreign Law);

(v) [reserved];

(vi) leases, licenses, permits and other agreements to the extent, and so long as, the pledge thereof as Collateral would violate the terms thereof or create a right of termination in favor of any other party thereto (other than the Borrowers or a Guarantor), but only to the extent, and for so long as, such prohibition is not terminated or rendered unenforceable or otherwise deemed ineffective by the Uniform Commercial Code, Specified Foreign Law, the Bankruptcy Code or other Requirement of Law and other than the proceeds thereof the assignment of which is expressly deemed effective under the Uniform Commercial Code, Specified Foreign Law or other applicable law;

(vii) other assets to the extent the pledge thereof or the security interest therein is prohibited by applicable law, rule or regulation (other than to the extent such prohibition is not terminated or rendered unenforceable or otherwise deemed ineffective by the Uniform Commercial Code, Specified Foreign Law of the applicable jurisdiction, Bankruptcy Code or any other Requirement of Law and other than the proceeds thereof the assignment of which is expressly deemed effective under the Uniform Commercial Code, Specified Foreign Law or other applicable law) or which require governmental (including regulatory) consent, approval, license or authorization to be pledged (unless such consent, approval, license or authorization has been received);

(viii) those assets as to which the Administrative Agent and Parent shall reasonably agree that the costs or other adverse consequences (including, without limitations, Tax consequences) of obtaining such security interest or perfection thereof are excessive in relation to the value of the security to be afforded thereby;

(ix) “intent-to-use” trademark applications prior to the filing of a “Statement of Use” or “Amendment to Allege Use” with respect thereto, to the extent that the grant of a security interest therein would impair the validity or enforceability of, or render void or voidable or result in the cancellation of the applicable grantor’s right, title or interest therein or in any trademark issued as a result of such application under applicable law;

(x) assets securing any Qualified Receivables Facility in compliance with Section 6.02(z);

(xi) any governmental licenses, permits or state or local franchises, charters and authorizations, to the extent Liens and security interests therein are prohibited or restricted thereby, but only to the extent, and for so long as, such prohibition is not terminated or rendered unenforceable or otherwise deemed ineffective by the Uniform Commercial Code or Specified Foreign Law, as applicable (other than the proceeds thereof the assignment of which is expressly deemed effective under the Uniform Commercial Code or Specified Foreign Law, as applicable); and

(xii) Excluded Securities;

provided, that Parent may in its sole discretion elect to exclude any property from the definition of Excluded Property.

In addition, in no event shall (1) control agreements or control, lockbox or similar agreements or arrangements be required with respect to deposit accounts, securities accounts or commodities accounts, (2) landlord, mortgagee and bailee waivers or subordination agreements (other than any subordination agreement expressly contemplated by Sections 6.01(a), (e) or (m) of this Agreement) be required, (3) notices be required to be sent to account debtors or other contractual third parties unless an Event of Default has occurred and is continuing and (4) foreign-law governed security documents or perfection under foreign law (other than the Specified Foreign Loan Documents and the perfection thereof, in each case, under Specified Foreign Law) be required.

Notwithstanding anything herein to the contrary, (A) the Collateral Agent may grant extensions of time or waiver or modification of requirement for the creation or perfection of security interests in or the obtaining of insurance (including title insurance) or surveys with respect to particular assets (including extensions beyond the Spinoff Date for the perfection of security interests in the assets of the Loan Parties on such date) where it reasonably determines, in consultation with the Borrowers, that perfection or obtaining of such items cannot reasonably be accomplished without undue effort or expense or is otherwise impracticable by the time or times at and/or in the form or manner in which it would otherwise be required by this Agreement or the other Loan Documents, (B) Liens required to be granted from time to time pursuant to, or any other requirements of, the Collateral and Guarantee Requirement and the Security Documents shall be subject to exceptions and limitations set forth in the Security Documents and (C) to the extent any Mortgaged Property is located in a jurisdiction with mortgage recording or similar Tax, the amount secured by the Security Document with respect to such Mortgaged Property shall be limited to the Fair Market Value of such Mortgaged Property as determined in good faith by the Borrower Representative (subject to such lesser amount agreed to by the Collateral Agent).

Section 5.11 Restricted and Unrestricted Subsidiaries. Designate any Subsidiary as an Unrestricted Subsidiary only in accordance with the definition of “Unrestricted Subsidiary” contained herein.

Section 5.12 Post-Closing. Take all necessary actions to satisfy the items described on Schedule 5.12 (as may be updated pursuant to Section 9.08(b) of this Agreement) within the applicable period of time specified in such Schedule (or such longer period as the Administrative Agent may agree in its sole discretion).

ARTICLE VI

Negative Covenants

Prior to the Spinoff Date, the Initial Borrower covenants and agrees with each Lender that from the Signing Date until the Spinoff Date, unless the Required Lenders shall otherwise consent in writing, the Initial Borrower will not, and that JCI (and, after the Successor JCI Credit Agreement Effectiveness Date, New JCI) and the Subsidiaries will not, take any action that results in (i) to the extent prior to the Successor JCI Credit Agreement Effectiveness Date, a violation of the Predecessor JCI Credit Agreement Negative Covenants and (ii) upon and after the Successor JCI Credit Agreement Effectiveness Date, a violation of the Successor JCI Credit Agreement Negative Covenants.

Upon and after the Spinoff Date, the Borrowers covenant and agree with each Lender that from the Spinoff Date until the Termination Date, unless the Required Lenders shall otherwise consent in writing, Parent and the Borrowers will not, and will not permit any of the Subsidiaries to:

Section 6.01 Indebtedness. Incur, create, assume or permit to exist any Indebtedness, except:

(a) (i) Indebtedness existing or committed or anticipated in the future to be outstanding on the Signing Date (provided, that any Indebtedness incurred pursuant to this clause (a)(i) in an aggregate principal amount in excess of \$35,000,000 or anticipated on the Signing Date to be outstanding in the future, shall be set forth on Schedule 6.01) and (ii) Indebtedness existing or committed, or anticipated in the future to be outstanding, on the Spinoff Date (provided that any Indebtedness incurred pursuant to this clause (a)(ii) shall be permitted only if the Administrative Agent consents thereto (in its reasonable

discretion) and Schedule 6.01 is updated accordingly to include such Indebtedness) and any Permitted Refinancing Indebtedness incurred to Refinance Indebtedness incurred pursuant to this clause (a); provided, that any Indebtedness outstanding pursuant to this clause (a) which is owed by a Loan Party to any Subsidiary that is not a Loan Party shall be subordinated in right of payment to the Loan Obligations under this Agreement on customary terms;

(b) Indebtedness created hereunder (including pursuant to Section 2.21, Section 2.22 and Section 2.23) and under the other Loan Documents and any Refinancing Notes incurred to Refinance such Indebtedness;

(c) Indebtedness of Parent or any Subsidiary pursuant to Hedging Agreements entered into for non-speculative purposes;

(d) Indebtedness owed to (including obligations in respect of letters of credit or bank guarantees or similar instruments for the benefit of) any person providing workers' compensation, health, disability or other employee benefits or property, casualty or liability insurance to Parent or any Subsidiary, pursuant to reimbursement or indemnification obligations to such person, in each case in the ordinary course of business or consistent with past practice or industry practices;

(e) Indebtedness of Parent to any Subsidiary and of any Subsidiary to Parent or any other Subsidiary; provided, that (i) Indebtedness of any Subsidiary that is not a Loan Party owing to a Loan Party incurred pursuant to this Section 6.01(e) shall be subject to Section 6.04 and (ii) Indebtedness owed by any Loan Party to any Subsidiary that is not a Loan Party incurred pursuant to this Section 6.01(e) shall be subordinated in right of payment to the Loan Obligations under this Agreement on customary terms;

(f) Indebtedness in respect of performance bonds, bid bonds, appeal bonds, surety bonds and completion guarantees and similar obligations, in each case provided in the ordinary course of business or consistent with past practice or industry practices, including those incurred to secure health, safety and environmental obligations in the ordinary course of business or consistent with past practice or industry practices;

(g) Indebtedness arising from the honoring by a bank or other financial institution of a check, draft or similar instrument drawn against insufficient funds in the ordinary course of business or other cash management services, in each case incurred in the ordinary course of business;

(h) (i) Indebtedness of a Subsidiary acquired after the Spinoff Date or a person merged or consolidated with Parent, any Borrower or any Subsidiary after the Spinoff Date and Indebtedness otherwise assumed by any Loan Party in connection with a Permitted Acquisition; provided, that, (x) Indebtedness incurred pursuant to preceding sub clause (h)(i) shall be in existence prior to such Permitted Acquisition and shall not have been created in contemplation thereof or in connection therewith; (ii) Indebtedness incurred to finance any Permitted Acquisition after the Spinoff Date; provided that (i) before and after giving effect to such Permitted Acquisition on a Pro Forma Basis, no Default or Event of Default exists and (ii) after giving effect to such acquisition on a Pro Forma Basis, either (x) the Total Net Leverage Ratio shall not be greater than 2.25 to 1.00 or (y) the Total Net Leverage Ratio shall not be greater than the Total Net Leverage Ratio in effect immediately prior to such Permitted Acquisition and (iii) any Permitted Refinancing Indebtedness incurred to Refinance any Indebtedness incurred pursuant to this clause (h);

(i) (x) Capitalized Lease Obligations, mortgage financings and other Indebtedness (including, for the avoidance of doubt, any Indebtedness in connection with sale leaseback transactions) incurred by Parent or any Subsidiary prior to or within 360 days after the acquisition, lease, construction, repair, replacement or improvement of the respective property (real or personal, and whether through the direct purchase of property or the Equity Interest of any person owning such property) permitted under this Agreement in order to finance such acquisition, lease, construction, repair, replacement or improvement, in an aggregate principal amount that immediately after giving effect to the incurrence of such Indebtedness and the use of proceeds thereof, together with the aggregate principal amount of any other Indebtedness outstanding pursuant to this Section 6.01(i), would not exceed the greater of \$500,000,000 and 5.0% of

Consolidated Total Assets when incurred, created or assumed, and (y) any Permitted Refinancing Indebtedness in respect thereof;

(j) [reserved];

(k) (x) other Indebtedness of Parent or any Subsidiary, in an aggregate principal amount that, immediately after giving effect to the incurrence of such Indebtedness and the use of proceeds thereof, together with the aggregate principal amount of any other Indebtedness outstanding pursuant to this Section 6.01(k), would not exceed the greater of \$750,000,000 and 7.5% of Consolidated Total Assets when incurred, created or assumed and (y) any Permitted Refinancing Indebtedness in respect thereof;

(l) the Senior Notes and any Permitted Refinancing Indebtedness in respect thereof;

(m) Guarantees:

(i) by any Loan Party of any Indebtedness of any Loan Party permitted to be incurred under this Agreement,

(ii) by any Loan Party of Indebtedness otherwise permitted hereunder of any Subsidiary that is not a Loan Party to the extent such Guarantees are permitted by Section 6.04,

(iii) by any Subsidiary that is not a Loan Party of Indebtedness of another Subsidiary that is not a Loan Party, and

(iv) by any Loan Party of Indebtedness of Subsidiaries that are not Loan Parties incurred for working capital purposes in the ordinary course of business on ordinary business terms so long as such Indebtedness is permitted to be incurred under Section 6.01(q) and to the extent such Guarantees are permitted by Section 6.04; provided, that Guarantees by any Loan Party under this Section 6.01(m) of any other Indebtedness of a person that is subordinated in right of payment to other Indebtedness of such person shall be expressly subordinated in right of payment to the Loan Obligations to at least the same extent as such underlying Indebtedness is subordinated in right of payment;

(n) Indebtedness arising from agreements of Parent or any Subsidiary providing for indemnification, adjustment of purchase or acquisition price or similar obligations (including earn-outs), in each case, incurred or assumed in connection with the Transactions, any Permitted Acquisition, other Investments or the disposition of any business, assets or a Subsidiary not prohibited by this Agreement;

(o) Indebtedness in respect of letters of credit, bank guarantees, warehouse receipts or similar instruments issued in the ordinary course of business or consistent with past practice or industry practices and not supporting obligations in respect of Indebtedness for borrowed money;

(p) (i) Permitted Debt so long as immediately after giving effect to the incurrence of such Permitted Debt and the use of proceeds thereof, (A) the Total Net Leverage Ratio on a Pro Forma Basis is not greater than 2.25 to 1.00 and (B) no Default or Event of Default shall have occurred and be continuing or shall result therefrom, and (ii) any Permitted Refinancing Indebtedness in respect thereof;

(q) (x) Indebtedness of Subsidiaries that are not Guarantors in an aggregate principal amount outstanding that, immediately after giving effect to the incurrence of such Indebtedness and the use of proceeds thereof, together with the aggregate principal amount of any other Indebtedness outstanding pursuant to this Section 6.01(q), would not exceed the greater of \$500,000,000 and 5.0% of Consolidated Total Assets attributable to the assets of such Subsidiaries that are not Guarantors when incurred, created or assumed and (y) any Permitted Refinancing Indebtedness in respect thereof;

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(r) Indebtedness incurred in the ordinary course of business in respect of obligations of Parent or any Subsidiary to pay the deferred purchase price of goods or services or progress payments in connection with such goods and services; provided, that such obligations are incurred in connection with open accounts extended by suppliers on customary trade terms in the ordinary course of business and not in connection with the borrowing of money or any Hedging Agreements;

(s) Indebtedness representing deferred compensation to employees, consultants or independent contractors of Parent or any Subsidiary incurred in the ordinary course of business;

(t) (x) Indebtedness in connection with Qualified Receivables Facilities in an aggregate principal amount outstanding that, immediately after giving effect to the incurrence of such Indebtedness and the use of proceeds thereof, together with the aggregate principal amount of any other Indebtedness outstanding pursuant to this Section 6.01(t), would not exceed the greater of \$250,000,000 and 2.50% of Consolidated Total Assets when incurred, created or assumed and (y) any Permitted Refinancing Indebtedness in respect thereof;

(u) obligations in respect of Cash Management Agreements and Supply Chain Financings;

(v) Permitted Debt secured by Other First Liens or Junior Liens on the Collateral (i) in an aggregate principal amount outstanding not to exceed at the time of incurrence the Incremental Amount available at such time; provided, that any such Permitted Debt shall count as a usage of the Incremental Amount for purposes of Section 2.21, and (ii) Permitted Refinancing Indebtedness in respect of any Indebtedness theretofore outstanding pursuant to this clause (v);

(w) Indebtedness of, incurred on behalf of, or representing Guarantees of Indebtedness of, joint ventures or Unrestricted Subsidiaries subject to compliance with Section 6.04, in an aggregate principal amount that, immediately after giving effect to the incurrence of such Indebtedness, together with the aggregate principal amount of any other Indebtedness outstanding pursuant to this Section 6.01(w), would not exceed the greater of \$500,000,000 and 5.0% of Consolidated Total Assets when incurred;

(x) Indebtedness issued by Parent or any Subsidiary to current or former officers, directors and employees, their respective estates,

spouses or former spouses to finance the purchase or redemption of Equity Interests of Parent permitted by Section 6.06;

(y) Indebtedness consisting of obligations of Parent or any Subsidiary under deferred compensation or other similar arrangements incurred by such person in connection with the Transactions and Permitted Acquisitions or any other Investment permitted hereunder;

(z) Indebtedness of Parent or any Subsidiary to or on behalf of any joint venture (regardless of the form of legal entity) that is not a Subsidiary arising in the ordinary course of business in connection with the cash management operations (including with respect to intercompany self-insurance arrangements) of Parent and the Subsidiaries;

(aa) Indebtedness under tax-favored or government-sponsored financing transactions (including, for the avoidance of doubt, financing transactions sponsored by the European Investment Bank); provided that the Net Proceeds of such Indebtedness shall be used to (i) prepay Term Loans in accordance with Section 2.11 or (ii) prepay, repay or refinance other Indebtedness incurred under other tax-favored or government-sponsored financing transactions;

(bb) Indebtedness consisting of (i) the financing of insurance premiums or (ii) take-or-pay obligations contained in supply arrangements, in each case, in the ordinary course of business; and

(cc) (i) Japanese Yen-denominated Indebtedness in aggregate principal amount not to exceed \$350,000,000 at any one time outstanding incurred by Subsidiaries organized under the laws of Japan, the Net Proceeds of which are used to (A) prepay Term Loans in accordance with Section 2.11 or (B) prepay,

repay or refinance other Indebtedness previously incurred pursuant to this clause (cc) and (ii) any Guarantee by Parent or the Initial Borrower of Indebtedness incurred pursuant to the foregoing clause (cc)(i).

For purposes of determining compliance with this Section 6.01 or Section 6.02, if Indebtedness is incurred to refinance other Indebtedness denominated in a currency other than Dollars (or in a different currency from the Indebtedness being refinanced), and such refinancing would cause the applicable Dollar-denominated restriction to be exceeded if calculated at the relevant currency exchange rate in effect on the date of such refinancing, such Dollar-denominated restriction shall be deemed not to have been exceeded so long as the principal amount of such refinancing Indebtedness does not exceed (i) the outstanding or committed principal amount, as applicable, of such Indebtedness being refinanced plus (ii) the aggregate amount of fees, underwriting discounts, premiums (including tender premiums), defeasance costs and other costs and expenses incurred in connection with such refinancing.

Further, for purposes of determining compliance with this Section 6.01, (A) Indebtedness need not be permitted solely by reference to one category of permitted Indebtedness (or any portion thereof) described in Sections 6.01(a) through (cc) but may be permitted in part under any relevant combination thereof (and subject to compliance, where relevant, with Section 6.02), (B) in the event that an item of Indebtedness (or any portion thereof) meets the criteria of one or more of the categories of permitted Indebtedness (or any portion thereof) described in Sections 6.01(a) through (cc), the Borrower Representative may, in its sole discretion, classify or divide such item of Indebtedness (or any portion thereof) in any manner that complies with this Section 6.01 and will be entitled to only include the amount and type of such item of Indebtedness (or any portion thereof) in one of the above clauses (or any portion thereof) and such item of Indebtedness (or any portion thereof) shall be treated as having been incurred or existing pursuant to only such clause or clauses (or any portion thereof); provided, that all Indebtedness outstanding under this Agreement shall at all times be deemed to have been incurred pursuant to clause (b) of this Section 6.01 and (C) at the option of the Borrower Representative by written notice to the Administrative Agent, any Indebtedness and/or Lien incurred to finance a Limited Condition Acquisition shall be deemed to have been incurred on the date the definitive acquisition agreement relating to such Limited Condition Acquisition was entered into (and not at the time such Limited Condition Acquisition is consummated) and the First Lien Secured Net Leverage Ratio and/or the Total Net Leverage Ratio shall be tested (x) in connection with such incurrence, as of the date the definitive acquisition agreement relating to such Limited Condition Acquisition was entered into, giving pro forma effect to such Limited Condition Acquisition, to any such Indebtedness or Lien, and to all transactions in connection therewith and (y) in connection with any other incurrence after the date the definitive acquisition agreement relating to such Limited Condition Acquisition was entered into and prior to the earlier of the consummation of such Limited Condition Acquisition or the termination of such definitive agreement prior to the incurrence (but not, for the avoidance of doubt, for purposes of determining the Applicable Margin or actual compliance with the Financial Covenant), both (i) on the basis set forth in clause (x) above and (ii) without giving effect to such Limited Condition Acquisition or the incurrence of any such Indebtedness or Liens or the other transactions in connection therewith. In addition, with respect to any Indebtedness that was permitted to be incurred hereunder on the date of such incurrence, any Increased Amount of such Indebtedness shall also be permitted hereunder after the date of such incurrence.

For the avoidance of doubt, this Agreement will not treat (1) unsecured Indebtedness as subordinated or junior in right of payment to secured Indebtedness merely because it is unsecured or (2) senior Indebtedness as subordinated or junior in right of payment to any other senior Indebtedness merely because it has a junior priority with respect to the same collateral.

Section 6.02 Liens. Create, incur, assume or permit to exist any Lien on any property or assets (including stock or other securities of any person) of Parent or any Subsidiary now owned or hereafter acquired by it or on any income or revenues or rights in respect of any thereof, except the following (collectively, "Permitted Liens"):

- (a) (i) Liens on property or assets of Parent and the Subsidiaries existing, or applicable to committed obligations, or anticipated to exist in the future, on the Signing Date and, (A) to the extent securing Indebtedness in an aggregate principal amount in excess of \$35,000,000, or (B) in the case of any such Liens anticipated on the Signing Date to exist in the future, set forth on Schedule 6.02(a) and (ii) Liens existing, or applicable to committed obligations, or anticipated to exist in the future, on the Spinoff Date

(provided that any Liens incurred pursuant to this clause (a)(ii) shall be permitted only if the Administrative Agent consents thereto (in its reasonable discretion) and Schedule 6.02(a) is updated accordingly to include such Liens) and any modifications, replacements, renewals or extensions of Liens permitted by this clause (a); provided, that such Liens shall secure only those obligations that they secure (or are committed to secure, or expected to secure on the future, as the case may be) on the Signing Date or the Spinoff Date, as the case may be (and any Permitted Refinancing Indebtedness in respect of such obligations permitted by Section 6.01) and shall not subsequently apply to any other property or assets of Parent or any Subsidiary other than (A) after-acquired property that is affixed or incorporated into the property covered by such Lien and (B) proceeds and products thereof;

(b) any Lien created under the Loan Documents (including Liens created under the Security Documents securing obligations in respect of Secured Hedge Agreements, Secured Supply Chain Financings and Secured Cash Management Agreements);

(c) any Lien on any property or asset of Parent or any Subsidiary securing Indebtedness or Permitted Refinancing Indebtedness permitted by Section 6.01(h); provided, that (i) such Lien is not created in contemplation of or in connection with such acquisition or such person becoming a Subsidiary, as the case may be, and (ii) such Lien does not apply to any other property or assets of Parent or any of the Subsidiaries not securing such Indebtedness at the date of the acquisition of such property or asset and accessions and additions thereto and proceeds and products thereof (other than accessions thereto and proceeds thereof so acquired or any after-acquired property of such person becoming a Subsidiary (but not of the Borrowers or any other Loan Party, including any Loan Party into which such acquired entity is merged) required to be subjected to such Lien pursuant to the terms of such Indebtedness (and refinancings thereof));

(d) Liens for Taxes, assessments or other governmental charges or levies not yet delinquent by more than 30 days or that are being contested in good faith in compliance with Section 5.03;

(e) Liens imposed by law, constituting landlord's, carriers', warehousemen's, mechanics', materialmen's, repairmen's, supplier's, construction or other like Liens, securing obligations that are not overdue by more than 30 days or that are being contested in good faith by appropriate proceedings and in respect of which, if applicable, Parent or any Subsidiary shall have set aside on its books reserves in accordance with GAAP;

(f) (i) pledges and deposits and other Liens made in the ordinary course of business in compliance with the Federal Employers Liability Act or any other workers' compensation, unemployment insurance and other social security laws or regulations and deposits securing liability to insurance carriers under insurance or self-insurance arrangements in respect of such obligations and (ii) pledges and deposits and other Liens securing liability for reimbursement or indemnification obligations of (including obligations in respect of letters of credit or bank guarantees for the benefit of) insurance carriers providing property, casualty or liability insurance to Parent or any Subsidiary;

(g) deposits and other Liens to secure the performance of bids, trade contracts (other than for Indebtedness), leases (other than Capitalized Lease Obligations), statutory obligations, surety and appeal bonds, performance and return of money bonds, bids, leases, government contracts, trade contracts, agreements with utilities, and other obligations of a like nature (including letters of credit in lieu of any such bonds or to support the issuance thereof), in each case to the extent such deposits and other Liens are incurred in the ordinary course of business, including those incurred to secure health, safety and environmental obligations in the ordinary course of business;

(h) zoning, land use and building restrictions, regulations and ordinances, easements, survey exceptions, minor encroachments by and on the Real Property, railroad trackage rights, sidings and spur tracks, leases (other than Capitalized Lease Obligations), subleases, licenses, special assessments, rights-of-way, covenants, conditions, restrictions and declarations on or with respect to the use of Real Property, reservations, restrictions and leases of or with respect to oil, gas, mineral, riparian and water rights and water usage, servicing agreements, development agreements, site plan agreements and other similar

encumbrances incurred in the ordinary course of business and title defects or irregularities that are of a minor nature and that, in the aggregate, do not interfere in any material respect with the ordinary conduct of the business of Parent or any Subsidiary;

(i) Liens securing Indebtedness permitted by Section 6.01(i); provided, that such Liens do not apply to any property or assets of Parent or any Subsidiary other than the property or assets acquired, leased (including in connection with a sale leaseback transaction), constructed, replaced, repaired or improved with such Indebtedness (or the Indebtedness Refinanced thereby), and accessions and additions thereto, proceeds and products thereof, customary security deposits and related property; provided, further, that individual financings provided by one lender may be cross-collateralized to other financings provided by such lender (and its Affiliates) (it being understood that with respect to any Liens on the Collateral being incurred under this clause (i) to secure Permitted Refinancing Indebtedness, if Liens on the Collateral securing the Indebtedness being Refinanced (if any) were Junior Liens, then any Liens on such Collateral being incurred under this clause (i) to secure Permitted Refinancing Indebtedness shall also be Junior Liens);

(j) [reserved];

(k) non-consensual Liens securing judgments that do not constitute an Event of Default under Section 7.01(j);

(l) any interest or title of a ground lessor or any other lessor, sublessor or licensor under any ground leases or any other leases, subleases or licenses entered into by Parent or any Subsidiary in the ordinary course of business, and all Liens suffered or created by any such ground lessor or any other lessor, sublessor or licensor (or any predecessor in interest) with respect to any such interest or title in the real property which is subject thereof;

(m) Liens that are contractual rights of set-off (i) relating to the establishment of depository relations with banks and other financial institutions not given in connection with the issuance of Indebtedness, (ii) relating to pooled deposits, sweep accounts, reserve accounts or similar accounts of Parent or any Subsidiary to permit satisfaction of overdraft or similar obligations incurred in the ordinary course of business of Parent or any Subsidiary, including with respect to credit card charge-backs and similar obligations, or (iii) relating to purchase orders and other agreements entered into with customers, suppliers or service providers of Parent or any Subsidiary in the ordinary course of business;

(n) Liens (i) arising solely by virtue of any statutory or common law provision relating to banker's liens, rights of set-off or similar rights, (ii) attaching to commodity trading accounts or other commodity brokerage accounts incurred in the ordinary course of business, (iii) encumbering reasonable customary initial deposits and margin deposits and similar Liens attaching to brokerage accounts incurred in the ordinary course of business and not for speculative purposes, (iv) in respect of Third Party Funds or (v) in favor of credit card companies pursuant to agreements therewith;

(o) Liens securing obligations in respect of letters of credit, bank guarantees, warehouse receipts or similar obligations permitted under Section 6.01(f) or (o) and incurred in the ordinary course of business or consistent with past practice or industry practices and not supporting obligations in respect of Indebtedness for borrowed money;

(p) leases or subleases, and licenses or sublicenses (including with respect to any fixtures, furnishings, equipment, vehicles or other personal property, or Intellectual Property), granted to others in the ordinary course of business not interfering in any material respect with the business of Parent and its Subsidiaries, taken as a whole;

(q) Liens in favor of customs and revenue authorities arising as a matter of law to secure payment of customs duties in connection with the importation of goods;

- (r) Liens solely on any cash earnest money deposits made by Parent or any of the Subsidiaries in connection with any letter of intent or purchase agreement in respect of any Investment permitted hereunder;
- (s) Liens with respect to property or assets of any Subsidiary that is not a Loan Party securing obligations of a Subsidiary that is not a Loan Party which obligations are not prohibited under Section 6.01;
- (t) Liens on any amounts held by a trustee or other escrow agent under any indenture or other debt agreement issued in escrow pursuant to customary escrow arrangements pending the release thereof, or under any indenture or other debt agreement pursuant to customary discharge, redemption or defeasance provisions, including Liens in favor of any trustee or escrow agent in respect of the Senior Notes;
- (u) [Reserved];
- (v) [Reserved];
- (w) Liens arising from precautionary Uniform Commercial Code financing statements regarding operating leases or other obligations not constituting Indebtedness;
- (x) Liens (i) on Equity Interests in joint ventures that are not Subsidiaries (A) securing obligations of such joint venture or (B) pursuant to the relevant joint venture agreement or arrangement and (ii) on Equity Interests in Unrestricted Subsidiaries;
- (y) Liens on securities that are the subject of repurchase agreements constituting Permitted Investments under clause (c) of the definition thereof;
- (z) Liens in respect of Qualified Receivables Facilities entered into in reliance on Section 6.01(t) that extend only to Permitted Receivables Facility Assets, Permitted Receivables Related Assets or the Equity Interests of any Receivables Entity;
- (aa) Liens securing insurance premiums financing arrangements; provided, that such Liens are limited to the applicable unearned insurance premiums;
- (bb) in the case of Real Property that constitutes a leasehold interest, any Lien to which the fee simple interest (or any superior leasehold interest) is subject;
- (cc) Liens securing Indebtedness or other obligation (i) of Parent or a Subsidiary in favor of a Borrower or any Guarantor and (ii) of any Subsidiary that is not a Guarantor in favor of any Subsidiary that is not a Guarantor;
- (dd) Liens on cash or Permitted Investments securing Hedging Agreements in the ordinary course of business submitted for clearing in accordance with applicable Requirements of Law;
- (ee) Liens on goods or inventory the purchase, shipment or storage price of which is financed by a documentary letter of credit or bank guarantee issued or created for the account of Parent or any Subsidiary in the ordinary course of business; provided, that such Lien secures only the obligations of Parent or such Subsidiaries in respect of such letter of credit, bank guarantee or banker's acceptance to the extent permitted under Section 6.01;
- (ff) Subordination, non-disturbance and/or attornment agreements with any ground lessor, lessor or any mortgagor of any of the foregoing, with respect to any ground lease or other lease or sublease entered into by Parent or any Subsidiary;

(gg) Liens on Collateral that are Other First Liens or Junior Liens, so long as such Other First Liens or Junior Liens secure Indebtedness permitted by Section 6.01(b) or 6.01(v) and guarantees thereof permitted by Section 6.01(m);

(hh) Liens arising out of conditional sale, title retention or similar arrangements for the sale or purchase of goods by Parent or any of the Subsidiaries in the ordinary course of business;

(ii) With respect to any Real Property which is acquired in fee after the Signing Date, Liens which exist immediately prior to the date of acquisition, excluding any Liens securing Indebtedness which is not otherwise permitted hereunder provided, that (i) such Lien is not created in contemplation of or in connection with such acquisition and (ii) such Lien does not apply to any other property or assets of Parent or any of its Subsidiaries;

(jj) Liens securing Indebtedness permitted by Section 6.01(aa), provided that such Liens do not at any time encumber any Collateral unless approved by the Administrative Agent; and

(kk) other Liens with respect to property or assets of Parent or any Subsidiary securing (x) obligations in an aggregate outstanding principal amount that, together with the aggregate principal amount of other obligations that are secured pursuant to this clause (kk), immediately after giving effect to the incurrence of such Liens, would not exceed the greater of \$750,000,000 and 7.5% of Consolidated Total Assets when incurred, created or assumed and (y) Permitted Refinancing Indebtedness incurred to Refinance obligations secured pursuant to preceding clause (x).

For purposes of determining compliance with this Section 6.02, (A) a Lien securing an item of Indebtedness need not be permitted solely by reference to one category of permitted Liens (or any portion thereof) described in Sections 6.02(a) through (kk) but may be permitted in part under any combination thereof and (B) in the event that a Lien securing any obligation (or any portion thereof) meets the criteria of one or more of the categories of permitted Liens (or any portion thereof) described in Sections 6.02(a) through (kk), the Borrower Representative may, in its sole discretion, classify or divide such Lien securing such obligation (or any portion thereof) in any manner that complies with this Section 6.02 and will be entitled to only include the amount and type of such Lien or such obligation secured by such Lien (or any portion thereof) in one of the above clauses and such Lien securing such obligation (or portion thereof) will be treated as being incurred or existing pursuant to only such clause or clauses (or any portion thereof).

Section 6.03 [Reserved].

Section 6.04 Investments, Loans and Advances. (i) Purchase or acquire (including pursuant to any merger with a person that is not a Wholly Owned Subsidiary immediately prior to such merger) any Equity Interests, evidences of Indebtedness or other securities of any other person, (ii) make any loans or advances to or Guarantees of the Indebtedness of any other person, or (iii) purchase or otherwise acquire, in one transaction or a series of related transactions, (x) all or substantially all of the property and assets or business of another person or (y) assets constituting a business unit, line of business or division of such person (each of the foregoing, an "Investment"), except:

(a) Guarantees permitted by Section 6.01(w) and (cc)(ii);

(b) (i) Investments by any Loan Party in any Loan Party;

(ii) Investments by any Subsidiary that is not a Loan Party in any Loan Party or any Subsidiary that is not a Loan Party;

(iii) other intercompany liabilities amongst Parent and its Subsidiaries (or solely amongst its Subsidiaries) in the ordinary course of business in connection with the cash management operations of Parent and its Subsidiaries; and

- (iv) Investments by any Borrower or any Guarantor in any Subsidiary that is not a Loan Party consisting solely of (x) the contribution or other Disposition of Equity Interests or Indebtedness of any other Subsidiary that is not a Loan Party held directly by any Borrower or such Guarantor in exchange for Indebtedness, Equity Interests (or additional share premium or paid in capital in respect of Equity Interests) or a combination thereof of the Subsidiary to which such contribution or other Disposition is made, (y) an exchange of Equity Interests of any other Subsidiary that is not a Loan Party for Indebtedness of such Subsidiary or (z) Investments in the form of loans or other Indebtedness of, advances to, purchases of Equity Interests in, or contributions of cash or Permitted Investments to, any Subsidiary that is not a Loan Party; provided, that immediately following the consummation of an Investment pursuant to the preceding clause (x) or (y), the Subsidiary whose, Equity Interests or Indebtedness are the subject of such Investment remains a Subsidiary;
- (c) Permitted Investments and Investments that were Permitted Investments when made;
- (d) Investments arising out of the receipt by Parent or any Subsidiary of non-cash consideration for the Disposition of assets permitted under Section 6.05;
- (e) loans and advances to officers, directors, employees or consultants of Parent or any Subsidiary (i) in the ordinary course of business in an aggregate outstanding amount (valued at the time of the making thereof, and without giving effect to any write-downs or write-offs thereof) not to exceed \$10,000,000, (ii) in respect of payroll payments and expenses in the ordinary course of business and (iii) in connection with such person's purchase of Equity Interests of Parent;
- (f) accounts receivable, security deposits and prepayments arising and trade credit granted in the ordinary course of business and any assets or securities received in satisfaction or partial satisfaction thereof from financially troubled account debtors to the extent reasonably necessary in order to prevent or limit loss and any prepayments and other credits to suppliers made in the ordinary course of business;
- (g) Hedging Agreements entered into for non-speculative purposes;
- (h) (i) Investments existing or committed, or anticipated to exist in the future, as of the Signing Date, and, (A) with respect to all such investments in an aggregate amount in excess of \$35,000,000 or (B) in the case of any such Investment anticipated on the Signing Date to exist in the future, set forth on Schedule 6.04) and (ii) Investments existing or committed, or anticipated to exist in the future, on the Spinoff Date (provided that any Investments incurred pursuant to this clause (h)(ii) shall be permitted only if the Administrative Agent consents thereto (in its reasonable discretion) and Schedule 6.04 is updated accordingly to include such Investments), and any extensions, renewals, replacements or reinvestments of Investments permitted by this clause (h), so long as the aggregate amount of all Investments pursuant to this clause (h) is not increased at any time above the amount of such Investment existing or committed on the Signing Date or Spinoff Date, as applicable (other than pursuant to an increase as required by the terms of any such Investment as in existence on the Signing Date or Spinoff Date, as applicable, or as otherwise permitted by this Section 6.04); (i) Investments resulting from pledges and deposits under Sections 6.02(f), (g), (n), (q), (r), (dd) and (ii);
- (j) other Investments by Parent or any Subsidiary in an aggregate outstanding amount (valued at the time of the making thereof, and without giving effect to any write-downs or write-offs thereof) not to exceed the sum of (X) the greater of \$1,000,000,000 and 10.0% of Consolidated Total Assets when made, plus (Y) so long as no Default or Event of Default shall have occurred and be continuing and Parent shall be in Pro Forma Compliance with the Financial Covenant, any portion of the Available Amount on the date of such election that the Borrower Representative elects to apply to this Section 6.04(j)(Y) in a written notice of a Responsible Officer thereof, which notice shall set forth calculations in reasonable detail of the Available Amount immediately prior to such election and the amount thereof elected to be so applied, plus (Z) an amount equal to any returns (including dividends, interest, distributions, returns of principal, profits on sale, repayments, income and similar amounts)

actually received in respect of any such Investment (excluding any returns in excess of the amount originally invested) pursuant to clause (X); provided, that if any Investment pursuant to this Section 6.04(j) is made in any person that was not a Subsidiary on the date on which such Investment was made but becomes a Subsidiary thereafter, then such Investment may, at the option of Parent, upon such person becoming a Subsidiary and so long as such person remains a Subsidiary, be deemed to have been made pursuant to Section 6.04(b) (to the extent permitted by the provisions thereof) and not in reliance on this Section 6.04(j);

(k) Investments constituting Permitted Acquisitions;

(l) Investments received in connection with the bankruptcy or reorganization of, or settlement of delinquent accounts and disputes with or judgments against, customers and suppliers, in each case in the ordinary course of business or Investments acquired by Parent or a Subsidiary as a result of a foreclosure by Parent or any of the Subsidiaries with respect to any secured Investments or other transfer of title with respect to any secured Investment in default;

(m) Investments of a Subsidiary acquired after the Signing Date or of a person merged into Parent or merged into or consolidated with a Subsidiary after the Signing Date, in each case, (i) to the extent such acquisition, merger, amalgamation or consolidation is permitted under this Section 6.04, (ii) in the case of any acquisition, merger, amalgamation or consolidation, in accordance with Section 6.05 and (iii) to the extent that such Investments were not made in contemplation of or in connection with such acquisition, merger, amalgamation or consolidation and were in existence on the date of such acquisition, merger, amalgamation or consolidation;

(n) acquisitions by Parent or any Subsidiary of obligations of one or more officers or other employees of Parent or its Subsidiaries in connection with such officer's or employee's acquisition of Equity Interests of Parent, so long as no cash is actually advanced by Parent or any of the Subsidiaries to such officers or employees in connection with the acquisition of any such obligations;

(o) Guarantees by Parent or any Subsidiary of operating leases (other than Capitalized Lease Obligations) or of other obligations that do not constitute Indebtedness of the kind described in clauses (b), (c), (f), (g), (h), (i), (j) or (k) of the definition thereof, in each case entered into by Parent or any Subsidiary in the ordinary course of business;

(p) Investments to the extent that payment for such Investments is made with Qualified Equity Interests of Parent; provided, that the issuance of such Equity Interests are not included in any determination of the Available Amount;

(q) Investments in the ordinary course of business consisting of Uniform Commercial Code Article 3 endorsements for collection or deposit and Uniform Commercial Code Article 4 customary trade arrangements with customers;

(r) [reserved];

(s) advances in the form of a prepayment of expenses, so long as such expenses are being paid in accordance with customary trade terms of Parent or any Subsidiary;

(t) Investments by Parent and the Subsidiaries, if Parent or any Subsidiary would otherwise be permitted to make a Restricted Payment under Section 6.06(g) in such amount (provided, that the amount of any such Investment shall also be deemed to be a Restricted Payment under Section 6.06(g) for all purposes of this Agreement);

(u) Investments consisting of transfers of Permitted Receivables Facility Assets or arising as a result of Qualified Receivables Facilities;

- (v) Investments consisting of the licensing or contribution of Intellectual Property pursuant to joint marketing or other similar arrangements with other persons;
- (w) to the extent constituting Investments, purchases and acquisitions of inventory, supplies, materials and equipment or purchases of contract rights or licenses or leases of Intellectual Property in each case in the ordinary course of business;
- (x) [reserved];
- (y) any Investment in fixed income or other assets by any Subsidiary that is a so-called “captive” insurance company (each, an “Insurance Subsidiary”) consistent with customary practices of portfolio management;
- (z) Investments made in connection with the Transactions; and
- (aa) additional Investments, so long as, at the time any such Investment is made and immediately after giving effect thereto, the Total Net Leverage Ratio on a Pro Forma Basis is not greater than 1.75 to 1.00.

For purposes of determining compliance with this Section 6.04, (A) an Investment need not be permitted solely by reference to one category of permitted Investments (or any portion thereof) described in Sections 6.04(a) through (aa) but may be permitted in part under any relevant combination thereof and (B) in the event that an Investment (or any portion thereof) meets the criteria of one or more of the categories of permitted Investments (or any portion thereof) described in Sections 6.04(a) through (aa), the Borrower Representative may, in its sole discretion, classify or divide such Investment (or any portion thereof) in any manner that complies with this Section 6.04 and will be entitled to only include the amount and type of such Investment (or any portion thereof) in one or more (as relevant) of the above clauses (or any portion thereof) and such Investment (or any portion thereof) shall be treated as having been made or existing pursuant to only such clause or clauses (or any portion thereof); provided, that all Investments described in Schedule 6.04 shall be deemed outstanding under Section 6.04(b) or Section 6.04(h), as applicable.

Any Investment in any person other than a Loan Party that is otherwise permitted by this Section 6.04 may be made through intermediate Investments in Subsidiaries that are not Loan Parties and such intermediate Investments shall be disregarded for purposes of determining the outstanding amount of Investments pursuant to any clause set forth above. The amount of any Investment made other than in the form of cash or cash equivalents shall be the Fair Market Value thereof valued at the time of the making thereof, and without giving effect to any subsequent write-downs or write-offs thereof.

Section 6.05 Mergers, Consolidations, Sales of Assets and Acquisitions. Merge into, amalgamate with or consolidate with any other person, or permit any other person to merge into, amalgamate with or consolidate with it, or Dispose of (in one transaction or in a series of related transactions) all or any part of its assets (whether now owned or hereafter acquired), or Dispose of any Equity Interests of any Subsidiary, or purchase, lease or otherwise acquire (in one transaction or a series of related transactions) all or substantially all of the assets of any other person or division or line of business of a person, except that this Section 6.05 shall not prohibit:

- (a)
 - (i) the purchase and Disposition of inventory in the ordinary course of business by Parent or any Subsidiary,
 - (ii) the acquisition or lease (pursuant to an operating lease) of any other asset in the ordinary course of business by Parent or any Subsidiary or, with respect to operating leases, otherwise for Fair Market Value on market terms (as determined in good faith by the Borrower Representative),
 - (iii) the Disposition of surplus, obsolete, damaged or worn out equipment or other property in the ordinary course of business by Parent or any Subsidiary or

- (iv) the Disposition of Permitted Investments in the ordinary course of business;
- (b) if at the time thereof and immediately after giving effect thereto no Event of Default shall have occurred and be continuing or would result therefrom,
 - (i) the merger, amalgamation or consolidation of any Subsidiary with or into Parent or any Borrower in a transaction in which Parent or such Borrower is the survivor,
 - (ii) the merger, amalgamation or consolidation of any Subsidiary with or into any Guarantor in a transaction in which the surviving or resulting entity is or becomes a Guarantor and, in the case of each of clauses (i) and (ii), no person other than a Borrower or a Guarantor receives any consideration (unless otherwise permitted by Section 6.04),
 - (iii) the merger, amalgamation or consolidation of any Subsidiary that is not a Guarantor with or into any other Subsidiary that is not a Guarantor,
 - (iv) the liquidation or dissolution or change in form of entity of any Subsidiary (other than any Borrower) if (x) the Borrower Representative or Parent determines in good faith that such liquidation, dissolution or change in form is in the best interests of Parent and its Subsidiaries and is not materially disadvantageous to the Lenders and (y) the same meets the requirements contained in the proviso to Section 5.01(a),
 - (v) any Subsidiary may merge, amalgamate or consolidate with any other person in order to effect an Investment permitted pursuant to Section 6.04 so long as the continuing or surviving person shall be a Subsidiary (unless otherwise permitted by Section 6.04 (other than Section 6.04(m)(ii))), which shall be a Loan Party if the merging, amalgamating or consolidating Subsidiary was a Loan Party and which together with each of its Subsidiaries shall have complied with any applicable requirements of Section 5.10, or
 - (vi) any Subsidiary may merge, amalgamate or consolidate with any other person in order to effect an Asset Sale otherwise permitted pursuant to this Section 6.05;
- (c) Dispositions to Parent, a Borrower or a Subsidiary; provided, that any Dispositions by a Loan Party to a Subsidiary that is not a Loan Party in reliance on this clause (c) shall be made in compliance with Section 6.04 (other than Section 6.04(aa));
- (d) [reserved];
- (e) (i) Investments permitted by Section 6.04 (other than Section 6.04(m)(ii)), Permitted Liens, and Restricted Payments permitted by Section 6.06 and (ii) the Transactions to the extent otherwise prohibited by this Section 6.05;
- (f) the discount or sale, in each case without recourse and in the ordinary course of business, of past due receivables arising in the ordinary course of business, but only in connection with the compromise or collection thereof consistent with customary industry practice (and not as part of any bulk sale or financing of receivables);
- (g) other Dispositions of assets (including in connection with sale leaseback transactions), the aggregate Fair Market Value of which does not exceed 15.0% of Consolidated Total Assets (measured as of the last day of the preceding fiscal year or, until the date that audited financial statements of Parent for the first fiscal year ending after the Spinoff Date become available, as of the Spinoff Date) in any fiscal year; provided, that (i) the Net Proceeds thereof, if any, are applied in accordance with Section 2.11(b) to the extent required thereby and (ii) any such Dispositions shall comply with the final sentence of this Section 6.05;

- (h) Permitted Acquisitions (including any merger, consolidation or amalgamation in order to effect a Permitted Acquisition); provided, that following any such merger, consolidation or amalgamation involving any Borrower, such Borrower is the surviving entity or the requirements of Section 6.05(n) are otherwise complied with;
- (i) leases, licenses or subleases or sublicenses of any real or personal property in the ordinary course of business;
- (j) Dispositions of inventory or Dispositions or abandonment of Intellectual Property of Parent and its Subsidiaries determined in good faith by the management of the Borrower Representative to be no longer economically practicable to maintain or useful or necessary in the operation of the business of Parent or any of the Subsidiaries;
- (k) Dispositions pursuant to any individual transaction or series of related transactions involving assets with a Fair Market Value of less than \$25,000,000;
- (l) the purchase and Disposition (including by capital contribution) of Permitted Receivables Facility Assets including pursuant to Qualified Receivables Facilities;
- (m) any exchange or swap of assets (other than cash and Permitted Investments) for other assets (other than cash and Permitted Investments) of comparable or greater value or usefulness to the business of Parent and the Subsidiaries as a whole, determined in good faith by the management of the Borrower Representative;
- (n) if at the time thereof and immediately after giving effect thereto no Event of Default shall have occurred and be continuing or would result therefrom, any Subsidiary or any other person may be merged, amalgamated or consolidated with or into any Borrower, provided that (A) such Borrower shall be the surviving entity or (B) if the surviving entity is not the applicable Borrower (such other person, the "Successor

Borrower”), (1) the Successor Borrower shall be an entity organized or existing under the laws of England and Wales, Ireland, Jersey, the United States, any state thereof or the District of Columbia, or the same country as such Borrower, (2) the Successor Borrower shall expressly assume all the obligations of such Borrower under this Agreement and the other Loan Documents pursuant to a supplement hereto or thereto and, in the case of any Security Document, by executing and/or delivering any additional required documents, in each case in a form reasonably satisfactory to the Administrative Agent, (3) each Guarantor, unless it is the other party to such merger, amalgamation or consolidation, shall have by a supplement to the Guarantee Agreement, as applicable, confirmed that its guarantee thereunder shall apply to any Successor Borrower’s obligations under this Agreement, (4) each Guarantor, unless it is the other party to such merger, amalgamation or consolidation, shall have by a supplement to any applicable Security Document affirmed that its obligations thereunder shall apply to its guarantee as reaffirmed pursuant to clause (3), (5) each mortgagor of a Mortgaged Property, unless it is the other party to such merger, amalgamation or consolidation, shall have affirmed that its obligations under the applicable Mortgage shall apply to its guarantee as reaffirmed pursuant to clause (3) and (6) the Successor Borrower shall have delivered to the Administrative Agent (x) a certificate of a Responsible Officer stating that such merger, amalgamation or consolidation does not violate this Agreement or any other Loan Document and (y) if requested by the Administrative Agent, an opinion of counsel to the effect that such merger, amalgamation or consolidation does not violate this Agreement or any other Loan Document and covering such other matters as are contemplated by the Collateral and Guarantee Requirement to be covered in opinions of counsel (it being understood that if the foregoing are satisfied, the Successor Borrower will succeed to, and be substituted for, the applicable Borrower under this Agreement);

(o) any conversion of a Loan Party from a corporation to a limited liability company, or from a limited liability company to a corporation, or other change in corporate formation; and

(p) the liquidation or dissolution, or transfer of all or substantially all the assets thereof to any Loan Party, or other wind up of Adient Global Holdings Ltd at any time on or after the Borrower Transfer Date.

Notwithstanding anything to the contrary contained in Section 6.05 above, no Disposition of assets under Section 6.05(g) shall in each case be permitted unless (i) such Disposition is for Fair Market Value, and (ii) at least 75% of the proceeds of such Disposition (except to Loan Parties) consist of cash or Permitted Investments; provided, further, that for purposes of this clause (ii), each of the following shall be deemed to be cash: (a) the amount of any liabilities (as shown on Parent's or such Subsidiary's most recent balance sheet or in the notes thereto) that are assumed by the transferee of any such assets or are otherwise cancelled in connection with such transaction, (b) any notes or other obligations or other securities or assets received by Parent or such Subsidiary from the transferee that are converted by Parent or such Subsidiary into cash within 180 days after receipt thereof (to the extent of the cash received) and (c) any Designated Non-Cash Consideration received by Parent or any of its Subsidiaries in such Disposition or any series of related Dispositions, having an aggregate Fair Market Value not to exceed, in the aggregate, the greater of \$300,000,000 and 3.0% of Consolidated Total Assets when received (with the Fair Market Value of each item of Designated Non-Cash Consideration being measured at the time received and without giving effect to subsequent changes in value).

Section 6.06 Restricted Payments. (i) Declare or pay any dividend or make any other distribution (by reduction of capital or otherwise), whether in cash, property, securities or a combination thereof, with respect to any of its Equity Interests (other than dividends and distributions on Equity Interests payable solely by the issuance of Qualified Equity Interests of the person declaring, paying or making such dividends or distributions, provided, that such proceeds are not included in any determination of the Available Amount), (ii) directly or indirectly redeem, purchase, retire or otherwise acquire for value (or permit any Subsidiary to purchase or acquire) any of Parent's Equity Interests or set aside any amount for any such purpose (other than through the issuance of Qualified Equity Interests) or (iii) make any Junior Debt Restricted Payment, (all of the foregoing, "Restricted Payments"); provided, however, that:

(a) Restricted Payments may be made by any Subsidiary (provided, that Restricted Payments made by a non-Wholly Owned Subsidiary must be made on a pro rata basis (or more favorable basis from the perspective of Parent or the Subsidiary which is the parent of such Subsidiary) based on its ownership interests in such non-Wholly Owned Subsidiary);

(b) Restricted Payments may be made to purchase or redeem the Equity Interests of Parent (including related stock appreciation rights or similar securities) held by then present or former directors, consultants, officers or employees of Parent or any of the Subsidiaries or by any Plan or any shareholders' agreement then in effect upon such person's death, disability, retirement or termination of employment or under the terms of any such Plan or any other agreement under which such shares of stock or related rights were issued; provided, that the aggregate amount of such purchases or redemptions under this clause (b) shall not exceed in any calendar year \$60,000,000 (with unused amounts in any period permitted to be carried over to succeeding periods until used in full; provided, that the total amount of such purchases or redemptions under this clause (b) in any calendar year shall not exceed \$120,000,000) (plus (x) the amount of net proceeds contributed to Parent that were received by Parent during such calendar year from sales of Qualified Equity Interests of Parent to directors, consultants, officers or employees of Parent or any Subsidiary in connection with permitted employee compensation and incentive arrangements; provided, that such proceeds are not included in any determination of the Available Amount and (y) the amount of net proceeds of any key-man life insurance policies received during such calendar year, which, if not used in any year, may be carried forward to any subsequent calendar year); and provided, further, that cancellation of Indebtedness owing to Parent or any Subsidiary from members of management of Parent or its Subsidiaries in connection with a repurchase of Equity Interests of Parent will not be deemed to constitute a Restricted Payment for purposes of this Section 6.06;

(c) any person may make non-cash repurchases of Equity Interests deemed to occur upon exercise or settlement of stock options or other Equity Interests if such Equity Interests represent a portion of the exercise price of or withholding obligation with respect to such options or other Equity Interests;

(d) so long as, at the time any such Restricted Payment is made and immediately after giving effect thereto (x) no Default or Event of Default shall have occurred and is continuing and (y) Parent shall be in Pro Forma Compliance with the Financial Covenant, Restricted Payments may be made in an aggregate amount equal to a portion of the Available Amount on the date of such election that Parent elects

to apply to this Section 6.06(d), which such election shall be set forth in a written notice of a Responsible Officer of the Borrower Representative, which notice shall set forth calculations in reasonable detail of the Available Amount immediately prior to such election and the amount thereof elected to be so applied;

- (e) Restricted Payments made in connection with the Transactions;
- (f) Restricted Payments may be made to make payments, in cash, in lieu of the issuance of fractional shares, upon the exercise of warrants or upon the conversion or exchange of Equity Interests of any such person;
- (g) other Restricted Payments may be made in an aggregate amount not to exceed the greater of \$350,000,000 and 3.5% of Consolidated Total Assets when made;
- (h) additional Restricted Payments, so long as, at the time any such Restricted Payment is made and immediately after giving effect thereto, (x) no Default or Event of Default shall have occurred and is continuing and (y) the Total Net Leverage Ratio on a Pro Forma Basis is not greater than 1.75 to 1.00;
- (i) Junior Debt Restricted Payments, so long as, at the time any such Restricted Payment is made and immediately after giving effect thereto, (x) no Default or Event of Default shall have occurred and is continuing and (y) the Total Net Leverage Ratio on a Pro Forma Basis is not greater than 1.75 to 1.00; and
- (j) Parent may pay dividends on, or repurchase or redeem, its Equity Interests in an aggregate amount not to exceed \$150,000,000 in any calendar year.

Notwithstanding anything herein to the contrary, the foregoing provisions of Section 6.06 will not prohibit the payment of any Restricted Payment or the consummation of any redemption, purchase, defeasance or other payment within 60 days after the date of declaration thereof or the giving of notice, as applicable, if at the date of declaration or the giving of such notice such payment would have complied with the provisions of this Section 6.06 (it being understood that such Restricted Payment shall be deemed to have been made on the date of declaration or notice for purposes of such provision).

Section 6.07 Transactions with Affiliates.

- (a) Sell or transfer any property or assets to, or purchase or acquire any property or assets from, or otherwise engage in any other transaction with, any of its Affiliates (other than Parent, and the Subsidiaries or any person that becomes a Subsidiary as a result of such transaction) in a transaction (or series of related transactions) involving aggregate consideration in excess of \$25,000,000 unless such transaction is (i) otherwise permitted (or required) under this Agreement; or (ii) upon terms that are substantially no less favorable to Parent or such Subsidiary, as applicable, than would be obtained in a comparable arm's-length transaction with a person that is not an Affiliate, as determined by the Board of Directors of Parent or such Subsidiary in good faith.
- (b) The foregoing clause (a) shall not prohibit, to the extent otherwise permitted under this Agreement,
 - (i) any issuance of securities, or other payments, awards or grants in cash, securities or otherwise pursuant to, or the funding of, employment arrangements, equity purchase agreements, stock options and stock ownership plans approved by the Board of Directors of Parent,
 - (ii) [reserved],
 - (iii) transactions among Parent or any Subsidiary or any entity that becomes a Subsidiary as a result of such transaction (including via merger, consolidation or amalgamation in which Parent or a Subsidiary is the surviving entity),

- (iv) the payment of fees, reasonable out-of-pocket costs and indemnities to directors, officers, consultants and employees of Parent and the Subsidiaries in the ordinary course of business,
- (v) (A) the Transactions (including the payment of all fees, expenses, bonuses and awards relating thereto) and any transactions pursuant to the Transaction Documents and (B) permitted transactions, agreements and arrangements in existence or committed, or anticipated to exist in the future, on the Signing Date and set forth on Schedule 6.07 (as such schedule may be supplemented prior to the Spinoff Date with respect to any such transactions existing or committed, or anticipated to exist in the future, on the Spinoff Date to the extent reasonably acceptable to the Administrative Agent), and, in each case, any amendment thereto or replacement thereof or similar arrangement to the extent such amendment, replacement or arrangement is not adverse to the Lenders when taken as a whole in any material respect (as determined by the Borrower Representative in good faith),
- (vi) (A) any employment agreements entered into by Parent or any of the Subsidiaries in the ordinary course of business, (B) any subscription agreement or similar agreement pertaining to the repurchase of Equity Interests pursuant to put/call rights or similar rights with employees, officers or directors, and (C) any employee compensation, benefit plan or arrangement, any health, disability or similar insurance plan which covers employees, and any reasonable employment contract and transactions pursuant thereto,
- (vii) Restricted Payments permitted under Section 6.06 and Investments permitted under Section 6.04
- (viii) transactions for the purchase or sale of goods, equipment, products, parts and services entered into in the ordinary course of business,
- (ix) any transaction in respect of which the Borrower Representative delivers to the Administrative Agent a letter addressed to the Board of Directors of Parent from an accounting, appraisal or investment banking firm, in each case of nationally recognized standing that is in the good faith determination of Parent qualified to render such letter, which letter states that (i) such transaction is on terms that are substantially no less favorable to Parent or such Subsidiary, as applicable, than would be obtained in a comparable arm's-length transaction with a person that is not an Affiliate or (ii) such transaction is fair to Parent or such Subsidiary, as applicable, from a financial point of view,
- (x) transactions with joint ventures for the purchase or sale of goods, equipment, products, parts and services entered into in the ordinary course of business,
- (xi) transactions pursuant to any Qualified Receivables Facility,
- (xii) transactions between Parent or any of the Subsidiaries and any person, a director of which is also a director of Parent; provided, however, that (A) such director abstains from voting as a director of Parent on any matter involving such other person and (B) such person is not an Affiliate of Parent for any reason other than such director's acting in such capacity,
- (xiii) transactions permitted by, and complying with, the provisions of Section 6.05 (other than Section 6.05(m)),
- (xiv) intercompany transactions undertaken in good faith (as certified by a Responsible Officer of the Borrower Representative) for the purpose of improving the consolidated Tax efficiency of Parent and the Subsidiaries and not for the purpose of circumventing any covenant set forth herein,
- (xv) payments, loans (or cancellation of loans) or advances to employees or consultants that are (i) approved by a majority of the Disinterested Directors of Parent in good faith, (ii) made in compliance with applicable law and (iii) otherwise permitted under this Agreement,

(xvi) transactions with customers, clients or suppliers, or purchasers or sellers of goods or services, in each case in the ordinary course of business that are fair to Parent or the Subsidiaries,

(xvii) transactions with JCI, New JCI or their Affiliates related to the provision of services and facilities for the operation, servicing and storage of their respective aircraft (owned or leased).

Section 6.08 **Business of Parent and the Subsidiaries; Etc.** Notwithstanding any other provisions hereof, engage at any time to any material respect in any business or business activity substantially different from any business or business activity conducted by any of them on the Spinoff Date or any Similar Business, and in the case of a Receivables Entity, Qualified Receivables Facilities and related activities.

Section 6.09 **Restrictions on Subsidiary Distributions and Negative Pledge Clauses.** Permit Parent or any Subsidiary to enter into any agreement or instrument that by its terms restricts (A) the payment of dividends or other distributions or the making of cash advances to Parent or any Subsidiary that is a direct or indirect parent of such Subsidiary or (B) the granting of Liens by any Borrower or any Guarantor pursuant to the Security Documents, in each case other than those arising under any Loan Document, except, in each case, restrictions existing by reason of:

- (a) restrictions imposed by applicable law;
- (b) contractual encumbrances or restrictions (i) in effect on the Signing Date under Indebtedness existing on the Signing Date and set forth on Schedule 6.01 (as such schedule may be supplemented prior to the Spinoff Date with respect to any contractual encumbrances or restrictions in effect, or anticipated to exist in the future, on the Spinoff Date to the extent reasonably acceptable to the Administrative Agent), (ii) contained in the indenture governing the Senior Notes (provided that such indenture shall permit the Liens on Collateral granted pursuant to the Loan Documents) or (iii) contained in any Indebtedness outstanding pursuant to Section 6.01(z), or, in each case, any agreements related to any Permitted Refinancing Indebtedness in respect of any such Indebtedness that does not materially expand the scope of any such encumbrance or restriction (as determined in good faith by the Borrower Representative);
- (c) any restriction on a Subsidiary imposed pursuant to an agreement entered into for the sale or disposition of the Equity Interests or assets of a Subsidiary pending the closing of such sale or disposition;
- (d) customary provisions in joint venture agreements and other similar agreements applicable to joint ventures entered into in the ordinary course of business;
- (e) any restrictions imposed by any agreement relating to secured Indebtedness permitted by this Agreement to the extent that such restrictions apply only to the specific property or assets securing such Indebtedness;
- (f) any restrictions imposed by any agreement relating to Indebtedness incurred pursuant to Section 6.01 or Permitted Refinancing Indebtedness in respect thereof, to the extent such restrictions are not materially more restrictive, taken as a whole, than the restrictions contained in this Agreement (in each case, as determined in good faith by the Borrower Representative);
- (g) customary provisions contained in leases or licenses of Intellectual Property and other similar agreements entered into in the ordinary course of business;
- (h) customary provisions restricting subletting or assignment of any lease governing a leasehold interest;
- (i) customary provisions restricting assignment, mortgaging or hypothecation of any agreement entered into in the ordinary course of business;

- (j) customary restrictions and conditions contained in any agreement relating to the sale, transfer, lease or other disposition of any asset permitted under Section 6.05 pending the consummation of such sale, transfer, lease or other disposition;
- (k) Permitted Liens and customary restrictions and conditions contained in the document relating thereto, so long as (1) such restrictions or conditions relate only to the specific asset subject to such Lien, and (2) such restrictions and conditions are not created for the purpose of avoiding the restrictions imposed by this Section 6.09;
- (l) customary net worth provisions contained in Real Property leases entered into by Subsidiaries, so long as the Borrower Representative has determined in good faith that such net worth provisions would not reasonably be expected to impair the ability of Parent and its Subsidiaries to meet their ongoing obligations;
- (m) any agreement in effect at the time such subsidiary becomes a Subsidiary, so long as such agreement was not entered into in contemplation of such person becoming a Subsidiary;
- (n) restrictions in agreements representing Indebtedness permitted under Section 6.01 of a Subsidiary that is not a Guarantor that apply only to such Subsidiary and its Subsidiaries that are not Guarantors;
- (o) customary restrictions contained in leases, subleases, licenses or Equity Interests or asset sale agreements otherwise permitted hereby as long as such restrictions relate to the Equity Interests and assets subject thereto;
- (p) restrictions on cash or other deposits imposed by customers under contracts entered into in the ordinary course of business;
- (q) restrictions contained in any Permitted Receivables Facility Documents with respect to any Receivables Entity;
- (r) [reserved];
- (s) any encumbrances or restrictions of the type referred to in clause 6.09(A) above imposed by any other instrument or agreement entered into after the Signing Date that contains encumbrances and restrictions that, as determined by the Borrower Representative in good faith, will not materially adversely affect the Borrowers' ability to make payments on the Loans; and
- (t) any encumbrances or restrictions of the type referred to in clause 6.09(A) or (B) above imposed by any amendments, modifications, restatements, renewals, increases, supplements, refundings, replacements or refinancings of or similar arrangements to the contracts, instruments or obligations referred to in clauses (a) through (s) above; provided, that such amendments, modifications, restatements, renewals, increases, supplements, refundings, replacements, refinancings or similar arrangements are, in the good faith judgment of the Borrower Representative, no more restrictive with respect to such dividend and other payment restrictions than those contained in the dividend or other payment restrictions as contemplated by such provisions prior to such amendment, modification, restatement, renewal, increase, supplement, refunding, replacement, refinancing or similar arrangement.

Section 6.10 [Reserved].

Section 6.11 Fiscal Quarter and/or Fiscal Year. In the case of Parent, permit any change to its fiscal quarter and/or fiscal year; provided, that Parent and its Subsidiaries may change their fiscal quarter and/or fiscal year end one or more times, subject to such adjustments to this Agreement as Parent and Administrative Agent shall reasonably agree are necessary or appropriate in connection with such change (and the parties hereto hereby

authorize Parent and the Administrative Agent to make any such amendments to this Agreement as they jointly deem necessary to give effect to the foregoing).

Section 6.12 Financial Covenant. Permit the Total Net Leverage Ratio as of the last day of any fiscal quarter of Parent (beginning with the end of the first full fiscal quarter after the Spinoff Date and giving effect on a Pro Forma Basis to the Transactions) to exceed 3.50 to 1.00.

ARTICLE VII

Events of Default

Section 7.01 Events of Default. In case of the happening of (each, an “Event of Default”) (x) prior to the Spinoff Date, (i) to the extent prior to the Successor JCI Credit Agreement Effectiveness Date, any Predecessor JCI Credit Agreement Event of Default and (ii) upon and after the Successor JCI Credit Agreement Effectiveness Date, any Successor JCI Credit Agreement Event of Default or (y) on and after the Spinoff Date, any of the following events:

- (a) any representation or warranty made or deemed made by any Borrower or any Guarantor herein or in any other Loan Document or any certificate or document delivered pursuant hereto or thereto shall prove to have been false or misleading in any material respect when so made or deemed made;
- (b) default shall be made in the payment of any principal of any Loan when and as the same shall become due and payable, whether at the due date thereof or at a date fixed for prepayment thereof or by acceleration thereof or otherwise;
- (c) default shall be made in the payment of any interest on any Loan or in the payment of any Fee or any other amount (other than an amount referred to in clause (b) above) due under any Loan Document, when and as the same shall become due and payable, and such default shall continue unremedied for a period of five (5) Business Days;
- (d) default shall be made in the due observance or performance by any Borrower of any covenant, condition or agreement contained in, Section 5.01(a) (solely with respect to Parent and the Borrowers), 5.05(a) or 5.08 or in Article VI;
- (e) default shall be made in the due observance or performance by any of the Borrowers or any of the Guarantors of any covenant, condition or agreement contained in any Loan Document (other than those specified in clauses (b), (c) and (d) above) and such default shall continue unremedied for a period of 30 days after notice thereof from the Administrative Agent to the Borrower Representative;
- (f) (i) any event or condition occurs that (A) results in any Material Indebtedness becoming due prior to its scheduled maturity or (B) enables or permits (with all applicable grace periods having expired) the holder or holders of any Material Indebtedness or any trustee or agent on its or their behalf to cause any such Material Indebtedness to become due, or to require the prepayment, repurchase, redemption or defeasance thereof, prior to its scheduled maturity, in each case without such Material Indebtedness having been discharged, or any such event or condition having been cured promptly; provided, that this clause (f) shall not apply to any secured Indebtedness that becomes due as a result of the voluntary sale or transfer of the property or assets securing such Indebtedness if (x) such sale or transfer is permitted hereunder and under the documents providing for such Indebtedness and (y) repayments are made as required by the terms of the respective Indebtedness;
- (g) there shall have occurred a Change of Control;
- (h) an involuntary proceeding shall be commenced or an involuntary petition shall be filed in a court of competent jurisdiction seeking (i) relief in respect of Parent, any Borrower or any of the Material Subsidiaries, or of a substantial part of the property or assets of Parent, any Borrower or any Material

Subsidiary, under the Bankruptcy Code, or any other federal, state or foreign bankruptcy, insolvency, receivership, English-law administration, Irish examinership or any other Debtor Relief Law, (ii) the appointment of a receiver, trustee, custodian, sequestrator, conservator, examiner, liquidator or similar official for Parent, any Borrower or any of the Material Subsidiaries or for a substantial part of the property or assets of Parent, any Borrower or any of the Material Subsidiaries or (iii) the winding-up, liquidation, reorganization, dissolution, compromise, arrangement or other relief of Parent, any Borrower or any Material Subsidiary (except in a transaction permitted hereunder); and such proceeding or petition shall continue undismissed for 60 days or an order or decree approving or ordering any of the foregoing shall be entered;

(i) Parent, any Borrower or any Material Subsidiary shall (i) voluntarily commence any proceeding or file any petition seeking relief under the Bankruptcy Code, as now constituted or hereafter amended, or any other federal, state or foreign bankruptcy, insolvency, receivership, Irish examinership or any other Debtor Relief Law, (ii) consent to the institution of, or fail to contest in a timely and appropriate manner, any proceeding or the filing of any petition described in clause (h) above, (iii) apply for or consent to the appointment of a receiver, trustee, custodian, sequestrator, conservator, examiner, liquidator or similar official for Parent, any Borrower or any of the Material Subsidiaries or for a substantial part of the property or assets of Parent, any Borrower or any Material Subsidiary, (iv) file an answer admitting the material allegations of a petition filed against it in any such proceeding, (v) make a general assignment for the benefit of creditors or (vi) become unable or fail generally to pay its debts as they become due;

(j) the failure by Parent, any Borrower or any Material Subsidiary to pay one or more final judgments aggregating in excess of \$75,000,000, which judgments are not discharged or effectively waived or stayed for a period of 45 consecutive days, or any action shall be legally taken by a judgment creditor to attach or levy upon assets or properties of Parent, any Borrower or any Material Subsidiary to enforce any such judgment;

(k) (i) an ERISA Event shall have occurred, (ii) the PBGC shall institute proceedings (including giving notice of intent thereof) to terminate any Plan or Plans, (iii) Parent, any Borrower or any Subsidiary or any ERISA Affiliate shall have been notified by the sponsor of a Multiemployer Plan that such Multiemployer Plan is in reorganization or is being terminated, within the meaning of Title IV of ERISA; and in the case of each of clauses (i) through (iii) above, such event or condition, together with all other such events or conditions, if any, would reasonably be expected to have a Material Adverse Effect; or

(l) (i) any Loan Document shall for any reason cease to (or be asserted in writing by any Borrower or any Guarantor to not be) a legal, valid and binding obligation of any Loan Party party thereto, (ii) any security interest purported to be created by any Security Document and to extend to assets that constitute a material portion of the Collateral shall cease to be, or shall be asserted in writing by any Borrower or any other Loan Party not to be, a valid and perfected security interest (perfected as required by this Agreement or the relevant Security Document and subject to such limitations and restrictions as are set forth herein and therein) in the securities, assets or properties covered thereby, except to the extent that any such loss of perfection results from the limitations of foreign laws, rules and regulations as they apply to pledges of Equity Interests in Foreign Subsidiaries or the application thereof other than Specified Foreign Laws, or from failure of the Collateral Agent to maintain possession of certificates actually delivered to it representing securities pledged under the U.S. Collateral Agreement or to file Uniform Commercial Code continuation statements or the registration of a financing statement on the SIR, or from the failure of the Collateral Agent to make necessary filings under the UK Companies House under Section 859A of the UK Companies Act 2006 and/or with the Land Registry or Land Charges Registry in England and/or required registrations with the Companies Registration Office of Ireland pursuant to Part 7 of the Companies Act 2014 of Ireland and/or with the Revenue Commissioners of Ireland pursuant to Section 1001 of the Taxes Consolidation Act, 1997 of Ireland (as amended) (provided that Parent has obtained an Irish tax registration number), or to make any other similar filings (provided the Loan Parties have provided any cooperation, documentation or other assistance reasonably requested on reasonable notice by the Collateral Agent and/or Administrative Agent to enable the Collateral Agent to make any such filings by the applicable deadline), and in any case so long as such failure does not result from the breach or non-compliance with the Loan Documents by any Loan Party, or (iii) a material portion of the Guarantees pursuant to the Loan

Documents by the Guarantors guaranteeing the Obligations, shall cease to be in full force and effect (other than in accordance with the terms thereof), or shall be asserted in writing by any Borrower or any Guarantor not to be in effect or not to be legal, valid and binding obligations (other than in accordance with the terms thereof); provided, that no Event of Default shall occur under this Section 7.01(l) if the Loan Parties cooperate with the Collateral Agent to replace or perfect such security interest and Lien, such security interest and Lien is promptly replaced or perfected (as needed) and the rights, powers and privileges of the Secured Parties are not materially adversely affected by such replacement;

then, subject to Section 4.04, and in every such event (other than an event with respect to Parent or any Borrower described in clause (h) or (i) above), and at any time thereafter during the continuance of such event, the Administrative Agent, at the request of the Required Lenders (or in the case of a termination of the Revolving Facility Commitments pursuant to clause (i) below, the Required Revolving Facility Lenders), shall, by notice to Parent, take any or all of the following actions, at the same or different times: (i) terminate forthwith the Commitments, (ii) declare the Loans then outstanding to be forthwith due and payable in whole or in part (in which case any principal not so declared to be due and payable may thereafter be declared to be due and payable), whereupon the principal of the Loans so declared to be due and payable, together with accrued interest thereon and any unpaid accrued Fees and all other liabilities of the Borrowers accrued hereunder and under any other Loan Document, shall become forthwith due and payable, without presentment, demand, protest or any other notice of any kind, all of which are hereby expressly waived by the Borrowers, anything contained herein or in any other Loan Document to the contrary notwithstanding and (iii) if the Loans have been declared due and payable pursuant to clause (ii) above, demand Cash Collateral pursuant to Section 2.05(k); and in any event with respect to Parent and the Borrowers described in clause (h) or (i) above, the Commitments shall automatically terminate and the principal of the Loans then outstanding, together with accrued interest thereon and any unpaid accrued Fees and all other liabilities of the Borrowers accrued hereunder and under any other Loan Document, shall automatically become due and payable and the Administrative Agent shall be deemed to have made a demand for Cash Collateral to the full extent permitted under Section 2.05(k), without presentment, demand, protest or any other notice of any kind, all of which are hereby expressly waived by the Borrowers, anything contained herein or in any other Loan Document to the contrary notwithstanding.

In addition to any other rights and remedies granted to the Administrative Agent and the Secured Parties in the Loan Documents, following the occurrence and continuation of an Event of Default, the Collateral Agent on behalf of the Secured Parties may exercise all rights and remedies of a secured party under the Uniform Commercial Code or any other applicable law. Without limiting the generality of the foregoing, following the occurrence and continuation of an Event of Default, the Collateral Agent, without demand of performance or other demand, presentment, protest, advertisement or notice of any kind (except any notice required by law referred to below) to or upon any Guarantor or any other person (all and each of which demands, defenses, advertisements and notices are hereby waived), may in such circumstances forthwith collect, receive, appropriate and realize upon the Collateral, or any part thereof, or consent to the use by the Guarantor of any cash collateral arising in respect of the Collateral on such terms as the Collateral Agent deems reasonable, and/or may forthwith sell, lease, assign give an option or options to purchase or otherwise dispose of and deliver, or acquire by credit bid on behalf of the Lenders, the Collateral or any part thereof (or contract to do any of the foregoing), in one or more parcels at public or private sale or sales, at any exchange, broker's board or office of the Collateral Agent or any Secured Party or elsewhere, upon such terms and conditions as it may deem advisable and at such prices as it may deem best, for cash or on credit or for future delivery, all without assumption of any credit risk. The Collateral Agent or any Secured Party shall have the right upon any such public sale or sales, and, to the extent permitted by law, upon any such private sale or sales, to purchase the whole or any part of the Collateral so sold, free of any right or equity of redemption in any Guarantor, which right or equity is hereby waived and released. The Administrative Agent or Collateral Agent shall apply the net proceeds of any action taken by it pursuant to this Article VII, after deducting all reasonable costs and expenses of every kind incurred in connection therewith or incidental to the care or safekeeping of any of the Collateral or in any other way relating to the Collateral or the rights of the Administrative Agent and the Secured Parties hereunder, including reasonable attorneys' fees and disbursements, to the payment in whole or in part of the obligations of the Loan Parties under the Loan Documents, in such order as the Administrative Agent may elect, and only after such application and after the payment by the Administrative Agent of any other amount required by any provision of law, including Section 9-615(a) (3) of the UCC, need the Administrative Agent account for the surplus, if any, to any Guarantor. To the extent permitted by applicable law, each Guarantor waives all claims, damages and demands it may acquire against the Administrative Agent or any Secured Party arising out of the exercise by them of

any rights hereunder. If any notice of a proposed sale or other disposition of Collateral shall be required by law, such notice shall be deemed reasonable and proper if given at least 10 days before such sale or other disposition.

ARTICLE VIII

The Agents

Section 8.01 Appointment.

(a) Each Lender (in its capacities as a Lender and on behalf of itself and to the extent applicable, its Affiliates as potential counterparties to Secured Cash Management Agreements, Secured Supply Chain Financings and Secured Hedge Agreements), each Issuing Bank (in such capacities and on behalf of itself and to the extent applicable, its Affiliates as potential counterparties to Secured Cash Management Agreements, Secured Supply Chain Financings and Secured Hedge Agreements) and each other Secured Party (by virtue of their acceptance of the benefits of the Loan Documents) hereby irrevocably designates and appoints the Administrative Agent as the agent of such Lender under this Agreement and the other Loan Documents, including as the Collateral Agent for such Lender and the other Secured Parties under the Security Documents, and each such Lender irrevocably authorizes the Administrative Agent, in such capacity, to take such action on its behalf under the provisions of this Agreement and the other Loan Documents and to exercise such powers and perform such duties as are expressly delegated to the Administrative Agent by the terms of this Agreement and the other Loan Documents, together with such other powers as are reasonably incidental thereto. Notwithstanding any provision to the contrary elsewhere in this Agreement, the Administrative Agent shall not have any duties or responsibilities, except those expressly set forth herein, or any fiduciary relationship with any Lender, and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Agreement or any other Loan Document or otherwise exist against the Administrative Agent. The provisions of this Article (other than Section 8.08, Section 8.11 and the final paragraph of Section 8.12 hereof) are solely for the benefit of the Administrative Agent, the Lenders and the Issuing Banks, and neither the Borrowers nor any other Loan Party shall have any rights as a third-party beneficiary of any such provisions.

(b) In furtherance of the foregoing, each Lender (in its capacities as a Lender and on behalf of itself and to the extent applicable, its Affiliates as potential counterparties to Secured Cash Management Agreements, Secured Supply Chain Financings or Secured Hedge Agreements), each Issuing Bank (in such capacities and on behalf of itself and to the extent applicable, its Affiliates as potential counterparties to Secured Cash Management Agreements, Secured Supply Chain Financings and Secured Hedge Agreements) and each other Secured Party (by virtue of their acceptance of the benefits of the Loan Documents) hereby appoints and authorizes the Collateral Agent to act as the agent of such Lender for purposes of acquiring, holding and enforcing any and all Liens on Collateral granted by any of the Loan Parties to secure any of the Obligations, together with such powers and discretion as are reasonably incidental thereto. In this connection, the Collateral Agent (and any Subagents appointed by the Collateral Agent pursuant to Section 8.02 for purposes of holding or enforcing any Lien on the Collateral (or any portion thereof) granted under the Security Documents, or for exercising any rights or remedies thereunder at the direction of the Collateral Agent) shall be entitled to the benefits of this Article VIII (including, without limitation, Section 8.07) as though the Collateral Agent (and any such Subagents) were an "Agent" under the Loan Documents, as if set forth in full herein with respect thereto.

Section 8.02 Delegation of Duties. The Administrative Agent and the Collateral Agent may execute any of their respective duties under this Agreement and the other Loan Documents (including for purposes of holding or enforcing any Lien on the Collateral (or any portion thereof)) by or through agents, employees or attorneys-in-fact and shall be entitled to advice of counsel and other consultants or experts concerning all matters pertaining to such duties. No Agent shall be responsible for the negligence or misconduct of any such agents, employees or attorneys-in-fact selected by it with reasonable care. Each Agent may also from time to time, when it deems it to be necessary or desirable, appoint one or more trustees, co-trustees, collateral co-agents, collateral subagents or attorneys-in-fact (each, a "Subagent") with respect to all or any part of the Collateral; provided, that no such Subagent shall be authorized to take any action with respect to any Collateral unless and except to the extent expressly authorized in writing by the Administrative Agent or the Collateral Agent. Should any instrument in writing from the Borrowers or any other Loan Party be required by any Subagent so appointed by an Agent to more fully or certainly vest in and confirm to such Subagent such rights, powers, privileges and duties, the Borrowers

shall, or shall cause such Loan Party to, execute, acknowledge and deliver any and all such instruments promptly upon request by such Agent. If any Subagent, or successor thereto, shall become incapable of acting, resign or be removed, all rights, powers, privileges and duties of such Subagent, to the extent permitted by law, shall automatically vest in and be exercised by the Administrative Agent or the Collateral Agent until the appointment of a new Subagent. No Agent shall be responsible for the negligence or misconduct of any agent, attorney-in-fact or Subagent that it selects with reasonable care.

Section 8.03 Exculpatory Provisions. None of the Agents, the persons named on the cover page hereof as Documentation Agents, or their respective Affiliates or any of their respective officers, directors, employees, agents, attorneys-in-fact or affiliates shall be (a) liable for any action lawfully taken or omitted to be taken by it or such person under or in connection with this Agreement or any other Loan Document (except to the extent that any of the foregoing are found by a final and non-appealable decision of a court of competent jurisdiction to have resulted from its or such person's own gross negligence or willful misconduct) or (b) responsible in any manner to any of the Lenders for any recitals, statements, representations or warranties made by any Loan Party or any officer thereof contained in this Agreement or any other Loan Document or in any certificate, report, statement or other document referred to or provided for in, or received by any Agent under or in connection with, this Agreement or any other Loan Document or for the value, validity, effectiveness, genuineness, enforceability or sufficiency of this Agreement or any other Loan Document or for any failure of any Loan Party a party thereto to perform its obligations hereunder or thereunder. No Agent shall be under any obligation to any Lender to ascertain or to inquire as to the observance or performance of any of the agreements contained in, or conditions of, this Agreement or any other Loan Document, or to inspect the properties, books or records of any Loan Party. No Agent shall have any duties or obligations except those expressly set forth herein and in the other Loan Documents. Without limiting the generality of the foregoing, (a) no Agent shall be subject to any fiduciary or other implied duties, regardless of whether a Default or Event of Default has occurred and is continuing, (b) no Agent shall have any duty to take any discretionary action or exercise any discretionary powers, except discretionary rights and powers expressly contemplated by the Loan Documents that the respective Agent is required to exercise in writing as directed by the Required Lenders (or such other number or percentage of the Lenders as shall be expressly provided for herein or in the other Loan Documents); provided, that the Administrative Agent shall not be required to take any action that, in its opinion or the opinion of its counsel, may expose the Administrative Agent to liability or that is contrary to any Loan Document or applicable law, including for the avoidance of doubt any action that may be in violation of the automatic stay under any Debtor Relief Laws or that may effect a forfeiture, modification or termination of property of a Defaulting Lender in violation of any Debtor Relief Laws and (c) no Agent shall, except as expressly set forth herein and in the other Loan Documents, have any duty to disclose, and shall be liable for the failure to disclose, any information relating to the Borrowers or any of their Subsidiaries or any of their respective Affiliates that is

communicated to or obtained by such Agent or any of its Affiliates in any capacity. The Agents shall be deemed not to have knowledge of any Default or Event of Default unless and until written notice describing such Default or Event of Default is given to the Administrative Agent in accordance with Section 8.05. No Agent shall be responsible for or have any duty to ascertain or inquire into (i) any statement, warranty or representation made in or in connection with this Agreement or any other Loan Document, (ii) the contents of any certificate, report or other document delivered hereunder or thereunder or in connection herewith or therewith, (iii) the performance or observance of any of the covenants, agreements or other terms or conditions set forth herein or therein or the occurrence of any Default or Event of Default, (iv) the validity, enforceability, effectiveness or genuineness of this Agreement, any other Loan Document or any other agreement, instrument or document, or the creation, perfection or priority of any Lien purported to be created by the Security Documents, (v) the value or the sufficiency of any Collateral, or (vi) the satisfaction of any condition set forth in Article IV or elsewhere herein, other than to confirm receipt of items expressly required to be delivered to the Administrative Agent. The Administrative Agent shall not be responsible or have any liability for, or have any duty to ascertain, inquire into, monitor or enforce, compliance with the provisions hereof relating to Disqualified Institutions. Without limiting the generality of the foregoing, the Administrative Agent shall not (x) be obligated to ascertain, monitor or inquire as to whether any Lender or Participant or prospective Lender or Participant is a Disqualified Institution or (y) have any liability with respect to or arising out of any assignment or participation of Loans and/or Commitments, or disclosure of confidential information, to any Disqualified Institution.

Section 8.04 Reliance by Agents. Each Agent shall be entitled to rely upon, and shall not incur any liability for relying upon, any notice, request, certificate, consent, statement, instrument, document or other writing

(including any electronic message, Internet or intranet website posting or other distribution) or conversation believed by it to be genuine and to have been signed, sent or otherwise authenticated by the proper person. Each Agent also may rely upon any statement made to it orally or by telephone and believed by it to have been made by the proper person, and shall not incur any liability for relying thereon. In determining compliance with any condition hereunder to any Credit Event, that by its terms must be fulfilled to the satisfaction of a Lender or any Issuing Bank, each Agent may presume that such condition is satisfactory to such Lender or Issuing Bank unless such Agent shall have received notice to the contrary from such Lender or Issuing Bank prior to such Credit Event. Each Agent may consult with legal counsel (including counsel to the Borrowers), independent accountants and other experts selected by it, and shall not be liable for any action taken or not taken by it in accordance with the advice of any such counsel, accountants or experts. Each Agent may deem and treat the Lender specified in the Register with respect to any amount owing hereunder as the owner thereof for all purposes unless a written notice of assignment, negotiation or transfer thereof shall have been filed with such Agent in accordance with Section 9.04. Each Agent shall be fully justified in failing or refusing to take any action under this Agreement or any other Loan Document unless it shall first receive such advice or concurrence of the Required Lenders (or, if so specified by this Agreement, all or other Lenders) as it deems appropriate or it shall first be indemnified to its satisfaction by the Lenders against any and all liability and expense that may be incurred by it by reason of taking or continuing to take any such action. Each Agent shall in all cases be fully protected in acting, or in refraining from acting, under this Agreement and the other Loan Documents in accordance with a request of the Required Lenders (or, if so specified by this Agreement, all or other Lenders), and such request and any action taken or failure to act pursuant thereto shall be binding upon all the Lenders and all future holders of the Loans.

Section 8.05 Notice of Default. Neither Agent shall be deemed to have knowledge or notice of the occurrence of any Default or Event of Default unless such Agent has received written notice from a Lender or the Borrowers referring to this Agreement, describing such Default or Event of Default and stating that such notice is a "Notice of Default." In the event that the Administrative Agent receives such a notice, the Administrative Agent shall give notice thereof to the Lenders. The Administrative Agent shall take such action with respect to such Default or Event of Default as shall be reasonably directed by the Required Lenders (or, if so specified by this Agreement, all or other Lenders); provided, that unless and until the Administrative Agent shall have received such directions, the Administrative Agent may (but shall not be obligated to) take such action, or refrain from taking such action, with respect to such Default or Event of Default as it shall deem advisable in the best interests of the Lenders.

Section 8.06 Non-Reliance on Agents and Other Lenders. Each Lender and Issuing Bank expressly acknowledges that neither the Agents nor any of their respective Related Parties have made any representations or warranties to it and that no act by any Agent hereafter taken, including any review of the affairs of a Loan Party or any affiliate of a Loan Party, shall be deemed to constitute any representation or warranty by any Agent to any Lender. Each Lender and Issuing Bank represents to the Agents that it has, independently and without reliance upon any Agent or any other Lender or any of their respective Related Parties, and based on such documents and information as it has deemed appropriate, made its own appraisal of, and investigation into the business, operations, property, financial and other condition and creditworthiness of, the Loan Parties and their affiliates and made its own decision to make its Loans hereunder and enter into this Agreement. Each Lender also represents that it will, independently and without reliance upon any Agent or any other Lender or any of their respective Related Parties, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit analysis, appraisals and decisions in taking or not taking action under this Agreement and the other Loan Documents, and to make such investigation as it deems necessary to inform itself as to the business, operations, property, financial and other condition and creditworthiness of the Loan Parties and their affiliates. Except for notices, reports and other documents expressly required to be furnished to the Lenders by the Administrative Agent hereunder, the Administrative Agent shall not have any duty or responsibility to provide any Lender with any credit or other information concerning the business, operations, property, condition (financial or otherwise), prospects or creditworthiness of any Loan Party or any affiliate of a Loan Party that may come into the possession of the Administrative Agent or any of its Related Parties.

Section 8.07 Indemnification. The Lenders agree to indemnify each Agent and the Revolving Facility Lenders agree to indemnify each Issuing Bank, in each case in its capacity as such (to the extent not reimbursed by the Borrowers and without limiting the obligation of the Borrowers to do so), in the amount of its *pro rata* share (based on its aggregate Revolving Facility Credit Exposure and, in the case of the indemnification of each Agent,

outstanding Term Loans and unused Commitments hereunder; provided, that the aggregate principal amount of L/C Disbursements owing to any Issuing Bank shall be considered to be owed to the Revolving Facility Lenders ratably in accordance with their respective Revolving Facility Credit Exposure) (determined at the time such indemnity is sought or, if the respective Obligations have been repaid in full, as determined immediately prior to such repayment in full), from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind whatsoever that may at any time (whether before or after the payment of the Loans) be imposed on, incurred by or asserted against such Agent or such Issuing Bank in any way relating to or arising out of the Commitments, this Agreement, any of the other Loan Documents or any documents contemplated by or referred to herein or therein or the transactions contemplated hereby or thereby or any action taken or omitted by such Agent, Issuing Bank under or in connection with any of the foregoing; provided, that no Lender shall be liable for the payment of any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements that are found by a final and non-appealable decision of a court of competent jurisdiction to have resulted from such Agent's or Issuing Bank's gross negligence or willful misconduct. The failure of any Lender to reimburse any Agent or Issuing Bank promptly upon demand for its ratable share of any amount required to be paid by the Lenders to such Agent or Issuing Bank as provided herein shall not relieve any other Lender of its obligation hereunder to reimburse such Agent or such Issuing Bank, as the case may be, for its ratable share of such amount, but no Lender shall be responsible for the failure of any other Lender to reimburse such Agent or Issuing Bank for such other Lender's ratable share of such amount. The agreements in this Section shall survive the payment of the Loans and all other amounts payable hereunder.

Section 8.08 Agent in Its Individual Capacity. Each Agent and its affiliates may make loans to, accept deposits from, and generally engage in any kind of business with any Loan Party as though such Agent were not an Agent. With respect to its Loans made or renewed by it and with respect to any Letter of Credit issued, or Letter of Credit participated in, by it, each Agent shall have the same rights and powers under this Agreement and the other Loan Documents as any Lender and may exercise the same as though it were not an Agent, and the terms "Lender" and "Lenders" shall include each Agent in its individual capacity.

Section 8.09 Successor Administrative Agent. The Administrative Agent may resign as Administrative Agent and Collateral Agent under this Agreement and the other Loan Documents upon 30 days' notice to the Lenders and the Borrower Representative. Any such resignation by the Administrative Agent hereunder shall also constitute its resignation as an Issuing Bank in which case the resigning Administrative Agent (x) shall not be required to issue any further Letters of Credit hereunder and (y) shall maintain all of its rights as an Issuing Bank with respect to any Letters of Credit issued by it prior to the date of such resignation. Upon any such resignation, then the Required Lenders shall have the right, subject to the reasonable consent of the Borrower Representative (so long as no Event of Default under Section 7.01(b), (c), (h) or (i) shall have occurred and be continuing), to appoint a successor which shall be a bank with an office in the United States, or an Affiliate of any such bank with an office in the United States, whereupon such successor agent shall succeed to the rights, powers and duties of the Administrative Agent and Collateral Agent, and the term "Administrative Agent" shall mean such successor agent effective upon such appointment and approval, and the former Administrative Agent's rights, powers and duties as Administrative Agent shall be terminated, without any other or further act or deed on the part of such former Administrative Agent or any of the parties to this Agreement or any holders of the Loans. If no successor agent has accepted appointment as Administrative Agent by the date that is 30 days following a retiring Administrative Agent's notice of resignation, the retiring Administrative Agent's resignation shall nevertheless thereupon become effective (except in the case of the Collateral Agent holding collateral security on behalf of such Secured Parties, the retiring Collateral Agent shall continue to hold such collateral security as nominee until such time as a successor Collateral Agent is appointed), and the Lenders shall assume and perform all of the duties of the Administrative Agent and Collateral Agent hereunder until such time, if any, as the Required Lenders appoint a successor agent as provided for above. After any retiring Administrative Agent's resignation as Administrative Agent, the provisions of this Article VIII and Section 9.05 shall inure to its benefit as to any actions taken or omitted to be taken by it, its Subagents and their respective Related Parties while it was Administrative Agent under this Agreement and the other Loan Documents.

Section 8.10 Arrangers, Etc. Notwithstanding any other provision of this Agreement or any provision of any other Loan Document, each of the persons named on the cover page hereof as Joint Bookrunner, Joint Lead Arranger or Documentation Agent is named as such for recognition purposes only, and in its capacity as such shall have no rights, duties, responsibilities or liabilities with respect to this Agreement or any other Loan Document,

except that each such person and its Affiliates shall be entitled to the rights expressly stated to be applicable to them in Section 9.05 and 9.17 (subject to the applicable obligations and limitations as set forth therein).

Section 8.11 Security Documents and Collateral Agent. The Lenders and the other Secured Parties (by virtue of their acceptance of the benefits of the Loan Documents) authorize the Collateral Agent to release any Collateral or Guarantors in accordance with Section 9.18 or if approved, authorized or ratified in accordance with Section 9.08.

The Lenders and the other Secured Parties (by virtue of their acceptance of the benefits of the Loan Documents) hereby irrevocably authorize and instruct the Collateral Agent to, without any further consent of any Lender or any other Secured Party, enter into (or acknowledge and consent to) or amend, renew, extend, supplement, restate, replace, waive or otherwise modify any Permitted Junior Intercreditor Agreement, any Permitted First Lien Intercreditor Agreement and any other intercreditor or subordination agreement (in form satisfactory to the Collateral Agent and deemed appropriate by it) with the collateral agent or other representative of holders of Indebtedness secured (and permitted to be secured) by a Lien on assets constituting a portion of the Collateral under (1) any of Sections 6.02(c), (i), (v), (z) and/or (gg) (and in accordance with the relevant requirements thereof) and (2) any other provision of Section 6.02 (it being acknowledged and agreed that the Collateral Agent shall be under no obligation to execute any Intercreditor Agreement pursuant to this clause (2), and may elect to do so, or not do so, in its sole and absolute discretion) (any of the foregoing, an "Intercreditor Agreement"). The Lenders and the other Secured Parties (by virtue of their acceptance of the benefits of the Loan Documents) irrevocably agree that (x) the Collateral Agent may rely exclusively on a certificate of a Responsible Officer of the Borrower Representative as to whether any such other Liens are permitted hereunder and as to the respective assets constituting Collateral that secure (and are permitted to secure) such Indebtedness hereunder and (y) any Intercreditor Agreement entered into by the Collateral Agent shall be binding on the Secured Parties, and each Lender and each other Secured Party hereby agrees that it will take no actions contrary to the provisions of, if entered into and if applicable, any Intercreditor Agreement. Furthermore, the Lenders and the other Secured Parties (by virtue of their acceptance of the benefits of the Loan Documents) hereby authorize the Administrative Agent and the Collateral Agent to release any Lien on any property granted to or held by the Administrative Agent or the Collateral Agent under any Loan Document (i) to the holder of any Lien on such property that is permitted by clauses (c), (i), (v) or (z) of Section 6.02 in each case to the extent the contract or agreement pursuant to which such Lien is granted prohibits any other Liens on such property or (ii) that is or becomes Excluded Property; and the Administrative Agent and the Collateral Agent shall do so upon request of the Borrower Representative ; provided, that prior to any such request, the Borrower Representative shall have in each case delivered to the Administrative Agent a certificate of a Responsible Officer of the Borrower Representative certifying (x) that such Lien is permitted under this Agreement, (y) in the case of a request pursuant to clause (i) of this sentence, that the contract or agreement pursuant to which such Lien is granted prohibits any other Lien on such property and (z) in the case of a request pursuant to clause (ii) of this sentence, that (A) such property is or has become Excluded Property and (B) if such property has become Excluded Property as a result of a contractual restriction, such restriction does not violate Section 6.09.

Section 8.12 Right to Realize on Collateral and Enforce Guarantees. In case of the pendency of any proceeding under any Debtor Relief Laws or other judicial proceeding relative to any Loan Party, (i) the Administrative Agent (irrespective of whether the principal of any Obligation shall then be due and payable as herein expressed or by declaration or otherwise and irrespective of whether the Administrative Agent shall have made any demand on the Borrowers) shall be entitled and empowered, by intervention in such proceeding or otherwise (A) to file and prove a claim for the whole amount of the principal and interest owing and unpaid in respect of any or all of the Obligations that are owing and unpaid and to file such other documents as may be necessary or advisable in order to have the claims of the Lenders, the Issuing Banks and the Administrative Agent and any Subagents allowed in such judicial proceeding, and (B) to collect and receive any monies or other property payable or deliverable on any such claims and to distribute the same, and (ii) any custodian, receiver, assignee, trustee, liquidator, sequestrator or other similar official in any such judicial proceeding is hereby authorized by each Lender and Issuing Bank to make such payments to the Administrative Agent and, if the Administrative Agent shall consent to the making of such payments directly to the Lenders and the Issuing Banks, and to pay to the Administrative Agent any amount due for the reasonable compensation, expenses, disbursements and advances of the Administrative Agent and its agents and counsel, and any other amounts due the Administrative Agent under the Loan Documents. Nothing contained herein shall be deemed to authorize the Administrative Agent to authorize or

consent to or accept or adopt on behalf of any Lender or Issuing Bank any plan of reorganization, arrangement, adjustment or composition affecting the Obligations or the rights of any Lender or Issuing Bank or to authorize the Administrative Agent to vote in respect of the claim of any Lender or Issuing Bank in any such proceeding.

Anything contained in any of the Loan Documents to the contrary notwithstanding, each Borrower, the Administrative Agent, the Collateral Agent and each Secured Party (by virtue of their acceptance of the benefits of the Loan Documents) hereby agree that (a) no Secured Party shall have any right individually to realize upon any of the Collateral or to enforce any Guarantee set forth in any Loan Document, it being understood and agreed that all powers, rights and remedies hereunder may be exercised solely by the Administrative Agent and Collateral Agent, on behalf of the Secured Parties in accordance with the terms hereof and all powers, rights and remedies under the Security Documents may be exercised solely by the Collateral Agent; provided that, notwithstanding the foregoing, the Lenders may exercise the set-off rights contained in Section 9.06 in the manner set forth therein, and (b) in the event of a foreclosure by the Collateral Agent on any of the Collateral pursuant to a public or private sale or other disposition, the Collateral Agent or any Lender may be the purchaser or licensor of any or all of such Collateral at any such sale or other disposition and the Collateral Agent, as agent for and representative of the Secured Parties (but not any Lender or Lenders in its or their respective individual capacities unless the Required Lenders shall otherwise agree in writing) shall be entitled, for the purpose of bidding and making settlement or payment of the purchase price for all or any portion of the Collateral sold at any such public sale, to use and apply any of the Obligations as a credit on account of the purchase price for any collateral payable by the Collateral Agent at such sale or other Disposition.

Section 8.13 Withholding Tax. To the extent required by any applicable Requirement of Law, the Administrative Agent may withhold from any payment to any Lender an amount equivalent to any applicable withholding Tax. If the Internal Revenue Service or any authority of the United States or other jurisdiction asserts a claim that the Administrative Agent did not properly withhold Tax from amounts paid to or for the account of any Lender for any reason (including because the appropriate form was not delivered, was not properly executed, or because such Lender failed to notify the Administrative Agent of a change in circumstances that rendered the exemption from, or reduction of, withholding Tax ineffective), such Lender shall indemnify the Administrative Agent (to the extent that the Administrative Agent has not already been reimbursed by any applicable Loan Party and without limiting the obligation of any applicable Loan Party to do so) fully for all amounts paid, directly or indirectly, by the Administrative Agent as Tax or otherwise, including penalties, fines, additions to Tax and interest, together with all expenses incurred, including legal expenses, allocated staff costs and any out of pocket expenses. Each Lender hereby authorizes the Administrative Agent to set off and apply any and all amounts at any time owing to such Lender under this Agreement or any other Loan Document against any amount due to the Administrative Agent under this Section 8.13.

Section 8.14 Credit Bidding. The Secured Parties hereby irrevocably authorize the Administrative Agent, at the direction of the Required Lenders, to credit bid all or any portion of the Obligations (including by accepting some or all of the Collateral in satisfaction of some or all of the Obligations pursuant to a deed in lieu of foreclosure or otherwise) and in such manner purchase (either directly or through one or more acquisition vehicles) all or any portion of the Collateral (a) at any sale thereof conducted under the provisions of the Bankruptcy Code, including under Sections 363, 1123 or 1129 of the Bankruptcy Code, or any similar laws in any other jurisdictions to which a Loan Party is subject, or (b) at any other sale, foreclosure or acceptance of collateral in lieu of debt conducted by (or with the consent or at the direction of) the Administrative Agent (whether by judicial action or otherwise) in accordance with any applicable law. In connection with any such credit bid and purchase, the Obligations owed to the Secured Parties shall be entitled to be, and shall be, credit bid by the Administrative Agent at the direction of the Required Lenders on a ratable basis (with Obligations with respect to contingent or unliquidated claims receiving contingent interests in the acquired assets on a ratable basis that shall vest upon the liquidation of such claims in an amount proportional to the liquidated portion of the contingent claim amount used in allocating the contingent interests) for the asset or assets so purchased (or for the Equity Interests or debt instruments of the acquisition vehicle or vehicles that are issued in connection with such purchase). In connection with any such bid (i) the Administrative Agent shall be authorized to form one or more acquisition vehicles and to assign any successful credit bid to such acquisition vehicle or vehicles, (ii) each of the Secured Parties' ratable interests in the Obligations which were credit bid shall be deemed without any further action under this Agreement to be assigned to such vehicle or vehicles for the purpose of closing such sale, (iii) the Administrative Agent shall be authorized to adopt documents providing for the governance of the acquisition vehicle or vehicles (provided that any

actions by the Administrative Agent with respect to such acquisition vehicle or vehicles, including any disposition of the assets or Equity Interests thereof, shall be governed, directly or indirectly, by, and the governing documents shall provide for, control by the vote of the Required Lenders or their permitted assignees under the terms of this Agreement or the governing documents of the applicable acquisition vehicle or vehicles, as the case may be, irrespective of the termination of this Agreement and without giving effect to the limitations on actions by the Required Lenders contained in Section 9.08 of this Agreement), (iv) the Administrative Agent on behalf of such acquisition vehicle or vehicles shall be authorized to issue to each of the Secured Parties, ratably on account of the relevant Obligations which were credit bid, interests, whether as equity, partnership, limited partnership interests or membership interests, in any such acquisition vehicle and/or debt instruments issued by such acquisition vehicle, all without the need for any Secured Party or acquisition vehicle to take any further action, and (v) to the extent that Obligations that are assigned to an acquisition vehicle are not used to acquire Collateral for any reason (as a result of another bid being higher or better, because the amount of Obligations assigned to the acquisition vehicle exceeds the amount of Obligations credit bid by the acquisition vehicle or otherwise), such Obligations shall automatically be reassigned to the Secured Parties pro rata and the Equity Interests and/or debt instruments issued by any acquisition vehicle on account of such Obligations shall automatically be cancelled, without the need for any Secured Party or any acquisition vehicle to take any further action. Notwithstanding that the ratable portion of the Obligations of each Secured Party are deemed assigned to the acquisition vehicle or vehicles as set forth in clause (ii) above, each Secured Party shall execute such documents and provide such information regarding the Secured Party (and/or any designee of the Secured Party which will receive interests in or debt instruments issued by such acquisition vehicle) as the Administrative Agent may reasonably request in connection with the formation of any acquisition vehicle, the formulation or submission of any credit bid or the consummation of the transactions contemplated by such credit bid.

ARTICLE IX

Miscellaneous

Section 9.01 Notices; Communications.

(a) Except in the case of notices and other communications expressly permitted to be given by telephone (and except as provided in Section 9.01(b) below), all notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by telecopier or other electronic means as follows, and all notices and other communications expressly permitted hereunder to be given by telephone shall be made to the applicable telephone number, as follows:

(i) if to any Loan Party, the Administrative Agent or any Issuing Bank as of the Closing Date, to the address, telecopier number, electronic mail address or telephone number specified for such person on Schedule 9.01; and

(ii) if to any other Lender or Issuing Bank, to the address, telecopier number, electronic mail address or telephone number specified in its Administrative Questionnaire.

(b) Notices and other communications to the Lenders and the Issuing Banks hereunder may be delivered or furnished by electronic communication (including e-mail and Internet or intranet websites) pursuant to procedures approved by the Administrative Agent; provided, that the foregoing shall not apply to notices to any Lender or Issuing Bank pursuant to Article II if such Lender or Issuing Bank, as applicable, has notified the Administrative Agent that it is incapable of receiving notices under such Article by electronic communication. The Administrative Agent or the Borrowers may, in their discretion, agree to accept notices and other communications to it hereunder by electronic communications pursuant to procedures approved by them, provided, that approval of such procedures may be limited to particular notices or communications.

(c) Notices sent by hand or overnight courier service, or mailed by certified or registered mail, shall be deemed to have been given when received. Notices sent by telecopier shall be deemed to have been given when sent (except that, if not given during normal business hours for the recipient, shall be deemed to have been given at the opening of business on the next Business Day for the recipient). Notices delivered through electronic

communications to the extent provided in Section 9.01(b) above shall be effective as provided in such Section 9.01(b).

(d) Any party hereto may change its address or telecopy number for notices and other communications hereunder by notice to the other parties hereto.

(e) Documents required to be delivered pursuant to Section 5.04 (to the extent any such documents are included in materials otherwise filed with the SEC) may be delivered electronically (including as set forth in Section 9.17) and if so delivered, shall be deemed to have been delivered on the date (i) on which Parent posts such documents, or provides a link thereto on Parent's website on the Internet at the website address listed on Schedule 9.01, or (ii) on which such documents are posted on Parent's behalf on an Internet or intranet website, if any, to which each Lender and the Administrative Agent have access (whether a commercial, third-party website or whether sponsored by the Administrative Agent); provided, that (A) the Borrowers shall deliver paper copies of such documents to the Administrative Agent or any Lender that requests the Borrowers to deliver such paper copies until a written request to cease delivering paper copies is given by the Administrative Agent or such Lender, and (B) the Borrowers shall notify the Administrative Agent (by telecopier or electronic mail) of the posting of any such documents and provide to the Administrative Agent by electronic mail electronic versions (*i.e.*, soft copies) of such documents. Except for such certificates required by Section 5.04(c), the Administrative Agent shall have no obligation to request the delivery or to maintain copies of the documents referred to above, and in any event shall have no responsibility to monitor compliance by the Borrowers with any such request for delivery, and each Lender shall be solely responsible for requesting delivery to it or maintaining its copies of such documents.

Section 9.02 Survival of Agreement. All covenants, agreements, representations and warranties made by the Loan Parties herein, in the other Loan Documents and in the certificates or other instruments prepared or delivered in connection with or pursuant to this Agreement or any other Loan Document shall be considered to have been relied upon by the other parties hereto and shall survive the making by the Lenders of the Loans and the execution and delivery of the Loan Documents and the issuance of the Letters of Credit, regardless of any investigation made by such persons or on their behalf, and shall continue in full force and effect until the Termination Date. Without prejudice to the survival of any other agreements contained herein, the provisions of Sections 2.15, 2.16, 2.17 and 9.05 and Article VIII shall survive and remain in full force and effect regardless of the consummation of the transactions contemplated hereby, the repayment of the Loans, the occurrence of the Termination Date or the termination of this Agreement or any other Loan Document or any provision hereof or thereof.

Section 9.03 Binding Effect. This Agreement shall become effective when it shall have been executed by the Initial Borrower and the Administrative Agent and when the Administrative Agent shall have received copies hereof which, when taken together, bear the signatures of each of the other parties hereto, and thereafter shall be binding upon and inure to the benefit of the Initial Borrower, the Subsidiary Borrower (from and after the Spinoff Date), the Administrative Agent, each Issuing Bank and each Lender and their respective permitted successors and assigns.

Section 9.04 Successors and Assigns.

(a) The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby (including any Affiliate of any Issuing Bank that issues any Letter of Credit), except that (i) other than as permitted by Sections 2.25 and 6.05, the Borrowers may not assign or otherwise transfer any of its respective rights or obligations hereunder without the prior written consent of each Lender (and any attempted assignment or transfer by the Borrowers without such consent shall be null and void) and (ii) no Lender may assign or otherwise transfer its rights or obligations hereunder except in accordance with this Section 9.04. Nothing in this Agreement, expressed or implied, shall be construed to confer upon any person (other than the parties hereto, their respective successors and assigns permitted hereby (including any Affiliate of any Issuing Bank that issues any Letter of Credit), Participants (to the extent provided in clause (c) of this Section 9.04), and, to the extent expressly contemplated hereby, the Related Parties of each of the Agents, the Issuing Banks and the Lenders) any legal or equitable right, remedy or claim under or by reason of this Agreement or the other Loan Documents.

(b) (i) Subject to the conditions set forth in subclause (ii) below, any Lender may assign to one or more assignees (each, an “Assignee”) all or a portion of its rights and obligations under this Agreement (including all or a portion of its Commitments and the Loans at the time owing to it) with the prior written consent of:

(A) the Borrower Representative (such consent not to be unreasonably withheld, delayed or conditioned), which consent will be deemed to have been given if the Borrower Representative has not responded within ten (10) Business Days after the delivery of any request for such consent; provided, that no consent of the Borrower Representative shall be required (x) for an assignment of a Term Loan to a Lender, an Affiliate of a Lender, an Approved Fund (as defined below), or for an assignment of a Revolving Facility Commitment or Revolving Facility Loan to a Revolving Facility Lender, an Affiliate of a Revolving Facility Lender or Approved Fund with respect to a Revolving Facility Lender or (y) if an Event of Default under Section 7.01(b), (c), (h) or (i) has occurred and is continuing, for an assignment to any person;

(B) the Administrative Agent (such consent not to be unreasonably withheld or delayed); provided, that no consent of the Administrative Agent shall be required for an assignment of all or any portion of a Term Loan to a Lender, an Affiliate of a Lender, or an Approved Fund; and

(C) the Issuing Banks (such consent, in each case, not to be unreasonably withheld or delayed); provided, that no consent of the Issuing Banks shall be required for an assignment of all or any portion of a Term Loan.

(ii) Assignments shall be subject to the following additional conditions:

(A) except in the case of an assignment to a Lender, an Affiliate of a Lender or an Approved Fund or an assignment of the entire remaining amount of the assigning Lender’s Commitments or Loans under any Facility, the amount of the applicable Commitments or Loans of the assigning Lender subject to each such assignment (determined as of the date the Assignment and Acceptance with respect to such assignment is delivered to the Administrative Agent) shall not be less than (x) \$1,000,000 or an integral multiple of \$1,000,000 in excess thereof in the case of Term Loans and (y) \$5,000,000 or an integral multiple of \$1,000,000 in excess thereof in the case of Revolving Facility Loans or Revolving Facility Commitments, unless each of the Borrowers and the Administrative Agent otherwise consent; provided, that no such consent of the Borrowers shall be required if an Event of Default has occurred and is continuing; provided, further, that such amounts shall be aggregated in respect of each Lender and its Affiliates or Approved Funds (with simultaneous assignments to or by two or more Related Funds being treated as one assignment), if any;

(B) each partial assignment shall be made as an assignment of a proportionate part of all the assigning Lender’s rights and obligations under this Agreement; provided, that this clause shall not be construed to prohibit the assignment of a proportionate part of all the assigning Lender’s rights and obligations in respect of one Class of Commitments or Loans;

(C) the parties to each assignment shall (1) execute and deliver to the Administrative Agent an Assignment and Acceptance and any form required to be delivered pursuant to Section 2.17 via an electronic settlement system acceptable to the Administrative Agent or (2) if previously agreed with the Administrative Agent, manually execute and deliver to the Administrative Agent an Assignment and Acceptance, in each case together with a processing and recordation fee of \$3,500 (which fee may be waived or reduced in the sole discretion of the Administrative Agent);

(D) the Assignee, if it shall not be a Lender, shall deliver to the Administrative Agent an Administrative Questionnaire in which the assignee designates one or more credit contacts to whom all syndicate-level information (which may contain material non-public information about the Borrowers and their Affiliates and their Related Parties or their respective securities) will be made available and who may receive such information in accordance with the assignee’s compliance procedures and applicable laws, including Federal and state securities laws; and

(E) the Assignee shall not be (i) a Borrower or any of the Borrowers' Affiliates or Subsidiaries, (ii) any Disqualified Institution (but solely to the extent the DQ List has been made available to the assigning Lender pursuant to Section 9.04(i)), (iii) a Defaulting Lender or (iv) a natural person.

For the purposes of this Section 9.04, "Approved Fund" means any person (other than a natural person) that is engaged in making, purchasing, holding or investing in bank loans and similar extensions of credit in the ordinary course and that is administered or managed by (a) a Lender, (b) an Affiliate of a Lender or (c) an entity or an Affiliate of an entity that administers or manages a Lender.

Any assigning Lender shall, in connection with any potential assignment, provide to the Borrowers a copy of its request (including the name of the prospective assignee) concurrently with its delivery of the same request to the Administrative Agent irrespective of whether or not an Event of Default under Section 7.01(b), (c), (h) or (i) has occurred and is continuing.

(iii) Subject to acceptance and recording thereof pursuant to subclause (v) below, from and after the effective date specified in each Assignment and Acceptance the Assignee thereunder shall be a party hereto and, to the extent of the interest assigned by such Assignment and Acceptance, have the rights and obligations of a Lender under this Agreement, and the assigning Lender thereunder shall, to the extent of the interest assigned by such Assignment and Acceptance, be released from its obligations under this Agreement (and, in the case of an Assignment and Acceptance covering all of the assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto but shall continue to be entitled to the benefits of Sections 2.15, 2.16, 2.17 and 9.05 (subject to the limitations and requirements of those Sections, including, without limitation, the requirements of Sections 2.17(f), Section 2.17(g) and 2.17(i))). Any assignment or transfer by a Lender of rights or obligations under this Agreement that does not comply with this Section 9.04 shall be treated for purposes of this Agreement as a sale by such Lender of a participation in such rights and obligations in accordance with clause (c) of this Section 9.04 (except to the extent such participation is not permitted by such clause (c) of this Section 9.04, in which case such assignment or transfer shall be null and void).

(iv) The Administrative Agent, acting solely for this purpose as a non-fiduciary agent of the Borrowers, shall maintain at one of its offices a copy of each Assignment and Acceptance delivered to it and a register for the recordation of the names and addresses of the Lenders, and the Commitments of, and principal and interest amounts of the Loans and Revolving L/C Exposure owing to, each Lender pursuant to the terms hereof from time to time (the "Register"). The entries in the Register shall be conclusive absent manifest error, and the Borrowers, the Administrative Agent, the Issuing Banks and the Lenders shall treat each person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement, notwithstanding notice to the contrary. The Register shall be available for inspection by the Borrowers, any Issuing Bank and any Lender, at any reasonable time and from time to time upon reasonable prior notice.

(v) Upon its receipt of a duly completed Assignment and Acceptance executed by an assigning Lender and an Assignee, the Assignee's completed Administrative Questionnaire (unless the Assignee shall already be a Lender hereunder), the processing and recordation fee referred to in clause (b) (ii)(C) of this Section 9.04, if applicable, and any written consent to such assignment required by clause (b) of this Section 9.04, the Administrative Agent shall accept such Assignment and Acceptance and promptly record the information contained therein in the Register; provided, that if either the assigning Lender or the assignee shall have failed to make any payment required to be made by it pursuant to 2.05(d) or (e), 2.06(b), 2.18(d) or 8.07, the Administrative Agent shall have no obligation to accept such Assignment and Acceptance and record the information therein in the Register unless and until such payment shall have been made in full, together with all accrued interest thereon. No assignment, whether or not evidenced by a promissory note, shall be effective for purposes of this Agreement unless it has been recorded in the Register as provided in this subclause (v).

(c) (i) Any Lender may, without the consent of the Borrowers or the Administrative Agent or the Issuing Banks, sell participations in Loans and Commitments to one or more banks or other entities other than any person that, at the time of such participation, is (I) a Defaulting Lender, (II) the Borrowers or any of their Subsidiaries or any of their respective Affiliates or (III) a Disqualified Institution (but solely to the extent the DQ List has been posted to the Platform pursuant to Section 9.04(i)) (a "Participant") in all or a portion of such Lender's rights and obligations under this Agreement (including all or a portion of its Commitments and the Loans owing to

it); provided, that (A) such Lender's obligations under this Agreement shall remain unchanged, (B) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations and (C) the Borrowers, the Administrative Agent, the Issuing Banks and the other Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement. Any agreement pursuant to which a Lender sells such a participation shall provide that such Lender shall retain the sole right to enforce this Agreement and the other Loan Documents and to approve any amendment, modification or waiver of any provision of this Agreement and the other Loan Documents; provided, that (x) such agreement may provide that such Lender will not, without the consent of the Participant, agree to any amendment, modification or waiver that both (1) requires the consent of each Lender directly affected thereby pursuant to the first proviso to Section 9.08(b) and (2) directly affects such Participant (but, for the avoidance of doubt, not any waiver of any Default or Event of Default) and (y) no other agreement with respect to amendment, modification or waiver may exist between such Lender and such Participant. Subject to clause (c)(iii) of this Section 9.04, the Borrowers agree that each Participant shall be entitled to the benefits of Sections 2.15, 2.16 and 2.17 (subject to the limitations and requirements of those Sections and Section 2.19, including, without limitation, the requirements of Sections 2.17(f), 2.17(g) and 2.17(i) (it being understood that the documentation required under Section 2.17(f) and 2.17(i) shall be delivered to the participating Lender)) to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to clause (b) of this Section 9.04. To the extent permitted by law, each Participant also shall be entitled to the benefits of Section 9.06 as though it were a Lender; provided, that such Participant shall be subject to Section 2.18(c) as though it were a Lender.

(ii) Each Lender that sells a participation shall, acting solely for this purpose as a non-fiduciary agent of the Borrowers, maintain a register on which it enters the name and address of each Participant and the principal amounts and interest amounts of each Participant's interest in the Loans or other obligations under the Loan Documents (the "Participant Register"). The entries in the Participant Register shall be conclusive absent manifest error, and such Lender shall treat each person whose name is recorded in the Participant Register as the owner of such participation for all purposes of this Agreement notwithstanding any notice to the contrary. Without limitation of the requirements of this Section 9.04(c), no Lender shall have any obligation to disclose all or any portion of a Participant Register to any person (including the identity of any Participant or any information relating to a Participant's interest in any Commitments, Loans or other Loan Obligations under any Loan Document), except to the extent that such disclosure is necessary to establish that such Commitment, Loan or other Loan Obligation is in registered form under Section 5f.103-1(c) of the United States Treasury Regulations. For the avoidance of doubt, the Administrative Agent (in its capacity as Administrative Agent) shall have no responsibility for maintaining a Participant Register.

(iii) A Participant shall not be entitled to receive any greater payment under Section 2.15, 2.16 or 2.17 than the applicable Lender would have been entitled to receive with respect to the participation sold to such Participant, unless the sale of the participation to such Participant is made with the Borrowers' prior written consent (not to be unreasonably withheld or delayed), which consent shall state that it is being given pursuant to this Section 9.04(c) (iii); provided, that each potential Participant shall provide such information as is reasonably requested by the Borrowers in order for the Borrowers to determine whether to provide their consent.

(d) Any Lender may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement to secure obligations of such Lender, including any pledge or assignment to secure obligations to a Federal Reserve Bank (or other central bank) and in the case of any Lender that is an Approved Fund, any pledge or assignment to any holders of obligations owed, or securities issued, by such Lender, including to any trustee for, or any other representative of, such holders, and this Section 9.04 shall not apply to any such pledge or assignment of a security interest; provided, that no such pledge or assignment of a security interest shall release a Lender from any of its obligations hereunder or substitute any such pledgee or Assignee for such Lender as a party hereto.

(e) The Borrowers, upon receipt of written notice from the relevant Lender, agree to issue Notes to any Lender requiring Notes to facilitate transactions of the type described in clause (d) above.

(f) Notwithstanding the foregoing, any Conduit Lender may assign any or all of the Loans it may have funded hereunder to its designating Lender without the consent of any Borrower or the Administrative Agent. Each of the Borrowers, each Lender and the Administrative Agent hereby confirms that it will not institute against a

Conduit Lender or join any other person in instituting against a Conduit Lender any bankruptcy, reorganization, arrangement, insolvency or liquidation proceeding under any state bankruptcy or similar law, for one year and one day after the payment in full of the latest maturing commercial paper note issued by such Conduit Lender; provided, however, that each Lender designating any Conduit Lender hereby agrees to indemnify, save and hold harmless each other party hereto and each Loan Party for any loss, cost, damage or expense arising out of its inability to institute such a proceeding against such Conduit Lender during such period of forbearance.

(g) [Reserved].

(h) In connection with any assignment of rights and obligations of any Defaulting Lender hereunder, no such assignment shall be effective unless and until, in addition to the other conditions thereto set forth herein, the parties to the assignment shall make such additional payments to the Administrative Agent in an aggregate amount sufficient, upon distribution thereof as appropriate (which may be outright payment, purchases by the assignee of participations or subparticipations, or other compensating actions, including funding, with the consent of the Borrowers and the Administrative Agent, the applicable pro rata share of Loans previously requested but not funded by the Defaulting Lender, to each of which the applicable assignee and assignor hereby irrevocably consent), to (x) pay and satisfy in full all payment liabilities then owed by such Defaulting Lender to the Administrative Agent, each Issuing Bank or any other Lender hereunder (and interest accrued thereon) and (y) acquire (and fund as appropriate) its full pro rata share of all Loans and participations in Letters of Credit in accordance with its Revolving Facility Percentage; provided, that notwithstanding the foregoing, in the event that any assignment of rights and obligations of any Defaulting Lender hereunder shall become effective under applicable law without compliance with the provisions of this paragraph, then the assignee of such interest shall be deemed to be a Defaulting Lender for all purposes of this Agreement until such compliance occurs.

(i) The Administrative Agent shall post the list of Disqualified Institutions provided by the Borrowers and any updates thereto from time to time (the "DQ List") on the Platform to "public siders" and/or "private siders" and/or provide the DQ List to each Lender requesting the same.

(j) The Administrative Agent shall not be responsible or have any liability for, or have any duty to ascertain, inquire into, monitor or enforce, compliance with the provisions relating to Disqualified Institutions.

(a) The Initial Borrower shall reimburse (a) all reasonable and documented out-of-pocket expenses of the Administrative Agent, the Collateral Agent and each Arranger (including due diligence expenses, syndication expenses, travel expenses and reasonable fees, charges and disbursements of one firm of counsel for the Administrative Agent, the Collateral Agent and the Arrangers (and one local counsel in any relevant jurisdiction (including, without limitation, England and Wales, Ireland and Jersey)) and, solely in the case of an actual or potential conflict of interest, of one additional counsel (and one additional local counsel in any relevant jurisdiction)) incurred in connection with the preparation of this Agreement and the other Loan Documents or the administration, amendment, modification or waiver thereof and (b) if an Event of Default occurs, all reasonable and documented out-of-pocket expenses incurred by the Administrative Agent, the Collateral Agent and each Lender, including the fees and disbursements of one firm of counsel (and one local counsel in any relevant jurisdiction) and, solely in the case of an actual or potential conflict of interest, of one additional counsel (and, if reasonably necessary, one additional local counsel in any relevant jurisdiction) in connection with such Event of Default and collection, bankruptcy, insolvency, Irish examinership and other enforcement proceedings resulting therefrom.

(b) The Initial Borrower shall indemnify and hold harmless each Lender, each Issuing Bank, the Administrative Agent, the Collateral Agent, each Arranger and each of their respective affiliates and their respective officers, directors, employees, advisors, and agents (each, an "Indemnified Person") from and against any and all losses, claims, damages and liabilities (including environmental liabilities) to which any such Indemnified Person may become subject arising out of or in connection with this Agreement or the other Loan Documents, the use of the proceeds of Loans and Letters of Credit thereunder or any related transaction or any claim, litigation, investigation or proceeding relating to any of the foregoing, regardless of whether any Indemnified Person is a party thereto and regardless of whether brought by a third party or by Parent or any of its affiliates (any of the foregoing, a "Proceeding"), and to reimburse each Indemnified Person upon demand for any reasonable and documented legal or

other expenses incurred in connection with investigating or defending any of the foregoing; provided that (i) the foregoing indemnity will not, as to any Indemnified Person, apply to losses, claims, damages, liabilities or related expenses (A) to the extent they are found by a final, non-appealable judgment of a court of competent jurisdiction to arise from the bad faith, willful misconduct or gross negligence of such Indemnified Person or any of its Related Persons, (B) to the extent resulting from any Proceeding that does not involve an act or omission of Parent or any of its Affiliates and that is brought by an Indemnified Person solely against another Indemnified Person, other than claims against the Administrative Agent, any Issuing Bank, Arranger or any other agent in its capacity in fulfilling its role as an agent, Issuing Bank or Arranger under the Loan Documents, (C) to the extent resulting from a material breach by such Indemnified Person or any Related Person thereof of its obligations under the Loan Documents as found by a final, non-appealable judgment of a court of competent jurisdiction or (D) to the extent that they consist of recoverable input tax or any tax imposed on or calculated by reference to the income, profits or gains of the Indemnified Person. No Indemnified Person shall be liable for any damages arising from the use by others of information or other materials obtained through electronic, telecommunications or other information transmission systems (other than for direct or actual damages resulting from the bad faith, gross negligence or willful misconduct of such Indemnified Person or any Related Person thereof as found by a final, non-appealable judgment of a court of competent jurisdiction), it being understood that the use of electronic telecommunications or other information transmission systems will not itself constitute bad faith, gross negligence or willful misconduct. The provisions of this Section 9.05 shall remain operative and in full force and effect regardless of the expiration of the term of this Agreement, the consummation of the transactions contemplated hereby, the repayment of any of the Obligations, the occurrence of the Termination Date, the invalidity or unenforceability of any term or provision of this Agreement or any other Loan Document, or any investigation made by or on behalf of the Administrative Agent, any Issuing Bank or any Lender. All amounts due under this Section 9.05 shall be payable within 15 days after written demand therefor accompanied by reasonable documentation with respect to any reimbursement, indemnification or other amount requested. A "Related Person" of an Indemnified Person shall mean (a) any controlling person, controlled affiliate or subsidiary of such Indemnified Person, (b) the respective directors, officers or employees of such Indemnified Person or any of its subsidiaries, controlled affiliates or controlling persons and (c) the respective agents and advisors of such Indemnified Person or any of its subsidiaries, controlled affiliates or controlling persons.

(c) This Section 9.05 shall not apply to any Taxes (other than Taxes that represent losses, claims, damages, liabilities and related expenses resulting from a non-Tax claim), which shall be governed exclusively by Section 2.17 and, to the extent set forth therein, Section 2.15.

(d) The Loan Parties shall not be liable to the Arrangers or any Indemnified Person for any special, indirect, consequential or punitive damages in connection with the Loan Documents; provided that this sentence shall not limit the Borrowers' indemnification obligations as set forth in this Section 9.05. To the fullest extent permitted by applicable law, the Borrowers shall not assert, and hereby waive, any claim against any Indemnified Person, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Agreement, any other Loan Document or any agreement or instrument contemplated hereby, the transactions contemplated hereby or thereby, any Loan or Letter of Credit or the use of the proceeds thereof. No Indemnified Person shall be liable for any damages arising from the use by unintended recipients of any information or other materials distributed by it through telecommunications, electronic or other information transmission systems (including the internet) in connection with this Agreement or the other Loan Documents or the transactions contemplated hereby or thereby (other than for direct or actual damages resulting from the bad faith, gross negligence or willful misconduct of such Indemnified Person or any Related Person thereof as found by a final, non-appealable judgment of a court of competent jurisdiction), it being understood that the use of electronic telecommunications or other information transmission systems will not itself constitute bad faith, gross negligence or willful misconduct

(e) The agreements in this Section 9.05 shall survive the resignation of the Administrative Agent, the Collateral Agent or any Issuing Bank, the replacement of any Lender, the termination of the Commitments and the repayment, satisfaction or discharge of all the other Obligations, the occurrence of the Termination Date and the termination of this Agreement, any other Loan Document or any provision hereof or thereof.

Section 9.06 Right of Set-off. If an Event of Default shall have occurred and be continuing, each Lender, each Issuing Bank and each of their respective Affiliates is hereby authorized at any time and from time to time, to the fullest extent permitted by applicable law, to set off and apply any and all deposits (general or special,

time or demand, provisional or final and in whatever currency denominated) at any time held and other obligations at any time owing by such Lender or such Issuing Bank to or for the credit or the account of any Borrower or any Subsidiary against any of and all the obligations of the Borrowers now or hereafter existing under this Agreement or any other Loan Document held by such Lender or such Issuing Bank, irrespective of whether or not such Lender or such Issuing Bank shall have made any demand under this Agreement or such other Loan Document and although the obligations may be unmatured; provided, that any recovery by any Lender, any Issuing Bank or any Affiliate pursuant to its setoff rights under this Section 9.06 is subject to the provisions of Section 2.18(c); provided, further, that in the event that any Defaulting Lender shall exercise any such right of setoff, (x) all amounts so set off shall be paid over immediately to the Administrative Agent for further application in accordance with the provisions of Section 2.24 and, pending such payment, shall be segregated by such Defaulting Lender from its other funds and deemed held in trust for the benefit of the Administrative Agent and the Lenders, and (y) the Defaulting Lender shall provide promptly to the Administrative Agent a statement describing in reasonable detail the Obligations owing to such Defaulting Lender as to which it exercised such right of setoff. The rights of each Lender and each Issuing Bank under this Section 9.06 are in addition to other rights and remedies (including other rights of set-off) that such Lender or such Issuing Bank may have.

Section 9.07 Applicable Law. **THIS AGREEMENT AND ANY CLAIMS, CONTROVERSY, DISPUTE OR CAUSES OF ACTION (WHETHER IN CONTRACT OR TORT OR OTHERWISE) BASED UPON, ARISING OUT OF OR RELATING TO THIS AGREEMENT, SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE STATE OF NEW YORK.**

Section 9.08 Waivers; Amendment.

(a) No failure or delay of the Administrative Agent, the Collateral Agent, any Issuing Bank, any Arranger or any Lender in exercising any right or power hereunder or under any Loan Document shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such a right or power, preclude any other or further exercise thereof or the exercise of any other right or power. The rights and remedies of the Administrative Agent, the Collateral Agent, each Issuing Bank, each Arranger and the Lenders hereunder and under the other Loan Documents are cumulative and are not exclusive of any rights or remedies that they would otherwise have. No waiver of any provision of this Agreement or any other Loan Document or consent to any departure by any Borrower or any other Loan Party therefrom shall in any event be effective unless the same shall be permitted by clause (b) below, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. No notice or demand on any Borrower or any other Loan Party in any case shall entitle such person to any other or further notice or demand in similar or other circumstances. Without limiting the generality of the foregoing, the making of a Loan or issuance of a Letter of Credit shall not be construed as a waiver of any Default or Event of Default, regardless of whether the Administrative Agent, the Collateral Agent, any Arranger, any Lender or any Issuing Bank may have had notice or knowledge of such Default or Event of Default at the time.

(b) Neither this Agreement nor any other Loan Document nor any provision hereof or thereof may be waived, amended or modified except (x) as provided in Section 2.21, 2.22 or 2.23, (y) in the case of this Agreement, pursuant to an agreement or agreements in writing entered into by the Borrowers and the Required Lenders and (z) in the case of any other Loan Document, pursuant to an agreement or agreements in writing entered into by each Loan Party party thereto and the Administrative Agent and consented to by the Required Lenders; provided, however, that no such agreement shall:

(i) decrease or forgive the principal amount of, or extend the final maturity of, or decrease the rate of interest on, any Loan or any reimbursement obligation with respect to any L/C Disbursement, or extend the stated expiration of any Letter of Credit beyond the applicable Revolving Facility Maturity Date, without the prior written consent of each Lender directly adversely affected thereby (which, notwithstanding the foregoing, such consent of such Lender directly adversely affected thereby shall be the only consent required hereunder to make such modification); provided, that (x) any amendment to the financial definitions in this Agreement shall not constitute a reduction in the rate of interest for purposes of this clause (i) even if the effect of such amendment would be to reduce the rate of interest on any Loan or any reimbursement obligation with respect to any L/C Disbursement or to reduce any fee payable

hereunder and (y) only the consent of the Required Lenders shall be necessary to reduce or waive any obligation of the Borrowers to pay interest or Fees at the applicable default rate set forth in Section 2.13(c);

(ii) increase or extend the Commitment of any Lender, or decrease the Commitment Fees, L/C Participation Fees or any other Fees of any Lender without the prior written consent of such Lender (which, notwithstanding the foregoing, with respect to any such extension or decrease, such consent of such Lender shall be the only consent required hereunder to make such modification); provided, that waivers or modifications of conditions precedent, covenants, Defaults or Events of Default, mandatory prepayments or of a mandatory reduction in the aggregate Commitments shall not constitute an increase or extension of the Commitments of any Lender for purposes of this clause (ii);

(iii) extend or waive any Term Loan Installment Date or reduce the amount due on any Term Loan Installment Date, extend or waive any Revolving Facility Maturity Date or reduce the amount due on any Revolving Facility Maturity Date or extend any date on which payment of interest (other than interest payable at the applicable default rate of interest set forth in Section 2.13(c)) on any Loan or any L/C Disbursement or any Fees is due, without the prior written consent of each Lender directly adversely affected thereby (which, notwithstanding the foregoing, such consent of such Lender directly adversely affected thereby shall be the only consent required hereunder to make such modification);

(iv) amend the provisions of Section 2.18(b) or (c) in a manner that would by its terms alter the pro rata sharing of payments required thereby or the definition of "Pro Rata Share", without the prior written consent of each Lender adversely affected thereby;

(v) amend or modify the provisions of this Section 9.08 or the definition of the terms "Required Lenders," "Majority Lenders" or any other provision hereof specifying the number or percentage of Lenders required to waive, amend or modify any rights hereunder or make any determination or grant any consent hereunder, without the prior written consent of each Lender adversely affected thereby (it being understood that, with the consent of the Required Lenders, additional extensions of credit pursuant to this Agreement may be included in the determination of the Required Lenders on substantially the same basis as the Loans and Commitments are included on the Closing Date);

(vi) except as provided in Section 9.18, release all or substantially all of the Collateral, any Borrower (provided, for the avoidance of doubt, that this clause shall not apply to the release of Adient Global Holdings Ltd at any time after the Borrower Transfer Date to the extent otherwise permitted by this Agreement) or all or substantially all of the value of the Guarantees provided by the Guarantors taken as a whole, or prior to the Spinoff Date, the Guarantees provided by JCI and New JCI, as applicable, without the prior written consent of each Lender;

(vii) effect any waiver, amendment or modification that by its terms adversely affects the rights in respect of payments or collateral of Lenders participating in any Facility differently from those of Lenders participating in another Facility, without the consent of the Majority Lenders participating in the adversely affected Facility (it being agreed that the Required Lenders may waive, in whole or in part, any prepayment or Commitment reduction required by Section 2.11 so long as the application of any prepayment or Commitment reduction still required to be made is not changed);

provided, further, that (a) no such agreement shall amend, modify or otherwise affect the rights or duties of the Administrative Agent, the Collateral Agent or the Issuing Banks hereunder without the prior written consent of the Administrative Agent, the Collateral Agent or each Issuing Bank affected thereby, as applicable, (b) Schedule 2.05(a), Schedule 3.08(a), Schedule 3.08(b), Schedule 3.20 and Schedule 3.21 may be updated from time to time prior to the Spinoff Date by the Borrower Representative without the consent of any other party to this Agreement, (c) Schedule 1.01(B), and Schedule 5.12 may be updated with the consent of the Borrower Representative and the Administrative Agent (not to be unreasonably withheld) prior to the Spinoff Date to reflect circumstances existing on the Spinoff Date and (d) Schedules 3.04, 3.05, 3.16, 6.01, 6.02(a), 6.04, 6.07 and 9.01 may be updated as expressly provided for in this Agreement. Each Lender shall be bound by any waiver, amendment or modification authorized by this Section 9.08 and any consent by any Lender pursuant to this Section 9.08 shall bind any Assignee of such Lender.

Notwithstanding anything to the contrary herein, no Defaulting Lender shall have the right to approve or disapprove any amendment, waiver or consent hereunder (and any amendment, waiver or consent which by its terms requires the consent of all Lenders or each affected Lender may be affected with the consent of the applicable Lenders other than Defaulting Lenders), except that (x) the Commitment of any Defaulting Lender may not be increased or extended without the consent of such Lender and (y) any waiver, amendment or modification requiring the consent of all Lenders or each affected Lender that by its terms affects any Defaulting Lender disproportionately adversely relative to other affected Lenders shall require the consent of such Defaulting Lender.

(c) Without the consent of any Lender or Issuing Bank, the Loan Parties and the Administrative Agent and the Collateral Agent may (in their respective sole discretion, or shall, to the extent required by any Loan Document) enter into any amendment, modification, supplement or waiver of any Loan Document, or enter into any new agreement or instrument, to:

(i) effect the granting, perfection, protection, expansion or enhancement of any security interest in any Collateral or additional property to become Collateral for the benefit of the Secured Parties,

(ii) include holders of Other First Liens or (to the extent necessary or advisable under applicable local law) Junior Liens in the benefit of the Security Documents in connection with the incurrence of any Other First Lien Debt or Indebtedness permitted to be secured by Junior Liens and to give effect to any Intercreditor Agreement associated therewith, or

(iii) as required by local law to give effect to, or protect, any security interest for the benefit of the Secured Parties in any property or so that the security interests therein comply with applicable law or this Agreement or in each case to otherwise enhance the rights or benefits of any Lender under any Loan Document.

(d) Notwithstanding the foregoing, this Agreement may be amended (or amended and restated) with the written consent of the Required Lenders, the Administrative Agent and the Borrowers (i) to permit additional extensions of credit to be outstanding hereunder from time to time and the accrued interest and fees and other obligations in respect thereof to share ratably in the benefits of this Agreement and the other Loan Documents with the Term Loans and the Revolving Facility Loans and the accrued interest and fees and other obligations in respect thereof and (ii) to include appropriately the holders of such extensions of credit in any determination of the requisite lenders required hereunder, including Required Lenders and the Required Revolving Facility Lenders, and for purposes of the relevant provisions of Section 2.18(b).

(e) Notwithstanding the foregoing, technical and conforming modifications to the Loan Documents may be made with the consent of the Borrowers and the Administrative Agent (but without the consent of any Lender) to the extent necessary (A) to integrate any Other Term Loan Commitments, Other Revolving Facility Commitments, Other Term Loans and Other Revolving Loans in a manner consistent with Sections 2.21, 2.22 and 2.23 as may be necessary to establish such Other Term Loan Commitments, Other Revolving Facility Commitment, Other Term Loans or Other Revolving Loans as a separate Class or tranche from the existing Term Facility Commitments, Revolving Facility Commitments, Term Loans or Revolving Facility Loans, as applicable, and, in the case of Extended Term Loans, to reduce the amortization schedule of the related existing Class of Term Loans proportionately, (B) to integrate any Other First Lien Debt, (C) to cure any ambiguity, omission, error, typographical error, defect or inconsistency or (D) to give effect to the assumption by a Wholly Owned Subsidiary of (X) prior to the Spinoff Date, the Initial Borrower or (Y) from and after the Spinoff Date, Parent, in each case organized under the laws of England and Wales, of the obligations of the Initial Borrower as a Borrower on the Borrower Transfer Date.

(f) Each of the parties hereto hereby agrees that the Administrative Agent may take any and all action as may be necessary to ensure that all Term Loans established pursuant to Section 2.21 after the Closing Date that will be included in an existing Class of Term Loans outstanding on such date (an “Applicable Date”), when originally made, are included in each Borrowing of outstanding Term Loans of such Class (the “Existing Class Loans”), on a pro rata basis, and/or to ensure that, immediately after giving effect to such new Term Loans (the “New Class Loans” and, together with the Existing Class Loans, the “Class Loans”), each Lender holding Class Loans will be deemed to hold its Pro Rata Share of each Class Loan on the Applicable Date (but without changing

the amount of any such Lender's Term Loans), and each such Lender shall be deemed to have effectuated such assignments as shall be required to ensure the foregoing. The "Pro Rata Share" of any Lender on the Applicable Date is the ratio of (1) the sum of such Lender's Existing Class Loans immediately prior to the Applicable Date plus the amount of New Class Loans made by such Lender on the Applicable Date over (2) the aggregate principal amount of all Class Loans on the Applicable Date.

Section 9.09 Interest Rate Limitation. Notwithstanding anything herein to the contrary, if at any time the applicable interest rate, together with all fees and charges that are treated as interest under applicable law (collectively, the "Charges"), as provided for herein or in any other document executed in connection herewith, or otherwise contracted for, charged, received, taken or reserved by any Lender or any Issuing Bank, shall exceed the maximum lawful rate (the "Maximum Rate") that may be contracted for, charged, taken, received or reserved by such Lender or Issuing Bank in accordance with applicable law, the rate of interest payable hereunder, together with all Charges payable to such Lender or Issuing Bank, shall be limited to the Maximum Rate; provided, that such excess amount shall be paid to such Lender or Issuing Bank on subsequent payment dates to the extent not exceeding the legal limitation. In determining whether the interest contracted for, charged, or received by the Administrative Agent or a Lender exceeds the Maximum Rate, such person may, to the extent permitted by applicable law, (a) characterize any payment that is not principal as an expense, fee, or premium rather than interest, (b) exclude voluntary prepayments and the effects thereof, and (c) amortize, prorate, allocate, and spread in equal or unequal parts the total amount of interest throughout the contemplated term of the Obligations hereunder.

Section 9.10 Entire Agreement. This Agreement, the other Loan Documents and the agreements regarding certain Fees referred to herein constitute the entire contract between the parties relative to the subject matter hereof. Any previous agreement among or representations from the parties or their Affiliates with respect to the subject matter hereof is superseded by this Agreement and the other Loan Documents. Notwithstanding the foregoing, the Fee Letter shall survive the execution and delivery of this Agreement and remain in full force and effect. Nothing in this Agreement or in the other Loan Documents, expressed or implied, is intended to confer upon any party other than the parties hereto and thereto (and the Indemnified Persons) rights, remedies, obligations or liabilities under or by reason of this Agreement or the other Loan Documents.

Section 9.11 WAIVER OF JURY TRIAL. EACH PARTY HERETO HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS AGREEMENT OR ANY OF THE OTHER LOAN DOCUMENTS (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS, AS APPLICABLE, BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 9.11.

Section 9.12 Severability. In the event any one or more of the provisions contained in this Agreement or in any other Loan Document should be held invalid, illegal or unenforceable in any respect in any jurisdiction, the validity, legality and enforceability of the remaining provisions contained herein and therein shall not in any way be affected or impaired thereby as to such jurisdiction, and the invalidity of a particular provision in a particular jurisdiction shall not invalidate such provision in any other jurisdiction. The parties shall endeavor in good-faith negotiations to replace the invalid, illegal or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the invalid, illegal or unenforceable provisions.

Section 9.13 Counterparts. This Agreement may be executed in two or more counterparts, each of which shall constitute an original but all of which, when taken together, shall constitute but one contract, and shall become effective as provided in Section 9.03. Delivery of an executed counterpart of a signature page of this Agreement by telecopy, emailed pdf. or any other electronic means that reproduces an image of the actual executed signature page shall be effective as delivery of a manually executed counterpart of this Agreement. The words "execution," "signed," "signature," "delivery," and words of like import in or relating to any document to be signed in connection with this Agreement and the transactions contemplated hereby shall be deemed to include electronic

signatures, deliveries or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature, physical delivery thereof or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any applicable law, including the Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act, or any other similar state laws based on the Uniform Electronic Transactions Act; provided that nothing herein shall require the Administrative Agent to accept electronic signatures in any form or format without its prior written consent.

Section 9.14 Headings. Article and Section headings and the Table of Contents used herein are for convenience of reference only, are not part of this Agreement and are not to affect the construction of, or to be taken into consideration in interpreting, this Agreement.

Section 9.15 Jurisdiction; Consent to Service of Process.

(a) The Borrowers and each other Loan Party irrevocably and unconditionally agrees that it will not commence any action, litigation or proceeding of any kind or description, whether in law or equity, whether in contract or in tort or otherwise, against the Administrative Agent, the Collateral Agent, any Lender, any Arranger or any Affiliate of the foregoing in any way relating to this Agreement or any other Loan Document or the transactions relating hereto or thereto, in any forum other than the courts of the State of New York sitting in New York County, Borough of Manhattan, and of the United States District Court of the Southern District of New York, sitting in New York County, Borough of Manhattan, and any appellate court from any thereof, and each of the parties hereto irrevocably and unconditionally submits to the jurisdiction of such courts and agrees that all claims in respect of any such action, litigation or proceeding may be heard and determined in such New York State court or, to the fullest extent permitted by applicable law, in such federal court. Each of the parties hereto agrees that a final judgment in any such action, litigation or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Agreement or in any other Loan Document shall affect any right that the Administrative Agent, any Issuing Bank or any Lender may otherwise have to bring any action or proceeding relating to this Agreement or any other Loan Document against any Borrower or any other Loan Party or its properties in the courts of any jurisdiction.

(b) Each of the parties hereto hereby irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection which it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Agreement or the other Loan Documents in any court referred to in paragraph (a) of this Section 9.15. Each of the parties hereto hereby irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

(c) Each party to this Agreement irrevocably consents to service of process in the manner provided for notices in Section 9.01. Nothing in this Agreement will affect the right of any party to this Agreement or any other Loan Document to serve process in any other manner permitted by law.

(d) Each Loan Party party hereto irrevocably and unconditionally appoints (i) prior to the Spinoff Date, JCI, with an office on the date hereof at CT CORPORATION SYSTEM, 8020 EXCELSIOR DRIVE, SUITE 200, MADISON, WI 53717, and its successors hereunder and (ii) on and after the Spinoff Date, the Subsidiary Borrower, with an office on the date hereof at THE CORPORATION COMPANY, 30600 TELEGRAPH ROAD STE 2345, BINGHAM FARMS, MI 48025, and its successors hereunder (in each case, the "Process Agent"), as its agent to receive on behalf of each such Loan Party and its property all writs, claims, process, and summonses in any action or proceeding brought against it in the State of New York; provided that to the extent the Process Agent is incorporated or organized under the laws of any jurisdiction other than the United States of America, any state thereof or the District of Columbia, the Process Agent agrees to maintain an office in the United States (which may be effected through a sub-agent) for service of process. Such service may be made by mailing or delivering a copy of such process to the respective Loan Party in care of the Process Agent at the address specified above for the Process Agent, and such Loan Party irrevocably authorizes and directs the Process Agent to accept such service on its behalf. Failure by the Process Agent to give notice to the respective Loan Party, or failure of the respective Loan Party, to receive notice of such service of process shall not impair or affect the validity of such service on the Process Agent or any such Loan Party, or of any judgment based thereon. Each Loan Party party hereto covenants

and agrees that it shall take any and all reasonable action, including the execution and filing of any and all documents, that may be necessary to continue the designation of the Process Agent above in full force and effect, and to cause the Process Agent to act as such. Nothing herein shall in any way be deemed to limit the ability to serve any such writs, process or summonses in any other manner permitted by applicable law. The Borrower Representative hereby represents and warrants that JCI has, and the Subsidiary Borrower will, consent to serve as such agent at such times set forth above.

Section 9.16 Confidentiality. Each of the Lenders, each Issuing Bank and each of the Agents agrees that it shall maintain in confidence any information relating to Parent, any Borrower and any Subsidiary or their respective businesses furnished to it by or on behalf of Parent, any Borrower or any Subsidiary (other than information that (a) has become generally available to the public other than as a result of a disclosure by such party, (b) has been independently developed by such Lender, such Issuing Bank or such Agent without violating this Section 9.16 or (c) was available to such Lender, such Issuing Bank or such Agent from a third party having, to such person's knowledge, no obligations of confidentiality to any Borrower or any other Loan Party) and shall not reveal the same other than to its Related Parties and any numbering, administration or settlement service providers or to any person that approves or administers the Loans on behalf of such Lender (so long as each such person shall have been instructed to keep the same confidential in accordance with this Section 9.16), except: (A) to the extent necessary to comply with applicable laws or any legal process or the requirements of any Governmental Authority purporting to have jurisdiction over such person or its Related Parties, the National Association of Insurance Commissioners or of any securities exchange on which securities of the disclosing party or any Affiliate of the disclosing party are listed or traded, (B) as part of reporting or review procedures to, or examinations by, Governmental Authorities or self-regulatory authorities, including the National Association of Insurance Commissioners or the National Association of Securities Dealers, Inc., (C) to its parent companies, Affiliates and their Related Parties including auditors, accountants, legal counsel and other advisors (so long as each such person shall have been instructed to keep the same confidential in accordance with this Section 9.16), (D) in connection with the exercise of any remedies under this Agreement or any other Loan Document or any suit, action or proceeding relating to this Agreement or any other Loan Document or the enforcement of rights hereunder or thereunder, (E) to any pledgee under Section 9.04(d) or any other prospective assignee of, or prospective Participant in, any of its rights under this Agreement (so long as such person shall have been instructed to keep the same confidential in accordance with this Section 9.16), (F) to any direct or indirect contractual counterparty (or its Related Parties) in Hedging Agreements or such contractual counterparty's professional advisor (so long as such contractual counterparty or professional advisor to such contractual counterparty agrees to be bound by the provisions of this Section 9.16), (G) on a confidential basis to (i) any rating agency in connection with rating Parent, any Borrower or their Subsidiaries or the facilities evidenced by this Agreement or (ii) the CUSIP Service Bureau or any similar agency in connection with the issuance and monitoring of CUSIP numbers with respect to the facilities evidenced by this Agreement, (H) with the prior written consent of any Borrower, (I) to the extent routinely provided by arrangers to data service providers, including league table providers, that serve the lending industry and (J) to any other party to this Agreement.

Section 9.17 Platform; Borrower Materials. The Borrowers hereby acknowledge that (a) the Administrative Agent and/or the Arrangers will make available to the Lenders and the Issuing Banks materials and/or information provided by or on behalf of the Borrowers hereunder (collectively, "Borrower Materials") by posting the Borrower Materials on Intralinks or another similar electronic system (the "Platform"), and (b) certain of the Lenders may be "public-side" Lenders (*i.e.*, Lenders that do not wish to receive material non-public information with respect to the Borrowers or their respective Subsidiaries or any of their respective securities) (each, a "Public Lender"). The Borrowers hereby agree that it will identify that portion of the Borrower Materials that may be distributed to the Public Lenders and that (i) all such Borrower Materials shall be clearly and conspicuously marked "PUBLIC" which, at a minimum, shall mean that the word "PUBLIC" shall appear prominently on the first page thereof, (ii) by marking Borrower Materials "PUBLIC," the Borrowers shall be deemed to have authorized the Administrative Agent, the Arrangers, the Issuing Banks and the Lenders to treat such Borrower Materials as solely containing information that is either (A) publicly available information or (B) not material (although it may be sensitive and proprietary) with respect to Parent or the Subsidiaries or any of their respective securities for purposes of United States Federal securities laws (provided, however, that such Borrower Materials shall be treated as set forth in Section 9.16, to the extent such Borrower Materials constitute information subject to the terms thereof), (iii) all Borrower Materials marked "PUBLIC" are permitted to be made available through a portion of the Platform designated "Public Investor"; and (iv) the Administrative Agent and the Arrangers shall be entitled to treat any

Borrower Materials that are not marked "PUBLIC" as being suitable only for posting on a portion of the Platform not designated "Public Investor." THE PLATFORM IS PROVIDED "AS IS" AND "AS AVAILABLE." THE ADMINISTRATIVE AGENT, ITS RELATED PARTIES AND THE ARRANGERS DO NOT WARRANT THE ACCURACY OR COMPLETENESS OF THE BORROWER MATERIALS OR THE ADEQUACY OF THE PLATFORM, AND EXPRESSLY DISCLAIM LIABILITY FOR ERRORS IN OR OMISSIONS FROM THE BORROWER MATERIALS. NO WARRANTY OF ANY KIND, EXPRESS, IMPLIED OR STATUTORY, INCLUDING ANY WARRANTY OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, NON-INFRINGEMENT OF THIRD PARTY RIGHTS OR FREEDOM FROM VIRUSES OR OTHER CODE DEFECTS, IS MADE BY THE ADMINISTRATIVE AGENT, ANY OR ITS RELATED PARTIES OR ANY ARRANGER IN CONNECTION WITH THE BORROWER MATERIALS OR THE PLATFORM.

Section 9.18 Release of Liens and Guarantees.

(a) The Lenders, the Issuing Banks and the other Secured Parties hereby irrevocably agree that the Liens granted to the Collateral Agent by the Loan Parties on any Collateral shall (1) be automatically released: (i) in full upon the occurrence of the Termination Date as set forth in Section 9.18(d) below; (ii) upon the Disposition (other than any lease or license) of such Collateral by any Loan Party to a person that is not (and is not required to become) a Loan Party in a transaction permitted by this Agreement (and the Collateral Agent may rely conclusively on a certificate to that effect provided to it by any Loan Party upon its reasonable request without further inquiry), (iii) to the extent that such Collateral comprises property leased or licensed to a Loan Party, upon termination or expiration of such lease or license (and the Collateral Agent may rely conclusively on a certificate to that effect provided to it by any Loan Party upon its reasonable request without further inquiry), (iv) if the release of such Lien is approved, authorized or ratified in writing by the Required Lenders (or such other percentage of the Lenders whose consent may be required in accordance with Section 9.08), (v) to the extent that the property constituting such Collateral is owned by any Guarantor (other than the Parent or a Borrower), upon the release of such Guarantor from its obligations under the Guarantee in accordance with the Guarantee Agreement or clause (b) below (and the Collateral Agent may rely conclusively on a certificate to that effect provided to it by any Loan Party upon its reasonable request without further inquiry), (vi) as required by the Collateral Agent to effect any Disposition of Collateral in connection with any exercise of remedies of the Collateral Agent pursuant to the Security Documents, (vii) in the case of Permitted Receivables Facility Assets, upon the Disposition thereof by any Loan Party to a Receivables Entity of such Permitted Receivables Facility Assets pursuant to a Qualified Receivables Facility, (viii) in respect of all Liens on any assets of Adient Global Holdings Ltd, to the extent it is liquidated, dissolved or transfers all its assets to Loan Parties or is otherwise wound up at any time on or after the Borrower Transfer Date in a transaction otherwise permitted by this Agreement, and (ix) in the case of the pledge of the Equity Interests of Adient Global Holdings Ltd under the Jersey Law All Assets Pledge Agreement, upon the date on which Adient Global Holdings Ltd is liquidated, dissolved or transfers all its assets to Loan Parties or is otherwise wound up at any time on or after the Borrower Transfer Date in a transaction otherwise permitted by this Agreement, and (2) be released in the circumstances, and subject to the terms and conditions, provided in Section 8.11 (and the Collateral Agent may rely conclusively on a certificate to that effect provided to it by any Loan Party upon its reasonable request without any further inquiry). Any such release shall not in any manner discharge, affect, or impair the Obligations or any Liens (other than those being released) upon (or obligations (other than those being released) of the Loan Parties in respect of) all interests retained by the Loan Parties, including the proceeds of any Disposition, all of which shall continue to constitute part of the Collateral except to the extent otherwise released in accordance with the provisions of the Loan Documents.

(b) In addition, the Lenders, the Issuing Banks and the other Secured Parties hereby irrevocably agree that any Guarantor (other than JCI, New JCI and Parent) shall be released from its respective Guarantee (i) automatically upon consummation of any transaction permitted hereunder (x) resulting in such Subsidiary ceasing to constitute a Subsidiary or (y) in the case of any Guarantor (other than Parent and the Borrowers) which would not be required to be a Guarantor because it is or has become an Excluded Subsidiary, in each case following a written request by the Borrowers to the Administrative Agent requesting that such person no longer constitute a Guarantor and certifying its entitlement to the requested release (and the Collateral Agent may rely conclusively on a certificate to the foregoing effect without further inquiry); provided, that any such release pursuant to preceding clause (y) shall only be effective if (A) no Default or Event of Default has occurred and is continuing or would result therefrom, (B) such Subsidiary owns no assets which were previously transferred to it by another Loan Party which constituted Collateral or proceeds of Collateral (or any such transfer of any such assets would be permitted hereunder

immediately following such release), (C) at the time of such release (and after giving effect thereto), all outstanding Indebtedness of, and Investments previously made in, such Subsidiary would then be permitted to be made in accordance with the relevant provisions of Sections 6.01 and 6.04 (for this purpose, with the Borrowers being required to reclassify any such items made in reliance upon the respective Subsidiary being a Guarantor on another basis as would be permitted by such applicable Section), and any previous Dispositions thereto pursuant to Section 6.05 shall be re-characterized and would then be permitted as if same were made to a Subsidiary that was not a Guarantor (and all items described above in this clause (C) shall thereafter be deemed recharacterized as provided above in this clause (C)) and (D) such Subsidiary shall not be (or shall be simultaneously be released as) a guarantor with respect to any Refinancing Notes, Permitted Debt or any Permitted Refinancing Indebtedness with respect to the foregoing or (ii) if the release of such Guarantor is approved, authorized or ratified by the Required Lenders (or such other percentage of Lenders whose consent is required in accordance with Section 9.08). The Lenders, the Issuing Banks and the other Secured Parties hereby agree that JCI and New JCI shall automatically cease to be Guarantors on the Spinoff Date subject to the satisfaction of the conditions set forth in the definition of "Spinoff Date." In addition, the Lenders, the Issuing Banks and the other Secured Parties hereby irrevocably agree that Adient Global Holdings Ltd to the extent it is liquidated, dissolved or transfers all of its assets to Loan Parties or is otherwise wound up at any time on or after the Borrower Transfer Date in a transaction otherwise permitted by this Agreement, shall be automatically released from its Guarantee pursuant to the Guarantee Agreement.

(c) The Lenders, the Issuing Banks and the other Secured Parties hereby authorize the Administrative Agent and the Collateral Agent, as applicable, to execute and deliver any instruments, documents, and agreements necessary or desirable to evidence and confirm the release of any Guarantor or Collateral pursuant to the foregoing provisions of this Section 9.18, all without the further consent or joinder of any Lender or any other Secured Party. Upon the effectiveness of any such release, any representation, warranty or covenant contained in any Loan Document relating to any such Collateral or Guarantor shall no longer be deemed to be made. In connection with any release hereunder, the Administrative Agent and the Collateral Agent shall promptly (and the Secured Parties hereby authorize the Administrative Agent and the Collateral Agent to) take such action and execute any such documents as may be reasonably requested by the Borrowers and at the Borrowers' expense in connection with the release of any Liens created by any Loan Document in respect of such Loan Party, property or asset; provided, that (i) the Administrative Agent shall have received a certificate of a Responsible Officer of Parent containing such certifications as the Administrative Agent shall reasonably request, (ii) the Administrative Agent or the Collateral Agent shall not be required to execute any such document on terms which, in the applicable Agent's reasonable opinion, would expose such Agent to liability or create any obligation or entail any consequence other than the release of such Liens without recourse or warranty, and (iii) such release shall not in any manner discharge, affect or impair the Obligations or any Liens upon (or obligations of any Loan Party in respect of) all interests retained by any Loan Party, including (without limitation) the proceeds of the sale, all of which shall continue to constitute part of the Collateral. Any execution and delivery of documents pursuant to this Section 9.18(c) shall be without recourse to or warranty by the Administrative Agent or Collateral Agent.

(d) Notwithstanding anything to the contrary contained herein or any other Loan Document, on the Termination Date, upon request of the Borrower Representative, the Administrative Agent and/or the Collateral Agent, as applicable, shall (without notice to, or vote or consent of, any Secured Party) take such actions as shall be required to release its security interest in all Collateral, and to release all obligations under any Loan Document, including, without limitation, original executed releases of the Mortgages in recordable or registerable form and any reasonable assistance as may be required to make any applicable recording, filing or registration of such releases, whether or not on the date of such release there may be any (i) obligations in respect of any Secured Hedge Agreements, Secured Supply Chain Financing or any Secured Cash Management Agreements and (ii) any contingent indemnification obligations or expense reimbursement claims not then due; provided, that the Administrative Agent shall have received a certificate of a Responsible Officer of the Borrower Representative containing such certifications as the Administrative Agent shall reasonably request. Any such release of obligations shall be deemed subject to the provision that such obligations shall be reinstated if after such release any portion of any payment in respect of the obligations guaranteed thereby shall be rescinded, avoided or must otherwise be restored or returned upon the insolvency, bankruptcy, dissolution, liquidation or reorganization of any Borrower or any Guarantor, or upon or as a result of the appointment of a receiver, intervenor or conservator of, or trustee or similar officer for, any Borrower or any Guarantor or any substantial part of its property, or otherwise, all as though such payment had not been made. The Borrower Representative agrees to pay all reasonable and documented out-of-pocket expenses incurred by the Administrative Agent or the Collateral Agent (and their respective

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representatives) in connection with taking such actions to release security interests in all Collateral and all obligations under the Loan Documents as contemplated by this Section 9.18(d).

(e) Obligations of Parent or any of its Subsidiaries under any Secured Cash Management Agreement, Secured Supply Chain Financing or Secured Hedge Agreement (after giving effect to all netting arrangements relating to such Secured Hedge Agreements) shall be secured and guaranteed pursuant to the Security Documents only to the extent that, and for so long as, the other Obligations are so secured and guaranteed. No person shall have any voting rights under any Loan Document solely as a result of the existence of obligations owed to it under any such Secured Hedge Agreement, Secured Supply Chain Financing or Secured Cash Management Agreement. For the avoidance of doubt, no release of Collateral or Guarantors effected in the manner permitted by this Agreement shall require the consent of any holder of obligations under Secured Hedge Agreements, Secured Supply Chain Financing or any Secured Cash Management Agreements.

Section 9.19 USA PATRIOT Act Notice. Each Lender that is subject to the USA PATRIOT Act and the Administrative Agent (for itself and not on behalf of any Lender) hereby notifies each Loan Party that pursuant to the requirements of the USA PATRIOT Act, it is required to obtain, verify and record information that identifies such Loan Party, which information includes the name and address of such Loan Party and other information that will allow such Lender or the Administrative Agent, as applicable, to identify each Loan Party in accordance with the USA PATRIOT Act.

Section 9.20 Agency of Parent for the Loan Parties. Each of the other Loan Parties hereby appoints the Borrower Representative as its agent for all purposes relevant to this Agreement and the other Loan Documents, including the giving and receipt of notices and the execution and delivery of all documents, instruments and certificates contemplated herein and therein and all modifications hereto and thereto.

Section 9.21 No Liability of the Issuing Banks. The Borrowers assume all risks of the acts or omissions of any beneficiary or transferee of any Letter of Credit with respect to its use of such Letter of Credit. Neither the Administrative Agent, the Revolving Facility Lenders nor any Issuing Bank, nor any of their Related Parties shall be liable or responsible for: (a) the use that may be made of any Letter of Credit or any acts or omissions of any beneficiary or transferee in connection therewith; (b) the validity, sufficiency or genuineness of documents, or of any endorsement thereon, even if such documents should prove to be in any or all respects invalid, insufficient, fraudulent or forged; (c) payment by such Issuing Bank against presentation of documents that do not comply with the terms of a Letter of Credit, including failure of any documents to bear any reference or adequate reference to the Letter of Credit; or

(d) any other circumstances whatsoever in making or failing to make payment under any Letter of Credit, except that the Borrowers shall have a claim against such Issuing Bank, and such Issuing Bank shall be liable to the Borrowers, to the extent of any direct, but not consequential, damages suffered by the Borrowers that the Borrowers proves were caused by (i) such Issuing Bank's willful misconduct or gross negligence as determined in a final, non-appealable judgment by a court of competent jurisdiction in determining whether documents presented under any Letter of Credit comply with the terms of the Letter of Credit or (ii) such Issuing Bank's willful failure to make lawful payment under a Letter of Credit after the presentation to it of a draft and certificates strictly complying with the terms and conditions of the Letter of Credit. In furtherance and not in limitation of the foregoing, such Issuing Bank may, in its sole discretion, either accept and make payment upon documents that appear on their face to be in substantial compliance with a Letter of Credit, without responsibility for further investigation, regardless of any notice or information to the contrary, or refuse to accept and make payment upon such documents if such documents are not in strict compliance with the terms of such Letter of Credit.

Section 9.22 Acknowledgement and Consent to Bail-In of EEA Financial Institutions. Notwithstanding anything to the contrary in any Loan Document or in any other agreement, arrangement or understanding among any such parties, each party hereto acknowledges that any liability of any EEA Financial Institution arising under any Loan Document may be subject to the write-down and conversion powers of an EEA Resolution Authority and agrees and consents to, and acknowledges and agrees to be bound by:

(a) the application of any Write-Down and Conversion Powers by an EEA Resolution Authority to any such liabilities arising hereunder which may be payable to it by any party hereto that is an EEA Financial Institution; and

- (b) the effects of any Bail-In Action on any such liability, including, if applicable:
- (i) a reduction in full or in part or cancellation of any such liability;
 - (ii) a conversion of all, or a portion of, such liability into shares or other instruments of ownership in such EEA Financial Institution, its parent entity, or a bridge institution that may be issued to it or otherwise conferred on it, and that such shares or other instruments of ownership will be accepted by it in lieu of any rights with respect to any such liability under this Agreement or any other Loan Document; or
 - (iii) the variation of the terms of such liability in connection with the exercise of the write-down and conversion powers of any EEA Resolution Authority.

Section 9.23 Judgment Currency. If, for the purposes of obtaining judgment in any court, it is necessary to convert a sum due hereunder or any other Loan Document in one currency into another currency, the rate of exchange used shall be that at which in accordance with normal banking procedures the Administrative Agent could purchase the first currency with such other currency on the Business Day preceding that on which final judgment is given. The obligation of the Borrowers in respect of any such sum due from either of them to the Administrative Agent or any Lender hereunder or under the other Loan Documents shall, notwithstanding any judgment in a currency (the "Judgment Currency") other than that in which such sum is denominated in accordance with the applicable provisions of this Agreement (the "Agreement Currency"), be discharged only to the extent that on the Business Day following receipt by the Administrative Agent or such Lender, as the case may be, of any sum adjudged to be so due in the Judgment Currency, the Administrative Agent or such Lender, as the case may be, may in accordance with normal banking procedures purchase the Agreement Currency with the Judgment Currency. If the amount of the Agreement Currency so purchased is less than the sum originally due to the Administrative Agent or any Lender from either Borrower in the Agreement Currency, the Borrowers agrees, as a separate obligation and notwithstanding any such judgment, to indemnify the Administrative Agent or such Lender, as the case may be, against such loss. If the amount of the Agreement Currency so purchased is greater than the sum originally due to the Administrative Agent or any Lender in such currency, the Administrative Agent or such Lender, as the case may be, agrees to return the amount of any excess to the Borrowers.

Section 9.24 Distributable Reserves. Nothing in this Agreement or any other Loan Document will prevent any of Parent, the Borrowers or any of the Subsidiaries from reducing its company capital in any way permitted by applicable law and the Lenders hereby consent to any such reduction of company capital and, without limiting the foregoing, consent to and agree not to object to any such reduction of company capital by way of court or other procedure required to implement any such reduction of company capital. Notwithstanding the foregoing, nothing in this Section 9.24 shall diminish the applicability of the covenants contained in Article VI hereof.

Section 9.25 Restricted Lenders. With respect to each Lender that qualifies as a resident party domiciled in Germany (*Inländer*) within the meaning of section 2 paragraph 15 of the German Foreign Trade and Payments Act (*Außenwirtschaftsgesetz*) (each a "Restricted Lender"), Section 3.23 and, solely as it relates to compliance with Section 3.23, Article IV shall only apply to the extent that such provision would not result in (a) any violation of, conflict with or liability under EU Regulation (EC) 2271/96 or (b) a violation or conflict with section 7 of the German Foreign Trade and Payments Ordinance (*Außenwirtschaftsverordnung*) or a similar anti-boycott statute. In connection with any amendment, waiver, determination or direction relating to any part of Section 3.23 and, solely as it relates to compliance with Section 3.23, Article IV of which a Restricted Lender does not have the benefit, to the extent that on or prior to the date of such amendment, waiver, determination or direction (and until such time as Lender shall advise the Administrative Agent and Company in writing otherwise), such Lender has advised the Administrative Agent and Company in writing that it does not have such benefit, the Commitments of that Restricted Lender will be excluded for the purpose of determining whether the consent of the Required Lenders has been obtained or whether the determination or direction by the Required Lenders has been made.

Section 9.26 No Advisory or Fiduciary Responsibility.

In connection with all aspects of each transaction contemplated hereby (including in connection with any amendment, waiver or other modification hereof or of any other Loan Document), each of the Borrowers acknowledge and agrees that: (i) (A) the arranging and other services regarding this Agreement provided by the Administrative Agent, the Lenders, the Documentation Agents and the Arrangers are arm's-length commercial transactions between the Borrowers, Parent and their respective Affiliates, on the one hand, and the Administrative Agent, the Lenders, the Documentation Agents and the Arrangers, on the other hand, (B) each of the Borrowers and Parent have consulted its own legal, accounting, regulatory and tax advisors to the extent it has deemed appropriate, and (C) each of the Borrowers and Parent are capable of evaluating, and understands and accepts, the terms, risks and conditions of the transactions contemplated hereby and by the other Loan Documents; (ii) (A) the Administrative Agent, each Lender, each Documentation Agent and each Arranger is and has been acting solely as a principal and, except as expressly agreed in writing by the relevant parties, has not been, is not, and will not be acting as an advisor, agent or fiduciary for the Borrowers, Parent or any of their respective Affiliates, or any other person and (B) neither the Administrative Agent, nor any Lender, Documentation Agent or Arranger has any obligation to the Borrower, Parent or any of their respective Affiliates with respect to the transactions contemplated hereby except those obligations expressly set forth herein and in the other Loan Documents; and (iii) the Administrative Agent, each Lender, each Documentation Agent and each Arranger and their respective Affiliates may be engaged in a broad range of transactions that involve interests that differ from those of the Borrowers, Parent and their respective Affiliates, and neither the Administrative Agent nor any Lead Arranger, Lender or documentation agent has any obligation to disclose any of such interests to the Borrowers, Parent or any of their respective Affiliates. Each of the Borrowers agrees that it will not take any position or bring any claim against any of the Administrative Agent, Lenders, Documentation Agents or Arrangers that is contrary to the preceding sentence.

[Signature Pages Follow]

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IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective authorized officers as of the day and year first written above.

ADIENT GLOBAL HOLDINGS LTD

By: /s/ Steven T. Mielke
Name: Steven T. Mielke
Title: Authorized Representative

JPMORGAN CHASE BANK, N .A.
as Administrative Agent, Collateral Agent and Issuing Bank and as a Lender

By: /s/ Robert P. Kellas
Name: Robert P. Kellas
Title: Executive Director

BANK OF AMERICA, N.A.,
as Syndication Agent, a Lender and Issuing Bank

By: /s/ Christopher Wozniak
Name: Christopher Wozniak
Title: Director

Barclays Bank PLC,
as a Lender and Issuing Bank

By: /s/ Vanessa Kurbatskiy
Name: Vanessa Kurbatskiy
Title: Vice President

CITIBANK, N.A.,
as a Lender and Issuing Bank

By: /s/ Stephanie Bowker
Name: Stephanie Bowker
Title: Director / Vice President

CREDIT AGRICOLE CORPORATE AND INVESTMENT BANK,
as a Lender and Issuing Bank

By: /s/ Gary Herzog
Name: GARY HERZOG
Title: MANAGING DIRECTOR

By: /s/ Kaye Ea
Name: KAYE EA
Title: MANAGING DIRECTOR

COMMERZBANK AG, NEW YORK BRANCH,
as a Lender

By: /s/ Diane Pockaj
Name: Diane Pockaj
Title: Managing Director

By: /s/ Vanessa De La Ossa
Name: Vanessa De La Ossa
Title: Assistant Vice President

GOLDMAN SACHS BANK USA
as a Lender

By: /s/ Rebecca Kratz
Name: Rebecca Kratz
Title: Authorized Signatory

ING Bank N.Y., Dublin Branch,
as a Lender

By: /s/ Barry Fehily
Name: Barry Fehily
Title: Country Manager

By: /s/ Sean Hassett
Name: Sean Hassett
Title: Director

Intesa Sanpaolo S.p.A., as a Lender

By: /s/ Jordan Schweon
Name: Jordan Schweon
Title: Global Relationship Manager

By: /s/ Francesco Di Mario
Name: Francesco Di Mario
Title: F.V.P. & Head of Credit

Status of Lender under Section 2.17(g)(vi) of the credit agreement: UK Qualifying Lender
(other than a UK Treaty Lender) through INTESA SANPAOLO S.p.A., London Branch.

The Bank of Tokyo-Mitsubishi UFJ, Ltd.,
as a Lender

By: /s/ Thomas Danielson
Name: Thomas Danielson
Title: Authorized Signatory

The Toronto-Dominion Bank, New York Branch,
as a Lender

By: /s/ Annie Dorval
Name: Annie Dorval
Title: Authorized Signatory

U.S. Bank National Association,
as a Lender

By: /s/ Brett M. Justman
Name: Brett M. Justman
Title: Vice President

UniCredit Bank AG, New York Branch,
as a Lender

By: /s/ Ken Hamilton
Name: Ken Hamilton
Title: Managing Director

By: /s/ Thilo Huber
Name: Thilo Huber
Title: Director

Wells Fargo Bank, N.A.
as a Lender

By: /s/ Charles W. Reed
Name: Charles W. Reed
Title: Managing Director

Industrial and Commercial Bank of China Limited,
New York Branch
as a Lender

By: /s/ Linjia Zhou
Name: Linjia Zhou
Title: Executive Director

By: /s/ Kan Chen
Name: Kan Chen
Title: Vice President

BMO Harris Bank, N.A.
as a Lender

By: /s/ Josh Hovermale
Name: Josh Hovermale
Title: Vice President

Bank of China, Chicago Branch
as a Lender

By: /s/ Chengxiang Li
Name: Chengxiang Li
Title: Senior Vice President & Deputy Branch Manager

Standard Chartered Bank
as a Lender

By: /s/ Rebecca Shen
Name: Rebecca Shen
Title: Executive Director

BANCO BILBAO VIZCAYA ARGENTARIA, S.A.
NEW YORK BRANCH
as a Lender

By: /s/ Brian Crowley
Name: Brian Crowley
Title: Managing Director

By: /s/ Cara Younger
Name: Cara Younger
Title: Director

UBS AG, STAMFORD BRANCH,
as a Lender

By: /s/ Craig Pearson
Name: Craig Pearson
Title: Associate Director
Banking Product Services, US

By: /s/ Kenneth Chin
Name: Kenneth Chin
Title: Director
Banking Products Services, US

DBS Bank Ltd.
as a Lender

By: /s/ Yeo How Ngee
Name: Yeo How Ngee
Title: Managing Director

PNC Bank, National Association
as a Lender

By: /s/ Chris Hermann
Name: Chris Hermann
Title: Senior Vice President

State Bank of India, New York,
as a Lender

By: /s/ Manoranjan Panda
Name: Manoranjan Panda
Title: VP & Head, Credit Management Cell

The Huntington National Bank,
as a Lender

By: /s/ Michael Kiss
Name: Michael Kiss
Title: Vice President

Associated Bank, N.A.,
as a Lender

By: /s/ Dan Holzhauer
Name: Dan Holzhauer
Title: Senior Vice President

Chang Hwa Commercial Bank New York Branch,
as a Lender

By: /s/ Stella Lu
Name: Stella Lu
Title: AVP and AGM

PRICING SCHEDULE

The Applicable Margins and the Applicable Commitment Fee shall be based on the Total Net Leverage Ratio pursuant to the following grid:

Level	Total Net Leverage Ratio	Applicable Margin for Eurocurrency Loans	Applicable Margin for ABR Loans	Applicable Commitment Fee
I	Less than 1.00 to 1.00	1.25%	0.25%	0.15%
II	Greater than or equal to 1.00 to 1.00 but less than 1.50 to 1.00	1.50%	0.50%	0.20%
III	Greater than or equal to 1.50 to 1.00 but less than 2.50 to 1.00	1.75%	0.75%	0.25%
IV	Greater than or equal to 2.50 to 1.00 but less than 3.25 to 1.00	2.00%	1.00%	0.30%
V	Greater than or equal to 3.25 to 1.00	2.25%	1.25%	0.35%

For purposes of determining the Applicable Margin and the Applicable Commitment Fee:

(a) The Applicable Margin and the Applicable Commitment Fee shall be set at Level III until the date the certificate for the first full fiscal quarter after the Spinoff Date is due to be delivered under Section 5.04(c).

(b) The Applicable Margin and the Applicable Commitment Fee shall be recomputed as of the end of each fiscal quarter ending after the Spinoff Date based on the Total Net Leverage Ratio as of such quarter end. Any increase or decrease in the Applicable Margin or the Applicable Commitment Fee computed as of a quarter end shall be effective on the date on which the certificate evidencing such computation is due to be delivered under Section 5.04(c). If a certificate is not delivered when due in accordance with such Section 5.04(c), then the rates in Level V shall apply as of the first Business Day after the date on which such certificate was required to have been delivered and shall remain in effect until the date on which such certificate is delivered.

(c) If, as a result of any restatement of or other adjustment to the financial statements of Parent or for any other reason, the Borrower Representative or the Lenders determine that (i) the Total Net Leverage Ratio as calculated by the Borrower Representative as of any applicable date was inaccurate and (ii) a proper calculation of the Total Net Leverage Ratio would have resulted in higher pricing for such period, the Borrowers shall immediately and retroactively be obligated to pay to the Administrative Agent for the account of the applicable Lenders, promptly on demand by the Administrative Agent, an amount equal to the excess of the amount of interest and fees that should have been paid for such period over the amount of interest and fees actually paid for such period. The Borrowers' obligations under this paragraph shall survive the termination of the Commitments and the repayment of all other Obligations hereunder.

PREDECESSOR JCI PRICING SCHEDULE

The “**Applicable Margin**” means, for any day, the rate set forth below, in basis points per annum, in the row opposite such term and in the column corresponding to the Pricing Level that applies for such day:

	<u>LEVEL I</u>	<u>LEVEL II</u>	<u>LEVEL III</u>	<u>LEVEL IV</u>	<u>LEVEL V</u>	<u>LEVEL VI</u>
Applicable Margin for Eurocurrency Loans	69.0	79.5	90.0	100.5	110.0	127.5
Applicable Margin for ABR Loans	0.0	0.0	0.0	0.5	10.0	27.5

For purposes of this Schedule, the following terms have the following meanings, subject to the concluding paragraph of this Schedule:

“**Fitch**” means Fitch, Inc.

“**Level I**” status exists at any date if, at such date, the Credit Rating is A+ or higher by S&P or A1 or higher by Moody’s or A+ or higher by Fitch.

“**Level II**” status exists at any date if, at such date, (i) Level I status does not exist and (ii) the Credit Rating is A or higher by S&P or A2 or higher by Moody’s or A or higher by Fitch.

“**Level III**” status exists at any date if, at such date, (i) neither Level I status nor Level II status exists and (ii) the Credit Rating is A- or higher by S&P or A3 or higher by Moody’s or A- or higher by Fitch.

“**Level IV**” status exists at any date if, at such date, (i) none of Level I status, Level II status or Level III status exists and (ii) the Credit Rating is BBB+ or higher by S&P or Baa1 or higher by Moody’s or BBB+ or higher by Fitch.

“**Level V**” status exists at any date if, at such date, (i) none of Level I status, Level II status, Level III status or Level IV status exists and (ii) the Credit Rating is BBB or higher by S&P or Baa2 or higher by Moody’s or BBB or higher by Fitch.

“**Level VI**” status exists at any date if, at such date, no other Pricing Level status exists.

“**Moody’s**” means Moody’s Investors Service, Inc.

“**Pricing Level**” refers to the determination of which of Level I, Level II, Level III, Level IV, Level V or Level VI status exists at any date.

“**S&P**” means Standard & Poor’s Ratings Services, a division of McGraw-Hill Financial, Inc.

“**Credit Rating**” means the rating assigned to JCI’s senior unsecured long-term debt.

The rating in effect at any date is that in effect at the close of business on such date. If JCI is split-rated and the ratings differential between the highest rating and the next highest rating is one notch, the highest of the ratings will apply. If JCI is split-rated and the ratings differential between the highest rating and the next highest rating is more than one notch, a rating that is one notch lower than the highest of the ratings shall be used. In the event that the JCI does not have a Credit Rating by any two of S&P, Moody’s or Fitch, then Level VI shall apply.

SUCCESSOR JCI PRICING SCHEDULE

The “**Applicable Margin**” means, for any day, the rate set forth below, in basis points per annum, in the row opposite such term and in the column corresponding to the Pricing Level that applies for such day:

	LEVEL I	LEVEL II	LEVEL III	LEVEL IV	LEVEL V	LEVEL VI
Applicable Margin for Eurocurrency Loans	69.0	79.5	90.0	100.5	110.0	127.5
Applicable Margin for ABR Loans	0.0	0.0	0.0	0.5	10.0	27.5

For purposes of this Schedule, the following terms have the following meanings, subject to the concluding paragraph of this Schedule:

“**Fitch**” means Fitch, Inc.

“**Level I**” status exists at any date if, at such date, the Credit Rating is A+ or higher by S&P or A1 or higher by Moody’s or A+ or higher by Fitch.

“**Level II**” status exists at any date if, at such date, (i) Level I status does not exist and (ii) the Credit Rating is A or higher by S&P or A2 or higher by Moody’s or A or higher by Fitch.

“**Level III**” status exists at any date if, at such date, (i) neither Level I status nor Level II status exists and (ii) the Credit Rating is A- or higher by S&P or A3 or higher by Moody’s or A- or higher by Fitch.

“**Level IV**” status exists at any date if, at such date, (i) none of Level I status, Level II status or Level III status exists and (ii) the Credit Rating is BBB+ or higher by S&P or Baa1 or higher by Moody’s or BBB+ or higher by Fitch.

“**Level V**” status exists at any date if, at such date, (i) none of Level I status, Level II status, Level III status or Level IV status exists and (ii) the Credit Rating is BBB or higher by S&P or Baa2 or higher by Moody’s or BBB or higher by Fitch.

“**Level VI**” status exists at any date if, at such date, no other Pricing Level status exists.

“**Moody’s**” means Moody’s Investors Service, Inc.

“**Pricing Level**” refers to the determination of which of Level I, Level II, Level III, Level IV, Level V or Level VI status exists at any date.

“**S&P**” means Standard & Poor’s Ratings Services, a division of McGraw-Hill Financial, Inc.

“**Credit Rating**” means the rating assigned to the Principal Borrower’s (as defined in the Successor JCI Credit Agreement) senior unsecured long-term debt.

The rating in effect at any date is that in effect at the close of business on such date. If the Principal Borrower is split-rated and the ratings differential between the highest rating and the next highest rating is one notch, the highest of the ratings will apply. If the Principal Borrower is split-rated and the ratings differential between the highest rating and the next highest rating is more than one notch, a rating that is one notch lower than the highest of the ratings shall be used. In the event that the Principal Borrower does not have a Credit Rating by any two of S&P, Moody's or Fitch, then Level VI shall apply.



, 2016

Dear Johnson Controls Shareholder:

On July 24, 2015, we announced plans to separate our Automotive Seating and Interiors businesses from the rest of Johnson Controls by means of a spin-off of a newly formed company named Adient plc, which will contain our automotive seating and interiors businesses. Johnson Controls, the existing publicly traded company, will continue to manage our building efficiency and power solutions businesses. As two distinct publicly traded companies, Johnson Controls and Adient will be better positioned to capitalize on significant growth opportunities and focus resources on their respective businesses and strategic priorities.

To implement the separation, Johnson Controls will transfer its automotive seating and interiors businesses to Adient, and in return, Adient will issue ordinary shares to Johnson Controls shareholders, pro rata to their respective holdings. Each Johnson Controls shareholder will receive one Adient ordinary share for every ten shares of Johnson Controls held as of the close of business on , 2016, the record date for the distribution. The distribution will generally be taxable to Johnson Controls shareholders for U.S. federal income tax purposes.

No vote of Johnson Controls shareholders is required for the distribution. You do not need to take any action to receive Adient ordinary shares to which you are entitled as a Johnson Controls shareholder, and you do not need to pay any consideration or surrender or exchange your Johnson Controls shares.

I encourage you to read the attached information statement, which is being provided to all Johnson Controls shareholders who held shares of Johnson Controls on the record date for the distribution. The information statement describes the separation in detail and contains important business and financial information about Adient.

I believe the separation provides tremendous opportunities for our businesses and our shareholders, as we work to continue building long-term shareholder value. We appreciate your continuing support of Johnson Controls, and look forward to your future support of both companies.

Sincerely,

Alex A. Molinaroli
Chairman and Chief Executive Officer
Johnson Controls

, 2016

Dear Future Adient Shareholder:

I am pleased to welcome you as a future shareholder of Adient, whose ordinary shares we intend to list on the New York Stock Exchange under the symbol "ADNT."

Adient is the global leader in automotive seating and interiors. We are an established and trusted partner for all of the world's major automakers, helping them differentiate their vehicles to consumers. We are the largest supplier of seats in the growing China market, with 17 joint ventures and 60 manufacturing locations. With approximately 230 locations in 33 countries and approximately 75,000 employees, Adient will deliver 25 million seating systems used on more than 360 nameplates around the globe.

We intend to outpace the growth of the overall automotive industry by leveraging our advantaged global manufacturing footprint, our unique customer mix and strong relationships, our increased focus on innovation and our experienced management team. Our capabilities will create new growth opportunities within and adjacent to the automotive industry.

At the same time, we will continue to increase profitability through a world-class operating system that is driving leadership in cost, quality, launch execution and customer satisfaction.

Our business is less capital intensive than other automotive companies, increasing our financial flexibility and returns on capital. The combination of operating and financial discipline will result in solid and improving cash flow, allowing us to reduce leverage, pay a dividend and support growth investments. However, the timing, declaration, amount of and payment of any dividends are within the discretion of the Adient board of directors and will depend upon many factors, and, therefore, there is no assurance as to the timing or amount of any such dividends.

We believe our strengths and discipline will translate into an attractive return for you, our shareholders. Our goal is to provide sustainable, top quartile returns versus the automotive peer group.

We invite you to learn more about Adient and our strategic initiatives by reading the attached information statement. We thank you in advance for your support as a future shareholder of Adient.

Sincerely,

R. Bruce McDonald
Chairman and Chief Executive Officer
Adient

Information contained herein is subject to completion or amendment. A Registration Statement on Form 10 relating to these securities has been filed with the U.S. Securities and Exchange Commission under the U.S. Securities Exchange Act of 1934, as amended.

PRELIMINARY AND SUBJECT TO COMPLETION, DATED JULY 28, 2016

INFORMATION STATEMENT

Adient Limited

This information statement is being furnished in connection with the distribution to Johnson Controls shareholders of 100% of the ordinary shares of Adient, which will hold directly and/or indirectly the assets and liabilities associated with Johnson Controls' automotive seating and interiors businesses. To implement the distribution, Johnson Controls will transfer its automotive seating and interiors businesses to Adient, and in return, Adient will issue its ordinary shares to Johnson Controls shareholders, pro rata to their respective holdings. The distribution generally will be taxable to Johnson Controls shareholders for U.S. federal income tax purposes.

For every ten shares of Johnson Controls held of record by you as of the close of business on _____, 2016, the record date for the distribution, you will receive one Adient ordinary share. You will receive cash in lieu of any fractional Adient ordinary shares that you would have received after application of the above ratio. As discussed under "The Separation and Distribution—Trading Before Distribution Date," if you sell your Johnson Controls shares in the "regular-way" market after the record date and before the distribution, you also will be selling your right to receive Adient ordinary shares in connection with the separation. We expect the Adient ordinary shares to be distributed to you on _____, 2016. We refer to the date of the distribution of the Adient ordinary shares as the distribution date.

No vote of Johnson Controls shareholders is required for the distribution. Therefore, you are not being asked for a proxy, and you are requested not to send Johnson Controls a proxy, in connection with the distribution. You do not need to pay any consideration, exchange or surrender your existing Johnson Controls shares or take any other action to receive your Adient ordinary shares.

On January 24, 2016, Johnson Controls, Inc. entered into an Agreement and Plan of Merger with Tyco International plc and certain other parties named therein. Pursuant to the merger agreement and subject to the terms and conditions set forth therein, an indirect wholly owned subsidiary of Tyco will merge with and into Johnson Controls, Inc., with Johnson Controls, Inc. surviving as an indirect wholly owned subsidiary of Tyco. At the effective time of the merger (or as soon as possible thereafter), Tyco will change its name to "Johnson Controls International plc" and will trade under the ticker "JCI." It is currently expected that the distribution of Adient ordinary shares will occur after the consummation of this merger, and that the record date for the distribution and the distribution date will be set by the board of directors of Johnson Controls International plc following the merger. As a result, former shareholders of both Johnson Controls, Inc. and Tyco who hold shares of the combined company as of the record date will receive Adient ordinary shares in the distribution. References to "Johnson Controls" in this information statement therefore refer to Johnson Controls, Inc. prior to the merger and refer to Johnson Controls International plc after the merger.

There is no current trading market for Adient ordinary shares, although Adient expects that a limited market, commonly known as a "when-issued" trading market, will develop on or shortly before the record date for the distribution, and Adient expects "regular-way" trading of Adient ordinary shares to begin on the first trading day following the completion of the distribution. Adient intends to apply to have its ordinary shares authorized for listing on the New York Stock Exchange under the symbol "ADNT." Following the spin-off, Johnson Controls will continue to trade on the New York Stock Exchange under the symbol "JCI."

In reviewing this information statement, you should carefully consider the matters described under the caption "Risk Factors" beginning on page 21.

Neither the U.S. Securities and Exchange Commission nor any state securities commission has approved or disapproved these securities or determined if this information statement is truthful or complete. Any representation to the contrary is a criminal offense.

This information statement does not constitute an offer to sell or the solicitation of an offer to buy any securities.

This document is not a prospectus within the meaning of the Companies Act 2014 of Ireland, the Prospectus Directive (2003/71/EC) Regulations 2005 of Ireland (as amended) or the Prospectus Rules issued by the Central Bank of Ireland. No offer of shares to the public is made, or will be made, that requires the publication of a prospectus pursuant to Irish prospectus law within the meaning of the above legislation. This document has not been approved or reviewed by or registered with the Central Bank of Ireland or any other competent authority or regulatory authority in the European Economic Area. This document does not constitute investment advice or the provision of investment services within the meaning of the European Communities (Markets in Financial Instruments) Regulations 2007 of Ireland (as amended) or the Markets in Financial Instruments Directive (2004/39/EC). Neither Johnson Controls nor Adient is an authorized investment firm within the meaning of the European Communities (Markets in Financial Instruments) Regulations 2007 of Ireland (as amended) or the Markets in Financial Instruments Directive (2004/39/EC) and the recipients of this document should seek independent legal and financial advice in determining their actions in respect of or pursuant to this document.

The date of this information statement is _____, 2016.

This information statement was first mailed to Johnson Controls shareholders on or about _____, 2016.

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NOTE REGARDING THE USE OF CERTAIN TERMS, TRADEMARKS, TRADE NAMES AND SERVICE MARKS

Unless otherwise indicated, references to "Johnson Controls" in this information statement refer to Johnson Controls, Inc. and its subsidiaries or, after the completion of the merger of Johnson Controls, Inc. with an indirect wholly owned subsidiary of Tyco International plc, Johnson Controls International plc and its subsidiaries. References to "Adient" in this information statement refer to Adient Limited and its subsidiaries or, after the re-registration of Adient Limited as a public limited company, Adient plc and its subsidiaries. References in this information statement to the "separation" refer to the separation of the automotive seating and interiors businesses from the rest of Johnson Controls and the creation, as a result of the distribution, of an independent, publicly traded company, Adient, which will hold the assets and liabilities associated with the automotive seating and interiors businesses after the distribution. References in this information statement to the "distribution" refer to the dividend on Johnson Controls shares outstanding on the record date that will be satisfied by Adient's issuance of its ordinary shares to the persons entitled to receive the dividend. Adient owns or has rights to use the trademarks, service marks and trade names that it uses in conjunction with the operation of its business. Some of the more important trademarks that Adient owns or has rights to use that appear in this information statement include: ADIENT and RECARO, which may be registered or trademarked in the United States and other jurisdictions. Each trademark, trade name or service mark of any other company appearing in this information statement is, to our knowledge, owned by such other company. Solely for convenience, the trademarks, service marks and trade names referred to in this information statement are listed without the ® and ™ symbols, but we will assert, to the fullest extent under applicable law, our right to use such trademarks, service marks and trade names.

QUESTIONS AND ANSWERS ABOUT THE SEPARATION AND DISTRIBUTION

What is Adient and why is Johnson Controls distributing Adient ordinary shares?

Adient was formed to hold Johnson Controls' automotive seating and interiors businesses. The separation of the automotive seating and interiors businesses from Johnson Controls and the distribution of Adient ordinary shares are intended to create two separate, publicly traded companies, each of which will be able to focus exclusively on its own businesses and their distinct needs. Johnson Controls and Adient expect that the separation will result in enhanced long-term performance of each business for the reasons discussed in the sections entitled "The Separation and Distribution—Reasons for the Separation."

Why am I receiving this document?

Johnson Controls is delivering this document to you because you are a holder of Johnson Controls shares. If you are a holder of Johnson Controls shares as of the close of business on _____, 2016, the record date of the distribution, you will be entitled to receive one Adient ordinary share for every ten shares of Johnson Controls that you held at the close of business on such date. This document will help you understand how the separation and distribution will affect your post-separation ownership in Johnson Controls and Adient, respectively.

How will the separation of the automotive seating and interiors businesses from Johnson Controls work?

Johnson Controls will transfer its automotive seating and interiors businesses to Adient, and in return, Adient will issue its ordinary shares to Johnson Controls shareholders, pro rata to their respective holdings. For the purposes of Irish corporate law, this will be treated as Johnson Controls having declared a dividend in specie, or a non-cash dividend, to its shareholders and satisfying that obligation by procuring the delivery of the Adient ordinary shares to Johnson Controls shareholders. Immediately following the distribution, the persons entitled to receive Adient ordinary shares in the distribution will own all of Adient's outstanding ordinary shares.

Will former Tyco shareholders who are holders of record of the combined company receive Adient ordinary shares in the distribution?

Yes. On January 24, 2016, Johnson Controls, Inc. entered into an Agreement and Plan of Merger with Tyco International plc and certain other parties named therein. Pursuant to the merger agreement and subject to the terms and conditions set forth therein, an indirect wholly owned subsidiary of Tyco will merge with and into Johnson Controls, Inc., with Johnson Controls, Inc. surviving as an indirect wholly owned subsidiary of Tyco. At the effective time of the merger (or as soon as possible thereafter), Tyco will change its name to "Johnson Controls International plc" and will trade under the ticker "JCI." It is currently expected that the distribution of Adient ordinary shares will occur after the consummation of this merger, and that the record date for the distribution and the distribution date will be set by the board of directors of Johnson Controls International plc following the merger. As a result, former shareholders of both Johnson Controls, Inc. and Tyco who hold shares of the combined company as of the record date will receive Adient ordinary shares in the distribution. References to "Johnson Controls" in this information statement therefore refer to Johnson Controls, Inc. prior to the merger and refer to Johnson Controls International plc after the merger.

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What is the record date for the distribution?

When will the distribution occur?

What do shareholders need to do to participate in the distribution?

How will ordinary shares of Adient be issued?

How many ordinary shares of Adient will I receive in the distribution?

The record date for the distribution will be _____, 2016.

It is expected that all of the ordinary shares of Adient will be distributed on _____, 2016 to holders of record of Johnson Controls shares at the close of business on _____, 2016, the record date for the distribution.

Shareholders of Johnson Controls as of the record date for the distribution will not be required to take any action to receive Adient ordinary shares in the distribution, but you are urged to read this entire information statement carefully. No shareholder approval of the distribution is required. You are not being asked for a proxy. You do not need to pay any consideration, exchange or surrender your existing Johnson Controls shares or take any other action to receive your Adient ordinary shares. Please do not send in your Johnson Controls share certificates. The distribution will not affect the number of outstanding Johnson Controls shares or any rights of Johnson Controls shareholders, although it may affect the market value of each outstanding share of Johnson Controls.

You will receive Adient ordinary shares through the same channels that you currently use to hold or trade Johnson Controls shares, whether through a brokerage account, 401(k) plan or other channel. Receipt of Adient ordinary shares will be documented for you in the same manner that you typically receive shareholder updates, such as monthly broker statements and 401(k) statements.

If you own Johnson Controls shares as of the close of business on _____, 2016, the record date for the distribution, including shares owned in certificate form or through the Johnson Controls dividend reinvestment plan, Johnson Controls, with the assistance of _____, the distribution agent, will electronically distribute ordinary shares of Adient to you or to your brokerage firm on your behalf in book-entry form. _____ will mail you a book-entry account statement that reflects your ordinary shares of Adient, or your bank or brokerage firm will credit your account for the shares.

You will receive one Adient ordinary share for every ten shares of Johnson Controls held by you as of the close of business on the record date for the distribution. Based on approximately _____ million outstanding shares of Johnson Controls as of _____, 2016, a total of approximately _____ million Adient ordinary shares will be distributed. For additional information on the distribution, see "The Separation and Distribution."

Will Adient issue fractional shares in the distribution?

No. Adient will not issue fractional shares in the distribution. Fractional shares that Johnson Controls shareholders would otherwise have been entitled to receive will be aggregated and sold in the public market by the distribution agent. The aggregate net cash proceeds of these sales will be distributed pro rata (based on the fractional share such holder would otherwise be entitled to receive) to those shareholders who would otherwise have been entitled to receive fractional shares. Recipients of cash in lieu of fractional shares will not be entitled to any interest on the amounts of payment made in lieu of fractional shares.

What are the conditions to the distribution?

The distribution is subject to the satisfaction (or waiver by Johnson Controls in its sole discretion) of the following conditions:

- the transfer of assets and liabilities from Johnson Controls to Adient shall be completed in accordance with the separation and distribution agreement;
- Adient and its affiliates shall have completed cash transfers to Johnson Controls totaling \$3.0 billion in the aggregate, and Johnson Controls shall be satisfied that it has no liability under the financing transactions entered into by Adient in connection with the separation, other than liability for interest accruing prior to the distribution date;
- the U.S. Securities and Exchange Commission, or the SEC, shall have declared effective the registration statement of which this information statement forms a part, and this information statement shall have been made available to the Johnson Controls shareholders;
- all actions or filings necessary or appropriate under applicable U.S. federal, U.S. state or other securities laws shall have been taken and, where applicable, have become effective or been accepted by the applicable governmental entity;
- the transaction agreements relating to the separation shall have been duly executed and delivered by the parties;
- no order, injunction, or decree issued by any court of competent jurisdiction or other legal restraint or prohibition preventing the consummation of the separation, distribution or any of the related transactions shall be in effect;
- the ordinary shares of Adient to be distributed shall have been accepted for listing on the New York Stock Exchange, subject to official notice of distribution; and
- no other event or development shall exist or have occurred that, in the judgment of the Johnson Controls board of directors, in its sole discretion, makes it inadvisable to effect the separation, distribution and other related transactions.

Johnson Controls and Adient cannot assure you that any or all of these conditions will be met and may also waive any of the conditions to the distribution. In addition, Johnson Controls can decline at any time to go forward with the separation. For a complete discussion of all of the conditions to the distribution, see "The Separation and Distribution—Conditions to the Distribution."

What is the expected date of completion of the separation?

The completion and timing of the separation are dependent upon a number of conditions. It is expected that the ordinary shares of Adient will be distributed on _____, 2016 to the holders of record of shares of Johnson Controls at the close of business on _____, 2016, the record date for the distribution. However, no assurance can be provided as to the timing of the separation or that all conditions to the distribution will be met.

Can Johnson Controls decide to cancel the distribution of Adient ordinary shares even if all the conditions have been met?

Yes. The distribution is subject to the satisfaction or waiver of certain conditions. See the section entitled "The Separation and Distribution—Conditions to the Distribution." Until the distribution has occurred, Johnson Controls has the right to terminate the distribution, even if all of the conditions are satisfied.

What if I want to sell my Johnson Controls shares or my Adient ordinary shares?

You should consult with your financial advisors, such as your stockbroker, bank or tax advisor.

What is "regular-way" and "ex-distribution" trading of Johnson Controls shares?

Beginning on or shortly before the record date for the distribution and continuing up to and through the distribution date, it is expected that there will be two markets in Johnson Controls shares: a "regular-way" market and an "ex-distribution" market. Shares of Johnson Controls that trade in the "regular-way" market will trade with an entitlement to Adient ordinary shares distributed pursuant to the distribution. Shares that trade in the "ex-distribution" market will trade without an entitlement to Adient ordinary shares distributed pursuant to the distribution. If you decide to sell any shares of Johnson Controls before the distribution date, you should make sure your stockbroker, bank or other nominee understands whether you want to sell your shares of Johnson Controls with or without your entitlement to Adient ordinary shares pursuant to the distribution.

Where will I be able to trade ordinary shares of Adient?

Adient intends to apply to list its ordinary shares on the New York Stock Exchange under the symbol "ADNT." Adient anticipates that trading in its ordinary shares will begin on a "when-issued" basis on or shortly before _____, 2016, the record date for the distribution, and will continue up to and through the distribution date and that "regular-way" trading in Adient ordinary shares will begin on the first trading day following the completion of the separation. If trading begins on a "when-issued" basis, you may purchase or sell Adient ordinary shares up to and through the distribution date, but your transaction will not settle until after the distribution date. Adient cannot predict the trading prices for its ordinary shares before, on or after the distribution date.

What will happen to the listing of Johnson Controls shares?

Johnson Controls shares will continue to trade on the New York Stock Exchange after the distribution under the symbol "JCI."

Will the number of Johnson Controls shares that I own change as a result of the distribution?

No. The number of Johnson Controls shares that you own will not change as a result of the distribution.

Will the distribution affect the market price of my Johnson Controls shares?

Yes. As a result of the distribution, Johnson Controls expects the trading price of Johnson Controls shares immediately following the distribution to be lower than the "regular-way" trading price of such shares immediately prior to the distribution because the trading price will no longer reflect the value of the automotive seating and interiors businesses. There can be no assurance that the aggregate market value of the Johnson Controls shares and the Adient ordinary shares following the separation will be higher or lower than the market value of Johnson Controls shares if the separation and distribution did not occur. This means, for example, that the combined trading prices of ten shares of Johnson Controls and one Adient ordinary share after the distribution may be equal to, greater than or less than the trading price of ten Johnson Controls shares before the distribution. The distribution will be taxable for U.S. federal income tax purposes. An amount equal to the fair market value of the Adient ordinary shares received by you in the distribution (including any fractional shares deemed received and any ordinary shares withheld on account of any Irish withholding taxes) will be treated as a taxable dividend to the extent of your ratable share of current and accumulated earnings and profits of Johnson Controls for the taxable year of the distribution. To the extent that the fair market value of such Adient ordinary shares exceeds your ratable share of such earnings and profits, any such excess will be treated first as a nontaxable return of capital to the extent of your tax basis in Johnson Controls shares, and thereafter as capital gain recognized on a sale or exchange of such shares. You should consult your own tax advisor as to the particular consequences of the distribution to you, including the applicability and effect of any U.S. federal, state and local tax laws, as well as any foreign tax laws. For more information regarding the material U.S. federal income tax consequences of the distribution, see the section entitled "Material U.S. Federal Income Tax Consequences."

What are the material Irish tax consequences of the separation?

Johnson Controls shareholders that are not resident or ordinarily resident in Ireland for Irish tax purposes and do not hold their shares in connection with a trade or business carried on by such shareholders through an Irish branch or agency will not be subject to Irish tax on chargeable gains on the receipt of Adient ordinary shares or cash in lieu of fractional shares pursuant to the separation. Other Johnson Controls shareholders will not be subject to Irish tax on chargeable gains on the receipt of new Adient ordinary shares pursuant to the distribution but will be subject to Irish tax on chargeable gains on the receipt of any cash in lieu of fractional shares. It is the established practice of the Irish Revenue Commissioners to treat any distribution that may arise in connection with a transfer of assets by way of demerger and a related issue of ordinary shares by the transferee entity to holders of shares in the transferring entity as not being a distribution taxable as income in the hands of the relevant shareholder. Accordingly, the distribution should not give rise to an Irish income tax liability for any holder of Johnson Controls ordinary shares. In addition, there should be no requirement for Johnson Controls to account for Irish dividend withholding tax in respect of the distribution. However, Johnson Controls will not seek a specific confirmation from the Irish Revenue Commissioners in respect of the anticipated tax treatment of the distribution. You should consult your own tax advisor as to the particular tax consequences to you. The Irish tax consequences of the separation are described in more detail under "Material Irish Income Tax Consequences."

What will Adient's relationship be with Johnson Controls following the separation?

Adient will enter into a separation and distribution agreement with Johnson Controls to effect the separation and provide a framework for Adient's relationship with Johnson Controls after the separation and will enter into certain other agreements, such as a transition services agreement, a tax matters agreement, an employee matters agreement and a transitional trademark license agreement. These agreements will provide for the separation between Adient and Johnson Controls of the assets, employees, liabilities and obligations (including its investments, property and employee benefits and tax-related assets and liabilities) of Johnson Controls and its subsidiaries attributable to periods prior to, at and after Adient's separation from Johnson Controls and will govern the relationship between Adient and Johnson Controls subsequent to the completion of the separation. For additional information regarding the separation and distribution agreement and other transaction agreements, see the sections entitled "Risk Factors—Risks Related to the Separation" and "Certain Relationships and Related Person Transactions."

Who will manage Adient after the separation?

Adient will benefit from a management team with an extensive background in the automotive seating and interiors businesses. Led by R. Bruce McDonald, who will be Adient's Chairman and Chief Executive Officer after the separation, Adient's management team will possess deep knowledge of, and extensive experience in, its industry. For more information regarding Adient's management, see "Management."

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Are there risks associated with owning Adient ordinary shares?

Yes. Ownership of Adient ordinary shares is subject to both general and specific risks relating to Adient's business, the industry in which it operates, the separation from Johnson Controls and Adient's status as a separate, publicly traded company. These risks are described in the "Risk Factors" section of this information statement beginning on page 20. You are encouraged to read that section carefully.

Does Adient plan to pay dividends?

Adient currently expects that it will pay a regular cash dividend. The declaration and payment of any dividends in the future by Adient will be subject to the sole discretion of its board of directors and will depend upon many factors. See "Dividend Policy."

Will Adient incur any indebtedness prior to or at the time of the distribution?

Adient anticipates having approximately \$3.5 billion of indebtedness upon completion of the separation. On the distribution date, Adient anticipates that the debt will consist of \$1.5 billion of term loans under the term loan and revolving credit facilities of Adient Global Holdings Ltd, which will be a wholly owned subsidiary of Adient after the separation and which we refer to as AGH, and \$2.0 billion of corporate bonds issued by AGH. See "Description of Material Indebtedness" and "Risk Factors—Risks Related to the Separation."

Who will be the distribution agent, transfer agent and registrar for the Adient ordinary shares?

The distribution agent, transfer agent and registrar for the Adient ordinary shares will be Wells Fargo Bank, N.A., or Wells Fargo. For questions relating to the transfer or mechanics of the share distribution, you should contact Wells Fargo toll free at 866-927-3880.

Where can I find more information about Johnson Controls and Adient?

Before the distribution, if you have any questions relating to Johnson Controls' business performance, you should contact:

Johnson Controls
Shareholder Services X-76
5757 North Green Bay Ave.
Milwaukee, Wisconsin 53209-4408
(800) 524-6220

After the distribution, Adient shareholders who have any questions relating to Adient's business performance should contact Adient at:

Adient
Attention: Adient Shareholder Services
833 East Michigan Street
Milwaukee, Wisconsin 53202
() -

The Adient investor Web site www.adient.com will be operational as of , 2016.

INFORMATION STATEMENT SUMMARY

Except as otherwise indicated or unless the context otherwise requires, the information included in this information statement about Adient assumes the completion of all of the transactions referred to in this information statement in connection with the separation and distribution. Unless the context otherwise requires, references in this information statement to "Adient" refer to Adient Limited, currently a private limited company organized under the laws of Ireland, and its subsidiaries or, after the re-registration of Adient Limited as a public limited company, Adient plc and its subsidiaries. Unless the context requires otherwise, references to Adient's historical business and operations refer to the business and operations of Johnson Controls' automotive seating and interiors businesses as they were historically managed as part of Johnson Controls and its subsidiaries prior to completion of the separation. References in this information statement to "Johnson Controls" refer to Johnson Controls, Inc., a Wisconsin corporation, and its subsidiaries or, after the completion of the merger of Johnson Controls, Inc. with an indirect wholly owned subsidiary of Tyco International plc, Johnson Controls International plc, a public limited company organized under the laws of Ireland, and its subsidiaries, unless the context otherwise requires. References in this information statement to the "separation" refer to the separation of the automotive seating and interiors businesses from Johnson Controls and the creation, as a result of the distribution, of an independent, publicly traded company, Adient, which will hold the assets and liabilities associated with the automotive seating and interiors businesses after the distribution. References in this information statement to the "distribution" refer to the dividend on shares of Johnson Controls outstanding on the record date that will be satisfied by Adient's issuance of its ordinary shares to the persons entitled to receive the dividend.

Business

Adient is the world's largest automotive seating supplier.* Adient has a leading market position in the Americas, Europe and China, and has longstanding relationships with the largest global original equipment manufacturers, or OEMs, in the automotive space. Adient's proprietary technologies extend into virtually every area of automotive seating solutions, including complete seating systems, frames, mechanisms, foam, head restraints, armrests, trim covers and fabrics. Adient will be an independent seat supplier with global scale and the capability to design, develop, engineer, manufacture and deliver complete seat systems and components in every major automotive producing region in the world. Adient also participates in the automotive interiors market primarily through its joint venture in China, Yanfeng Global Automotive Interior Systems Co., Ltd., or YFAI.

The current legal name of Adient is Adient Limited. Adient was incorporated under the laws of Ireland on June 24, 2016 as a private limited company, but will be re-registered as a public limited company prior to the distribution.

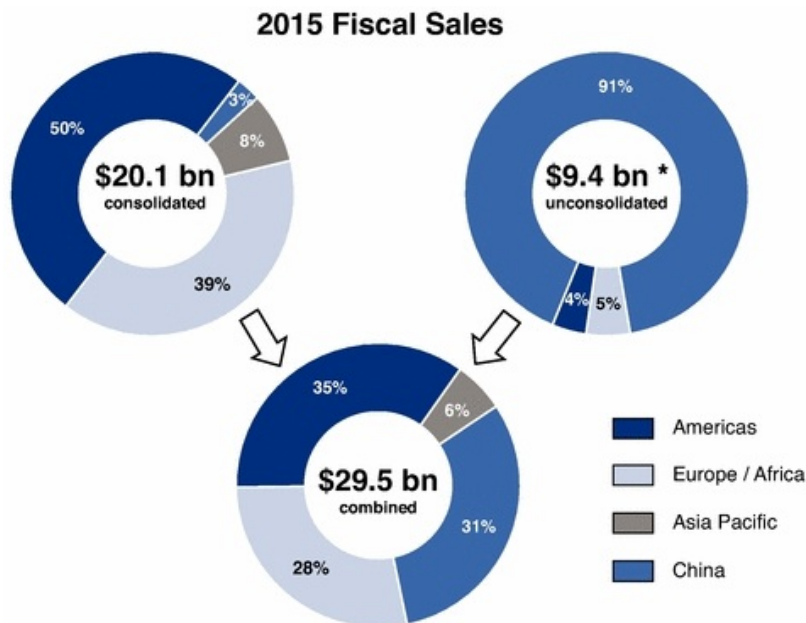
Adient designs, manufactures and markets a full range of seating systems and components for passenger cars, commercial vehicles and light trucks, including vans, pick-up trucks and sport/crossover utility vehicles. Adient also supplies high performance seating systems to the international motorsports industry through its award winning RECARO brand of products. Adient operates approximately 230 wholly- and majority-owned manufacturing or assembly facilities, with operations in 33 countries. Additionally, Adient has partially-owned affiliates in China, Asia, Europe and North America.

Adient's business model is focused on developing and maintaining long-term customer relationships, which has allowed Adient to successfully grow with leading global OEMs, including BMW, Daimler AG, Fiat Chrysler Automobiles, Ford Motor Company, General Motors Company, Honda Motor Company, Hyundai Motor Company, Jaguar Land Rover, Kia Motor Company, Mazda Motor Company, Mitsubishi Motors, Nissan Motor Company, PSA Peugeot Citroen, Renault, Suzuki, Toyota Motor Corporation, Volkswagen AG and Volvo. Adient also supplies most of the growing regional OEMs such as BAIC Motor Co., Ltd., Brilliance Auto Group, Changan Automobile (Group) Co., Ltd.,

* Based on production volumes. Source: IHS Automotive

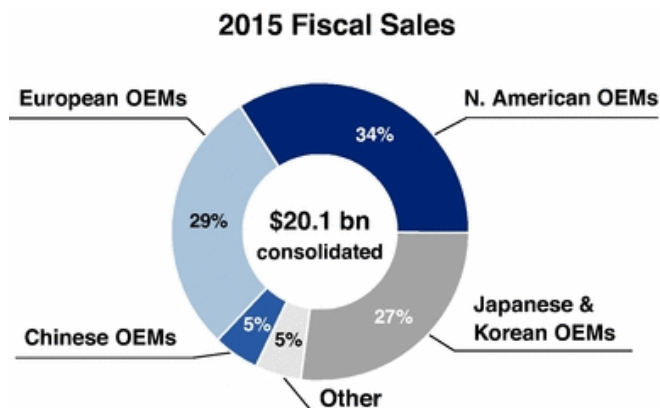
FAW Group Corporation, Great Wall Motors Company Limited, SAIC Motor Corporation Limited, Tata Motors Limited and Zhejiang Geely Holding Group Co., Ltd and newer auto manufacturers such as Tesla Motors, Inc. Adient and its engineers work closely with customers as vehicle platforms are developed, which results in close ties with key decision makers at OEM customers.

In fiscal 2015, 50% of Adient's consolidated revenue was derived from the Americas, 39% from Europe and Africa, 8% from Asia Pacific and 3% from China. Adient's unconsolidated revenue was primarily from joint ventures in China. Adient's regional balance is evident when Adient's consolidated and unconsolidated sales are viewed together.

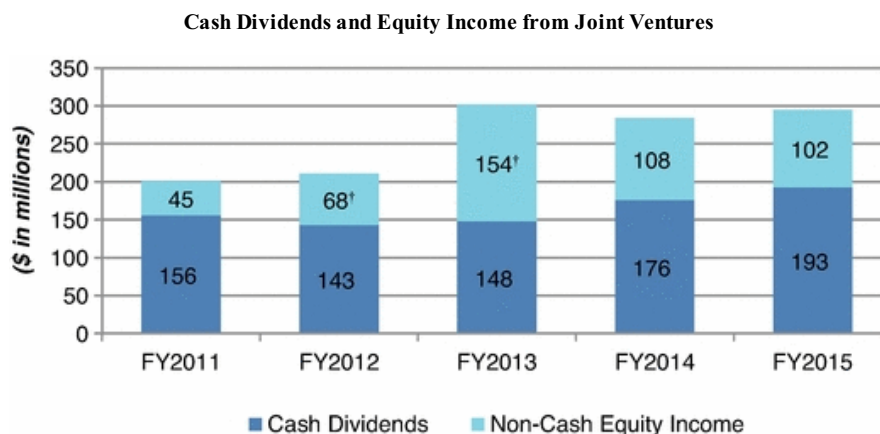


* includes YFAI sales for only the period from July 2, 2015 to September 30, 2015.

In fiscal 2015, 29% of Adient's consolidated revenue was attributable to European OEMs, 27% to Japanese and Korean OEMs, 5% to Chinese OEMs and 34% to North American OEMs. This balanced portfolio has allowed Adient to effectively manage OEM share gains and losses and has provided protection against regional economic cycles.



Adient has a leading market share position in China with a portfolio of successful joint venture partnerships with key Chinese OEM partners. Adient is the largest supplier of "just-in-time" seating in China.* Adient operates through 17 joint ventures and has 60 manufacturing locations in 32 cities, which are supported by additional technical centers. Adient participates in the automotive interiors market through its approximately 30% equity interest in YFAI. YFAI is one of the largest suppliers of automotive interiors, generating revenue through the sale of instrument panels, floor consoles, door panels, overhead consoles, cockpit systems, decorative trim and other products. YFAI supplies automotive interior products to a majority of the world's major OEMs. For the fiscal year ended September 30, 2015, Adient's unconsolidated joint ventures generated approximately \$295 million in aggregate equity income and paid cash dividends to Adient of approximately \$193 million in the aggregate.



† Includes \$106 million and \$3 million of non-cash gains related to fair value adjustments of Adient's existing equity investments in FY2013 and FY2012, respectively. No such gains existed in FY2015, FY2014 and FY2011.

For the six months ended March 31, 2016, Adient generated revenue of \$8.5 billion, as compared to revenue of \$10.5 billion generated for the six months ended March 31, 2015. For the fiscal year ended September 30, 2015, Adient generated revenue of \$20.1 billion, as compared to revenue of \$22.0 billion generated for the fiscal year ended September 30, 2014. The lower revenue in the first two quarters of fiscal year 2016 and for the full fiscal year 2015 compared to the corresponding prior periods results primarily from the completion of the YFAI joint venture on July 2, 2015 and the unfavorable impact of foreign currency translation.

Competitive Strengths

Adient possesses a number of competitive advantages that distinguish it from its competitors, including:

- **Global Market Leadership.** Adient has leading market shares in the automotive seating markets in North America and Europe, and a leading market share in China, the world's largest and one of the fastest-growing automotive markets. Management estimates Adient's automotive seating market share to be at least 35% in both North America and Europe. IHS Automotive estimates Adient's automotive seating market share to be approximately 45% in China, which is greater than any of Adient's competitors.

* Based on production volumes. Source: IHS Automotive

- *Longstanding Customer Relationships with Leading Global OEMs.* Adient does business with all major global OEM customers, and in many cases, works closely with those customers to develop a seating solution integrated into the overall vehicle appearance and architecture. As a result, the people and businesses of Adient have been recognized for their leadership by many awards from the industry and from customers, including:
 - 2015 Hyundai-Kia Technology 5 Star certification to Johnson Controls Automotive Korea for achieving the highest level of research and development;
 - 2015 J.D. Power Award Highest Quality Seating in three vehicle segments: the luxury SUV segment for the Land Rover Evoque, the mass market midsize/large car segment for the Kia Cadenza and the mass market midsize/large SUV segment for the Hyundai Santa Fe;
 - 2015 Toyota Superior Toyota New Global Architecture Promotion Award for developing a next-generation front seat structure meeting Toyota's increased safety requirements and reducing weight, complexity of components and costs;
 - 2015 Automotive Interiors Expo Supplier of the Year (second time), as determined by an independent panel of international automobile journalists;
 - 2015 Nissan Japan Regional Quality Award to Johnson Controls Japan (second consecutive year);
 - 2014 General Motors Supplier of the Year Award and Overdrive Award (fifth time) for, among other things, its collaboration with General Motors to execute continuous improvement and deliver sustainable value in General Motors' seats;
 - 2014 FCA US LLC Diversity Supplier Development Supplier of the Year and Technical Cost Reduction Supplier of the Year;
 - 2014 J.D. Power Award Highest Quality Seating in three vehicle segments: the luxury SUV segment for the Land Rover Evoque and the Porsche Cayenne, the mass market truck/van segment for the Ford F-150 Light Duty and the F-250/350 Super Duty trucks and the mass market midsize/large SUV segment for the Honda Pilot;
 - 2014 J.D. Power Award Highest Quality Seating in the mass market truck/van vehicle segment for the Toyota Tacoma and Toyota Tundra awarded to Avanzar Interior Technologies, Ltd, a joint venture of Adient;
 - 25 awards in 2014 from 11 OEM customers in China, including Excellence Supplier Award, Top 10 Supplier Award, Quality Award, Truck Excellence Supplier Award and Supply Chain Integration Award;
 - 2013 Minority Manufacturer of the Year award to Bridgewater Interiors, a joint venture of Adient, an award by the U.S. Department of Commerce's Minority Business Development Agency;
 - 2013 J.D. Power Award Highest Quality Seating in two vehicle segments: the mass market midsize/large SUVs for the Toyota Venza and Hyundai Santa Fe and the mass market trucks/vans for the Ford F-250/350 Super Duty; and
 - 28 awards in 2013 from 20 OEM customers in China, including Excellence Supplier Award, Top 10 Supplier Award, Region Quality Award, Excellent Quality Award and Logistics Development Award.
- *Extensive Global Manufacturing Footprint and Functional Expertise.* Adient operates a global network of approximately 230 manufacturing plants in 33 countries that supplies automotive OEMs with complete seats, modules and components. In fiscal 2015, the businesses that will constitute Adient delivered more than 25 million seat systems on a "just-in-time or in-sequence"

basis globally. Those businesses supplied seating systems on more than 360 nameplates to 40 different OEMs.

- *Global Development Network.* Adient's worldwide engineering network includes ten core development centers, which employ more than 5,600 employees who work in focused engineering development teams worldwide. These development centers utilize a globally consistent approach to the process for developing seating products. By leveraging a network of subject matter technical experts, Adient is able to efficiently implement best practices and improve product cost and quality.
- *Strong Platform for Global Growth.* Adient's global platform creates multiple opportunities for growth, including market share expansion in seating and seating components, regional growth opportunities, vertical integration and business expansion. Adient believes that as a vertically integrated supplier with global scale and strong design, engineering and lean manufacturing capabilities in both complete seat systems and components, it is well positioned to benefit from these opportunities.
- *Experienced Leadership Team with Proven Track Record.* Adient has a strong, highly capable global management team with extensive experience both within the industry and with Adient. Adient's leadership draws experience from several industrial manufacturing industries, including automotive. Senior leadership is also globally diverse and combines regional understanding of the automotive supply market with a global perspective.

Business Strategy

Adient seeks to grow its business through the following strategies, among others:

- *Strong Cash Flow Generation.* Adient expects to generate strong cash flows following the separation. It will use this cash flow generation initially to support debt service. The anticipated free cash flow generated by Adient should allow it to pay down debt and invest in the business to support organic growth. Excess cash flow could also allow Adient to pursue other alternatives, including new capital investment projects, strategic acquisitions and the return of capital to shareholders through a combination of dividends and/or share repurchases. However, there can be no guarantee that Adient will pay dividends in a timely manner, or at all, or that Adient will repurchase any of its shares or the price at which any such repurchase may occur.
- *Maintain Customer Focus and Commercial Management.* Through dedicated customer teams, Adient maintains close relationships with its global OEM customers. These relationships enable Adient to clearly understand its customers' needs so that it is positioned to meet its customers' requirements. Adient's customer teams lead the new business acquisition process, which ensures alignment with Adient's product, process and manufacturing strategies. These teams partner with customers in identifying optimal product solutions to meet product demand, and also lead commercial negotiations with Adient's customers. Adient believes that its commercial teams excel at balancing these commercial topics to find "win / win" solutions for the customer and for Adient and intends to continue this approach after the separation.
- *Drive Product Innovation and Process Leadership.* Adient has a strong record for developing winning product and process technologies over many years, which has created a competitive advantage for Adient and its customers. Management expects to increase investment in innovation following the separation. Recent product innovation examples include:
 - T3000 recliner, which offers increased seating recliner strength in a smaller, lighter weight package as compared to Adient's previous generation product; and
 - Vibratex foam, which provides less vibration transmittance to the occupant which reduces fatigue and results in superior long- and short-term comfort in the seat, as compared to a

traditional foam cushion (as measured using the industry's Seating Effective Amplitude Transmissibility test).

Adient utilizes a Global Core Product Portfolio, or CPP, strategy for part and design reuse in all of its product applications. Adient intends to continue investing in its core product portfolio to sustain and expand its market success and to leverage its existing modular and scalable systems and interchangeable components. Through the CPP strategy, Adient provides high quality products for its customers with market competitive cost and mass (low weight to improve fuel economy) while meeting their performance requirements. Adient intends to continue using CPP to advance Adient's lean manufacturing initiatives by providing standard, flexible processes that reduce complexity, inventory and floor space. This will yield reductions in development time, product cost and investment.

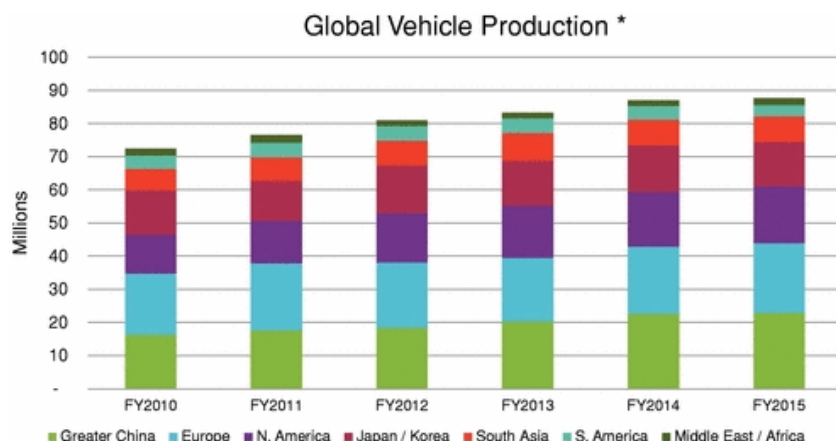
- *Further Strengthen Leadership Position in China.* Adient has an advantaged position in China established through strategic partnerships it developed as an early market entrant. Adient is the largest supplier of "just-in-time" seating in China.* It operates through 17 joint ventures with 60 manufacturing locations in 32 cities, which are supported by additional technical centers. Adient's strong position with European and American automakers is complemented by partnerships with all major auto groups in China, which has resulted in Adient's broad market penetration relative to seating competitors and market leadership in the industry's largest and one of the fastest-growing markets. Adient leverages its operating expertise and innovation capabilities developed worldwide to further support its growth in China. Adient expects revenues in China to continue to grow as the automotive market there continues to expand.
- *Leverage Operational Efficiencies.* Adient intends to maintain high capacity utilization and increase its efficiency through continued use of standardized manufacturing processes, which represent a core competency. These standardized manufacturing processes allow Adient to deliver exceptional quality levels and minimize waste. Adient achieves scale advantages through a global manufacturing footprint and an integrated supply chain. Adient fosters an environment of continuous improvement and identifies best business practices through the analysis of process and cost metrics, which are then shared globally throughout Adient's manufacturing network. Adient's focus on global operational efficiencies will also be applied to its corporate cost structure, which Adient expects will produce a lean corporate overhead structure. Adient believes that maintaining a lean and operationally efficient process throughout the organization will enable it to be a market leader in cost and that this will result in increased customer satisfaction and margin expansion. Adient also intends to continue streamlining the mechanisms and structures operations, which are capital intensive with long lead times and designs that span multiple vehicle platforms. Adient has made progress integrating product and process technologies across metal structures and mechanisms; however, opportunities still exist to streamline the product and process portfolio.

Industry

The Automotive Seating industry provides OEMs with complete seats on a "just-in-time or in-sequence" basis. Seats are assembled to specific order and delivered on a predetermined schedule directly to an automotive assembly line. The components for these complete seat assemblies such as seating foam, metal structures, fabrics, seat covers and seat mechanisms are shipped to Adient or competitor seating assembly plants. Adient is the world's largest* in complete seat assembly and one of the largest in all major seating components, operating manufacturing plants that produce seating foam, metal structures, fabrics, seat covers and seat mechanisms.

* Based on production volumes. Source: IHS Automotive

Overall, Adient expects long-term growth of vehicle sales and production in the OEM market. The industry has experienced growth over the past few years in nearly all geographic regions with the exceptions being South America and Japan/Korea, where vehicle production has declined over the same period. Vehicle production increased by 3% in Europe, 2% in Greater China, 1% in South Asia and 4% in North America, and decreased by 16% in South America and 5% in Japan/Korea in fiscal year 2015, in each case as compared to fiscal year 2014.



Demand for automotive parts in the OEM market is generally a function of the number of new vehicles produced, which is primarily driven by macro-economic factors such as credit availability, interest rates, fuel prices, consumer confidence, employment and other trends. Although OEM demand is tied to actual vehicle production, participants in the automotive supplier industry also have the opportunity to grow through increasing product content per vehicle by further penetrating business with existing customers and in existing markets, gaining new customers and increasing their presence in global markets. Adient believes that, as a company with a global presence and advanced technology, engineering, manufacturing and customer support capabilities, it is well positioned to benefit from these opportunities. In addition, Adient expects to leverage these capabilities to pursue future growth in adjacent markets.

Sourcing Patterns by OEMs

Most OEMs have adopted global vehicle platforms to increase standardization, reduce per unit cost and increase capital efficiency and profitability. In seating, three sourcing patterns have emerged over the past five years:

1. **Core seat structures:** By developing common front seat frames and mechanisms across multiple vehicle platforms, OEMs are reducing costs.
2. **Component sourcing:** Several OEMs have shifted from sourcing a complete seating system to a components approach where the OEM sources each of the different components of the seat and seating assembly as separate business awards.
3. **Engineering "in-sourcing":** Some OEMs are conducting the design and engineering internally and are selecting suppliers that have the capability to manufacture products on a worldwide basis and adapt to regional variations.

Adient believes that as a supplier with global scale and strong design, engineering and lean manufacturing capabilities in both complete seat systems and components it is well positioned to benefit from these opportunities.

Shorter Product Development Cycles

As a result of new safety and environmental regulations, as well as a trend of more rapid customer preference changes, OEMs are requiring suppliers to respond faster with new designs and product innovations. Although these trends are more significant in mature markets, emerging markets are moving rapidly towards the regulatory standards and consumer preferences of the more mature markets. Suppliers with strong technologies, robust global engineering and development capabilities will be best positioned to meet OEM demands for rapid innovation.

Summary of Risk Factors

An investment in Adient ordinary shares is subject to a number of risks, including risks relating to Adient's business, risks related to the separation and risks related to Adient ordinary shares. Set forth below are some, but not all, of these risks. Please read the information in the section entitled "Risk Factors" for a more thorough description of these and other risks.

Risks Related to Adient's Business

- Adient operates in the highly competitive automotive supply industry.
- The cyclical nature of original equipment automobile production rates may adversely affect Adient's results of operations.
- Adient may incur material losses and costs as a result of warranty claims and product liability actions that may be brought against Adient.
- Risks associated with Adient's non-U.S. operations could adversely affect Adient's business, financial condition and results of operations.
- Risks associated with joint venture partnerships may adversely affect Adient's business and financial results.
- Risks related to Adient's defined benefit retirement plans may adversely impact Adient's results of operations and cash flow.
- Adient may be unable to realize the expected benefits of its restructuring actions, which could adversely affect its profitability and operations.
- Adient's inability to achieve product cost reductions which offset customer-imposed price reductions could adversely affect Adient's financial performance.
- Increases in the costs and restrictions on the availability of raw materials, energy, commodities and product components could adversely affect Adient's financial performance.
- The loss of business with respect to, or the lack of commercial success of, a vehicle model for which Adient is a significant supplier could adversely affect Adient's financial performance.
- Adient's profitability and results of operations may be adversely affected by program launch difficulties.

Risks Related to the Separation

- Adient has no history operating as an independent company. Adient may be unable to make, on a timely or cost-effective basis, the changes necessary to operate as an independent company, and Adient may experience increased costs after the separation.
- Adient's historical and pro forma financial information is not necessarily representative of the results that it would have achieved as a separate, publicly traded company and may not be a reliable indicator of its future results.
- Adient's accounting and other management systems and resources may not be adequately prepared to meet the financial reporting and other requirements to which Adient will be subject following the separation and distribution.

- It is expected that, for U.S. federal income tax purposes, the distribution will be taxable to Johnson Controls shareholders.
- Adient may not achieve some or all of the expected benefits of the separation, and the separation may adversely affect Adient's business.
- In connection with Adient's separation from Johnson Controls, Adient will incur debt obligations that could adversely affect Adient's business, profitability and its ability to meet Adient's obligations.

Risks Related to Adient Ordinary Shares

- Adient cannot be certain that an active trading market for its ordinary shares will develop or be sustained after the separation, and following the separation, Adient's share price may fluctuate significantly.
- A number of Adient ordinary shares are or will be eligible for future sale, which may cause Adient's share price to decline.
- Adient cannot guarantee the timing, amount or payment of dividends on its ordinary shares.
- Certain provisions in Adient's articles of association, among other things, could prevent or delay an acquisition of Adient, which could decrease the trading price of Adient ordinary shares.
- As an Irish public limited company, certain capital structure decisions will require shareholder approval, which may limit Adient's flexibility to manage its capital structure.
- The laws of Ireland differ from the laws in effect in the United States and may afford less protection to holders of Adient securities.
- The Internal Revenue Service (the "IRS") may not agree that Adient is a foreign corporation for U.S. federal tax purposes.
- Adient's status as a foreign corporation for U.S. federal tax purposes and its U.S. tax liabilities could be affected by a change in law.
- Future changes to U.S. and non-U.S. tax laws could adversely affect Adient.
- Transfers of Adient ordinary shares may be subject to Irish stamp duty, which could increase the cost of dealing in Adient ordinary shares.

The Separation and Distribution

On July 24, 2015, Johnson Controls announced its intent to separate its automotive seating and interiors businesses into an independent, publicly traded company—Adient. To implement the separation, Johnson Controls will transfer its automotive seating and interiors businesses to Adient, and in return, Adient will issue its ordinary shares to Johnson Controls shareholders, pro rata to their respective holdings.

On January 24, 2016, Johnson Controls, Inc. entered into an Agreement and Plan of Merger with Tyco International plc and certain other parties named therein. Pursuant to the merger agreement and subject to the terms and conditions set forth therein, an indirect wholly owned subsidiary of Tyco will merge with and into Johnson Controls, Inc., with Johnson Controls, Inc. surviving as an indirect wholly owned subsidiary of Tyco. At the effective time of the merger (or as soon as possible thereafter), Tyco will change its name to "Johnson Controls International plc" and will trade under the ticker "JCI." It is currently expected that the distribution of Adient ordinary shares will occur after the consummation of this merger, and that the record date for the distribution and the distribution date will be set by the board of directors of Johnson Controls International plc following the merger. As a result, former

shareholders of both Johnson Controls, Inc. and Tyco who hold shares of the combined company as of the record date will receive Adient ordinary shares in the distribution. References to "Johnson Controls" in this information statement therefore refer to Johnson Controls, Inc. prior to the merger and refer to Johnson Controls International plc after the merger.

Adient's Post-Separation Relationship with Johnson Controls

Adient will enter into a separation and distribution agreement with Johnson Controls, which is referred to in this information statement as the separation agreement or the separation and distribution agreement. In connection with the separation, Adient will also enter into various other agreements to effect the separation and provide a framework for its relationship with Johnson Controls after the separation, such as a transition services agreement, a tax matters agreement, an employee matters agreement and a transitional trademark license agreement. These agreements will provide for the allocation between Adient and Johnson Controls of Johnson Controls' assets, employees, liabilities and obligations (including its investments, property and employee benefits and tax-related assets and liabilities) attributable to periods prior to, at and after Adient's separation from Johnson Controls and will govern certain relationships between Adient and Johnson Controls after the separation. For additional information regarding the separation agreement and other transaction agreements, see the sections entitled "Risk Factors—Risks Related to the Separation" and "Certain Relationships and Related Person Transactions."

Reasons for the Separation

The Johnson Controls board of directors believes that the creation of two independent public companies, with Adient operating Johnson Controls' automotive seating and interiors businesses, and the new Johnson Controls operating the building efficiency and power solutions businesses, is in the best interests of Johnson Controls and its shareholders for a number of reasons, including that such separation is expected to:

- enhance the ability of management of each company to focus on their respective businesses and unique opportunities for long-term growth and profitability and to allocate capital and corporate resources in a manner that focuses on achieving each company's own strategic priorities;
- provide each company with increased flexibility to pursue acquisitions and other strategic alternatives without having to consider the potential impact on the businesses of the other company;
- create two independent capital structures that will afford each company direct access to the debt and equity capital markets to fund their respective growth strategies and to establish an appropriate capital structure for their business needs, and to enable Adient and its affiliates to transfer to Johnson Controls approximately \$3.0 billion in cash prior to the distribution to fund inorganic and organic growth as needed;
- enhance each company's flexibility to establish appropriate compensation policies, including non-cash, equity-based compensation policies that reflect the performance of its operations and are designed to attract and retain skilled employees; and
- allow investors to evaluate the separate investment identities of each company, including the distinct merits, performance and future prospects of their respective businesses.

The Johnson Controls board of directors also considered a number of potentially negative factors in evaluating the separation, including the potential loss of operational synergies from operating as a consolidated entity; the potential loss of joint purchasing power; the potential exposure to operating in fewer industries reducing the ability to mitigate downturns in one business against the others; potential disruptions to the company's businesses as a result of the spin-off, such as information technology

disruptions; the risk that Johnson Controls would not achieve the expected benefits of the separation; execution risks; the potential impact on both companies' abilities to demonstrate civic and charitable leadership in their respective communities; and one-time costs. However, the Johnson Controls board of directors concluded that the potential benefits of the separation outweighed these factors. For more information, see the sections entitled "The Separation and Distribution—Reasons for the Separation" and "Risk Factors" included elsewhere in this information statement.

Transaction Structure

Formation of Adient

Adient was incorporated under the laws of Ireland for the purpose of holding Johnson Controls' automotive seating and interiors businesses in connection with the separation and distribution described herein. Prior to the transfer of this business to Adient, which will occur prior to the distribution, Adient will have no operations other than those incidental to its formation and in preparation for the separation.

Adient Corporate Information

The address of Adient's principal executive offices is 25-28 North Wall Quay, IFSC, Dublin 1, Ireland. Adient maintains an Internet site at www.adient.com. Adient's corporate offices will be located in Plymouth, Michigan; Milwaukee, Wisconsin; Burscheid, Germany; and Shanghai, China. Adient's website and the information contained therein or connected thereto shall not be deemed to be incorporated herein, and you should not rely on any such information in making an investment decision.

Reason for Furnishing this Information Statement

This information statement is being furnished solely to provide information to shareholders of Johnson Controls who will receive Adient ordinary shares in the distribution. It is not to be construed as an inducement or encouragement to buy or sell any of Adient's securities. The information contained in this information statement is believed by Adient to be accurate as of the date set forth on its cover. Changes may occur after that date and neither Johnson Controls nor Adient will update the information except in the normal course of their respective disclosure obligations and practices, except as required by applicable law.

This document is not a prospectus within the meaning of the Companies Act 2014 of Ireland, the Prospectus Directive (2003/71/EC) Regulations 2005 of Ireland (as amended) or the Prospectus Rules issued by the Central Bank of Ireland. No offer of shares to the public is made, or will be made, that requires the publication of a prospectus pursuant to Irish prospectus law within the meaning of the above legislation. This document has not been approved or reviewed by or registered with the Central Bank of Ireland or any other competent authority or regulatory authority in the European Economic Area. This document does not constitute investment advice or the provision of investment services within the meaning of the European Communities (Markets in Financial Instruments) Regulations 2007 of Ireland (as amended) or the Markets in Financial Instruments Directive (2004/39/EC). Neither Johnson Controls nor Adient is an authorized investment firm within the meaning of the European Communities (Markets in Financial Instruments) Regulations 2007 of Ireland (as amended) or the Markets in Financial Instruments Directive (2004/39/EC) and the recipients of this document should seek independent legal and financial advice in determining their actions in respect of or pursuant to this document.

Summary Historical and Unaudited Pro Forma Condensed Combined Financial Data

The following summary financial data reflects the combined operations of Adient. Adient derived the summary combined income statement data for the six months ended March 31, 2016 and 2015 and summary combined balance sheet data as of March 31, 2016, as set forth below, from its unaudited combined financial statements, which are included in the "Index to Financial Statements" section of this information statement. Adient derived the summary combined income statement data for the fiscal years ended September 30, 2015, 2014 and 2013, and summary combined balance sheet data as of September 30, 2015 and 2014, as set forth below, from its audited combined financial statements, which are included in the "Index to Financial Statements" section of this information statement. Adient derived the summary combined income statement for the fiscal years ended September 30, 2012 and 2011 and summary combined balance sheet data as of March 31, 2015 and September 30, 2013, 2012 and 2011 from Adient's underlying financial records, which were derived from the financial records of Johnson Controls and are not included in this information statement. The historical results do not necessarily indicate the results expected for any future period. To ensure a full understanding of this summary financial data, you should read the summary combined financial data presented below in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the combined financial statements and accompanying notes included in the "Index to Financial Statements" section of this information statement.

The summary unaudited pro forma condensed combined financial data for the six-month period ended March 31, 2016 and the fiscal year ended September 30, 2015 has been prepared to reflect the separation and the operating and other agreements to be entered into by Johnson Controls and Adient. The unaudited pro forma condensed combined income statement data assumes the spin-off occurred on October 1, 2014. The unaudited pro forma condensed combined balance sheet data assumes the spin-off occurred on March 31, 2016. The assumptions used and pro forma adjustments derived from such assumptions are based on currently available information and Adient believes such assumptions are reasonable under the circumstances.

The unaudited pro forma condensed combined financial statements are not necessarily indicative of Adient's results of operations or financial condition had the distribution and its anticipated post-separation capital structure been completed on the date assumed. Also, they may not reflect the results of operations or financial condition that would have resulted had Adient been operating as an independent, publicly traded company during such periods. In addition, they are not necessarily indicative of its future results of operations or financial condition.

You should read this summary financial data together with "Unaudited Pro Forma Condensed Combined Financial Statements," "Capitalization," "Selected Historical Combined Financial Data of

Adient," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the combined financial statements and accompanying notes included in this information statement.

	As of or for the Six Months Ended March 31,			As of or for the Fiscal Year Ended September 30,					
	Pro forma 2016	2016	2015	Pro forma 2015	2015	2014	2013	2012	2011
	(unaudited)	(unaudited)	(unaudited)	(unaudited)				(unaudited)	(unaudited)
Statement of Operations: (dollars in millions)									
Net sales(1)	\$ 8,531	\$ 8,531	\$ 10,507	\$ 20,071	\$ 20,071	\$ 22,041	\$ 20,470	\$ 19,986	\$ 18,776
Gross profit	798	798	916	1,852	1,852	1,953	1,575	1,501	1,496
Selling, general and administrative expenses	(388)	(505)	(607)	(1,150)	(1,131)	(1,308)	(1,203)	(1,079)	(1,065)
Gain (loss) on business divestitures—net	—	—	—	137	137	(86)	29	—	—
Restructuring and impairment costs	(169)	(169)	—	(182)	(182)	(158)	(280)	(143)	—
Net financing charges	(82)	(6)	(7)	(163)	(12)	(15)	(10)	(22)	(16)
Equity income	171	171	154	295	295	284	302	211	201
Income before income taxes	330	289	456	789	959	670	413	468	616
Income tax provision(2)	879	891	36	379	418	296	168	131	172
Net income (loss)	(549)	(602)	420	410	541	374	245	337	444
Income attributable to noncontrolling interests	40	40	37	66	66	67	58	70	76
Net income (loss) attributable to Adient(3)	\$ (589)	\$ (642)	\$ 383	\$ 344	\$ 475	\$ 307	\$ 187	\$ 267	\$ 368
Balance Sheet Data: (dollars in millions)									
Total assets	\$ 11,000	\$ 10,314	\$ 10,928	n/a	\$ 10,437	\$ 11,206	\$ 11,387	\$ 10,669	\$ 10,427
Working capital(4)	288	(333)	61	n/a	(205)	(436)	(430)	(51)	(290)
Long-term debt	3,532	32	40	n/a	35	46	58	75	84
Total debt	3,671	171	97	n/a	59	156	138	128	179
Invested equity attributable to Adient	2,192	4,810	5,704	n/a	5,626	5,453	5,582	5,558	5,204
Total debt to capitalization(5)	63%	3%	2%	n/a	1%	3%	2%	2%	3%
Other Data: (dollars in millions)									
Capital expenditures	\$ 186	\$ 186	\$ 260	\$ 478	\$ 478	\$ 624	\$ 659	\$ 609	\$ 566
Depreciation and amortization	172	172	178	347	347	437	450	416	366
Employees at year end	75,000	75,000	91,000	76,000	76,000	88,000	89,000	89,000	81,000

- (1) On July 2, 2015, Adient completed its global automotive interiors joint venture with Yangfeng Automotive Trim Systems and deconsolidated the contributed interiors business since that date resulting in lower consolidated net sales in subsequent periods. For the six months ended March 31, 2016 and for the year ended September 30, 2015, excluding the impact of foreign currency translation (\$375 million and \$1.6 billion, respectively) and the impact of the YFAI joint venture (\$1,937 million and \$924 million, respectively), net sales increased by 3% year over year. Refer to "Management's Discussion and Analysis of Financial Condition and Results of Operations" for more information on the impact of this transaction on consolidated net sales.
- (2) In the six months ended March 31, 2016, \$778 million of one-time tax expense related to the change in assertion over permanently reinvested earnings as a result of the spin-off.
- (3) Net income attributable to Adient includes \$6 million, \$50 million, \$13 million, \$37 million and \$2 million of net mark-to-market charges on pension and postretirement plans in fiscal year 2015, 2014, 2013, 2012 and 2011, respectively.
- (4) Working capital is defined as current assets less current liabilities.
- (5) Total debt to capitalization represents total debt divided by the sum of total debt and invested equity attributable to Adient.

RISK FACTORS

You should carefully consider the following risks and other information in this information statement in evaluating Adient and Adient ordinary shares. Any of the following risks could materially and adversely affect Adient's business, financial condition or results of operations. The risk factors generally have been separated into three groups: risks related to Adient's business, risks related to the separation and risks related to Adient ordinary shares.

Risks Related to Adient's Business

General economic, credit and capital market conditions could adversely affect Adient's financial performance, Adient's ability to grow or sustain its businesses and Adient's ability to access the capital markets.

Adient competes around the world in various geographic regions and product markets. Global economic conditions affect Adient's business. As discussed in greater detail below, any future financial distress in the industries and/or markets where Adient competes could negatively affect Adient's revenues and financial performance in future periods, result in future restructuring charges, and adversely impact Adient's ability to grow or sustain its businesses.

The capital and credit markets provide Adient with liquidity to operate and grow its business beyond the liquidity that operating cash flows provide. A worldwide economic downturn and/or disruption of the credit markets could reduce Adient's access to capital necessary for its operations and executing its strategic plan. If Adient's access to capital were to become constrained significantly, or if costs of capital increased significantly, due to lowered credit ratings, prevailing industry conditions, the volatility of the capital markets or other factors, Adient's financial condition, results of operations and cash flows could be adversely affected.

The U.K.'s referendum to leave the European Union, which we refer to as "Brexit," has and may continue to cause disruptions to capital and currency markets worldwide. The full impact of the Brexit decision, however, remains uncertain. A process of negotiation will determine the future terms of the U.K.'s relationship with the European Union. During this period of negotiation, Adient's results of operations and access to capital may be negatively affected by interest rate, exchange rate and other market and economic volatility, as well as regulatory and political uncertainty. Brexit may also have a detrimental effect on Adient's customers and suppliers, which would, in turn, adversely affect Adient's revenues and financial condition.

Adient operates in the highly competitive automotive supply industry.

The global automotive component supply industry is highly competitive. Competition is based primarily on price, technology, quality, delivery and overall customer service. There can be no assurance that Adient's products will be able to compete successfully with the products of Adient's competitors. Furthermore, the rapidly evolving nature of the markets in which Adient competes may attract new entrants. Additionally, consolidation in the automotive industry may lead to decreased product purchases from Adient. As a result, Adient's sales levels and margins could be adversely affected by pricing pressures from OEMs and pricing actions of competitors. These factors may lead to selective resourcing of business to competitors. In addition, any of Adient's competitors may foresee the course of market development more accurately than Adient, develop products that are superior to Adient's products, produce similar products at a lower cost than Adient, or adapt more quickly than Adient to new technologies or evolving customer requirements. As a result, Adient's products may not be able to compete successfully with its competitors' products and Adient may not be able to meet the growing demands of customers. These trends may adversely affect Adient's sales as well as the profit margins on Adient's products.

Unfavorable changes in the condition of the global automotive industry may adversely affect Adient's results of operations.

Adient's financial performance will depend, in part, on conditions in the automotive industry. If automakers experience a decline in the number of new vehicle sales, Adient may experience reductions in orders from these customers, incur write-offs of accounts receivable, incur impairment charges or require additional restructuring actions beyond its current restructuring plans, particularly if any of the automakers cannot adequately fund their operations or experience financial distress. In addition, such adverse changes could have a negative impact on Adient's business, financial condition or results of operations.

The cyclical nature of original equipment automobile production rates may adversely affect Adient's results of operations.

The financial performance of Adient's business is directly related to automotive production by its customers. Automotive production and sales are highly cyclical and depend on general economic conditions and other factors, including consumer spending and preferences. An economic decline that results in a reduction in automotive production by Adient's customers could have a material adverse impact on Adient's results of operations.

Adient may incur material losses and costs as a result of warranty claims and product liability actions that may be brought against Adient.

Adient faces an inherent business risk of exposure to warranty claims and product liability in the event that its products fail to perform as expected and, in the case of product liability, such failure of its products results, or is alleged to result, in bodily injury and/or property damage. If any of Adient's products are or are alleged to be defective, Adient may be required to participate in a recall involving such products. As suppliers become more integrally involved in the vehicle design process and assume more of the vehicle assembly functions, auto manufacturers are increasingly looking to their suppliers for contribution when faced with recalls and product liability claims. A recall claim brought against Adient, or a product liability claim brought against Adient in excess of its available insurance, could have a material adverse impact on Adient's results of operations. In addition, a recall claim could require Adient to review its entire product portfolio to assess whether similar issues are present in other product lines, which could result in significant disruption to Adient's business and could have a material adverse impact on Adient's results of operations.

Auto manufacturers are also increasingly requiring their suppliers to guarantee or warrant their products and bear the costs of repair and replacement of such products under new vehicle warranties. Depending on the terms under which Adient supplies products to an auto manufacturer, an auto manufacturer may attempt to hold Adient responsible for some or all of the repair or replacement costs of defective products under new vehicle warranties, when the vehicle manufacturer asserts that the product supplied did not perform as warranted. Although Adient cannot assure that the future costs of warranty claims by its customers will not be material, Adient believes its established reserves are adequate to cover potential warranty settlements. Adient's warranty reserves are based on Adient's best estimates of amounts necessary to settle future and existing claims. Adient regularly evaluates the level of these reserves, and adjusts them when appropriate. However, the final amounts determined to be due related to these matters could differ materially from Adient's recorded estimates.

Any changes in consumer credit availability or cost of borrowing could adversely affect Adient's business.

Declines in the availability of consumer credit and increases in consumer borrowing costs have negatively impacted global automotive sales and resulted in lower production volumes in the past. Substantial declines in automotive sales and production by Adient's customers could have a material adverse effect on Adient's business, results of operations and financial condition.

Risks associated with Adient's non-U.S. operations could adversely affect Adient's business, financial condition and results of operations.

Adient has significant operations in a number of countries outside the United States, some of which are located in emerging markets. Long-term economic uncertainty in some of the regions of the world in which Adient operates, such as Asia, South America and Europe and other emerging markets, could result in the disruption of markets and negatively affect cash flows from Adient's operations to cover its capital needs and debt service requirements.

In addition, as a result of Adient's global presence, a significant portion of its revenues and expenses is denominated in currencies other than the U.S. dollar. Adient is therefore subject to foreign currency risks and foreign exchange exposure. While Adient employs financial instruments to hedge some of its transactional foreign exchange exposure, these activities do not insulate Adient completely from those exposures. Exchange rates can be volatile and could adversely impact Adient's financial results and the comparability of results from period to period.

There are other risks that are inherent in Adient's non-U.S. operations, including the potential for changes in socio-economic conditions, laws and regulations, including import, export, labor and environmental laws, and monetary and fiscal policies; protectionist measures that may prohibit acquisitions or joint ventures, or impact trade volumes; unsettled political conditions; government-imposed plant or other operational shutdowns; backlash from foreign labor organizations related to Adient's restructuring actions; corruption; natural and man-made disasters, hazards and losses; violence, civil and labor unrest; and possible terrorist attacks.

These and other factors may have a material adverse effect on Adient's non-U.S. operations and therefore on Adient's business and results of operations.

Risks associated with joint venture partnerships may adversely affect Adient's business and financial results.

Adient has entered into several joint ventures worldwide and may enter into additional joint ventures in the future. Adient's joint venture partners may at any time have economic, business or legal interests or goals that are inconsistent with Adient's goals or with the goals of the joint venture. In addition, Adient may compete against its joint venture partners in certain of its other markets. Disagreements with Adient's business partners may impede Adient's ability to maximize the benefits of its partnerships. Adient's joint venture arrangements may require Adient, among other matters, to pay certain costs or to make certain capital investments or to seek its joint venture partner's consent to take certain actions. In addition, Adient's joint venture partners may be unable or unwilling to meet their economic or other obligations under the operative documents, and Adient may be required to either fulfill those obligations alone to ensure the ongoing success of a joint venture or to dissolve and liquidate a joint venture. The above risks, if realized, could result in a material adverse effect on Adient's business and financial results.

The regulation of Adient's international operations could adversely affect its business, results of operations and reputation.

Due to Adient's global operations, Adient is subject to many laws governing international relations, including those that prohibit improper payments to government officials and commercial customers, and restrict where Adient can do business, what information or products Adient can supply to certain countries and what information Adient can provide to a non-U.S. government, including but not limited to the U.S. Foreign Corrupt Practices Act (FCPA), U.K. Bribery Act, the U.S. Export Administration Act and U.S. and international economic sanctions regulations. Adient has internal policies and procedures relating to such regulations; however, there is a risk that such policies and procedures will not always protect Adient from the reckless acts of employees or representatives, particularly in the case of recently acquired operations that may not have significant training in applicable compliance policies and procedures. Violations of these laws, which are complex, may result in criminal penalties,

sanctions and/or fines that could have a material adverse effect on Adient's business, financial condition and results of operations and reputation. In addition, Adient is subject to antitrust laws in various countries throughout the world. Changes in these laws or their interpretation, administration or enforcement may occur over time. Any such changes may limit Adient's future acquisitions or operations. Violations of antitrust laws may result in penalties, sanctions and/or fines that could have a material adverse effect on Adient's business, financial condition and results of operations and reputation.

Global climate change could negatively affect Adient's business.

Increased public awareness and concern regarding global climate change may result in more regional and/or federal requirements to reduce or mitigate the effects of greenhouse gas emissions. There continues to be a lack of consistent climate legislation, which creates economic and regulatory uncertainty. Such regulatory uncertainty extends to future incentives for energy efficient vehicles and costs of compliance, which may impact the demand for Adient's products and Adient's results of operations.

There is a growing consensus that greenhouse gas emissions are linked to global climate changes. Climate changes, such as extreme weather conditions, create financial risk to Adient's business. For example, the demand for Adient's products and services may be affected by unseasonable weather conditions. Climate changes could also disrupt Adient's operations by impacting the availability and cost of materials needed for manufacturing and could increase insurance and other operating costs. These factors may impact Adient's decisions to construct new facilities or maintain existing facilities in areas most prone to physical climate risks. Adient could also face indirect financial risks passed through the supply chain, and process disruptions due to physical climate changes could result in price modifications for Adient's products and the resources needed to produce them.

Risks related to Adient's defined benefit retirement plans may adversely impact Adient's results of operations and cash flow.

Significant changes in actual investment return on defined benefit plan assets, discount rates, mortality assumptions and other factors could adversely affect Adient's results of operations and the amounts of contributions Adient must make to its defined benefit plans in future periods. Generally accepted accounting principles in the United States require that Adient calculate income or expense for the plans using actuarial valuations. These valuations reflect assumptions about financial markets and interest rates, which may change based on economic conditions. Funding requirements for Adient's defined benefit plans are dependent upon, among other factors, interest rates, underlying asset returns and the impact of legislative or regulatory changes related to defined benefit funding obligations.

Negative or unexpected tax consequences could adversely affect Adient's results of operations.

Adverse changes in the underlying profitability and financial outlook of Adient's operations in several jurisdictions could lead to additional changes in Adient's valuation allowances against deferred tax assets and other tax reserves on Adient's statements of financial position. Additionally, changes in tax laws in the United States, Ireland or in other countries where Adient has significant operations could materially affect deferred tax assets and liabilities on Adient's statements of financial position and income tax provision on Adient's statements of income.

Adient is also subject to tax audits by governmental authorities in the United States and in non-U.S. jurisdictions. Negative unexpected results from one or more such tax audits could adversely affect Adient's results of operations.

Legal proceedings in which Adient is, or may be, a party may adversely affect Adient.

Adient is currently and may in the future become subject to legal proceedings and commercial or contractual disputes. These are typically lawsuits, claims and proceedings that arise in the normal course of business including, without limitation, claims pertaining to product liability, product safety, environmental, safety and health, intellectual property, employment, commercial and contractual matters and various other matters. The outcome of such lawsuits, claims or proceedings cannot be predicted with certainty and some may be disposed of unfavorably to Adient. There exists the possibility that such claims may have an adverse impact on Adient's results of operations that is greater than Adient anticipates, and/or negatively affect Adient's reputation.

Adient is also subject to a risk of product liability or warranty claims if its products actually or allegedly fail to perform as expected or the use of its products results, or is alleged to result, in bodily injury and/or property damage. While Adient will maintain reasonable limits of insurance coverage to appropriately respond to such exposures, large product liability claims, if made, could exceed Adient's insurance coverage limits and insurance may not continue to be available on commercially acceptable terms, if at all. Adient may incur significant costs to defend these claims or experience product liability losses in the future. In addition, if any of Adient's designed products are, or are alleged to be, defective, Adient may be required to participate in recalls and exchanges of such products. The future cost associated with providing product warranties and/or bearing the cost of repair or replacement of Adient's products could have a material adverse effect on Adient's business, financial condition and results of operations.

A downgrade in the ratings of Adient's debt capital could restrict Adient's ability to access the debt capital markets and increase Adient's interest costs.

Unfavorable changes in the ratings that rating agencies assign to Adient's debt may ultimately negatively impact Adient's access to the debt capital markets and increase the costs Adient incurs to borrow funds. Future tightening in the credit markets and a reduced level of liquidity in many financial markets due to turmoil in the financial and banking industries could affect Adient's access to the debt capital markets or the price Adient pays to issue debt. A downgrade in Adient's ratings or volatility in the financial markets causing limitations to the debt capital markets could have an adverse effect on Adient's business or Adient's ability to meet its liquidity needs.

Additionally, an increase in the level of Adient's indebtedness may increase Adient's vulnerability to adverse general economic and industry conditions and may affect Adient's ability to obtain additional financing.

The potential insolvency or financial distress of third parties could adversely impact Adient's business and results of operations.

Adient is exposed to the risk that third parties to various arrangements who owe Adient money or goods and services, or who purchase goods and services from Adient, will not be able to perform their obligations or continue to place orders due to insolvency or financial distress. If third parties fail to perform their obligations under arrangements with Adient, Adient may be forced to replace the underlying commitment at current or above-market prices or on other terms that are less favorable to Adient. In such events, Adient may incur losses, or Adient's results of operations, financial condition or liquidity could otherwise be adversely affected.

Adient may be unable to complete or integrate acquisitions or joint ventures effectively, which may adversely affect its growth, profitability and results of operations.

Adient expects acquisitions of businesses and assets, as well as joint ventures (or other strategic arrangements) to play a role in its future growth. Adient cannot be certain that it will be able to identify attractive acquisition or joint venture targets, obtain financing for acquisitions on satisfactory

terms, successfully acquire identified targets or form joint ventures, or manage the timing of acquisitions due to other capital obligations across its businesses. Additionally, Adient may not be successful in integrating acquired businesses or joint ventures into its existing operations and achieving projected synergies. Competition for acquisition opportunities in the various industries in which Adient operates may rise, thereby increasing Adient's costs of making acquisitions or causing Adient to refrain from making further acquisitions. If Adient were to use equity securities to finance a future acquisition, Adient's then-current shareholders would experience dilution. Adient is also subject to applicable antitrust laws and must avoid anticompetitive behavior. These and other factors related to acquisitions and joint ventures may negatively and adversely impact Adient's growth, profitability and results of operations.

Adient may be unable to realize the expected benefits of its restructuring actions, which could adversely affect its profitability and operations.

In order to align Adient's resources with its growth strategies, operate more efficiently and control costs, Adient may periodically announce restructuring plans, which may include workforce reductions, global plant closures and consolidations, asset impairments and other cost reduction initiatives. Adient may undertake restructuring actions and workforce reductions in the future. As these plans and actions are complex, unforeseen factors could result in expected savings and benefits to be delayed or not realized to the full extent planned (if at all), and Adient's operations and business may be disrupted.

A failure of Adient's information technology (IT) and data security infrastructure could adversely impact Adient's business, operations and reputation.

Adient relies upon the capacity, reliability and security of its IT and data security infrastructure, as well as its ability to expand and continually update this infrastructure in response to the changing needs of its business. If Adient experiences a problem with the functioning of an important IT system or a security breach of Adient's IT systems, including during system upgrades and/or new system implementations, the resulting disruptions could have an adverse effect on Adient's business.

Adient and certain of its third-party vendors receive and store personal information in connection with Adient's human resources operations and other aspects of Adient's business. Despite Adient's implementation of security measures, Adient's IT systems, like those of other companies, are vulnerable to damages from computer viruses, natural disasters, unauthorized access, cyber-attack and other similar disruptions. Any system failure, accident or security breach could result in disruptions to Adient's operations. A material network breach in the security of Adient's IT systems could include the theft of Adient's intellectual property, trade secrets, customer information, human resources information or other confidential information. To the extent that any disruptions or security breach results in a loss or damage to Adient's data, or an inappropriate disclosure of confidential, proprietary or customer information, it could cause significant damage to Adient's reputation, affect Adient's relationships with its customers, lead to claims against Adient and ultimately harm its business. In addition, Adient may be required to incur significant costs to protect against damage caused by these disruptions or security breaches in the future.

Regulations related to conflict minerals could adversely impact Adient's business.

SEC rules aimed at improving the transparency and accountability concerning the supply of certain minerals, known as conflict minerals, originating from the Democratic Republic of Congo (DRC) and adjoining countries, impose annual disclosure requirements on companies that use such minerals in their products. There are costs associated with complying with these disclosure requirements, including for diligence to determine the sources of conflict minerals used in Adient's products and other potential changes to products, processes or sources of supply as a consequence of such verification activities. Adient's compliance with these disclosure rules could adversely affect the sourcing, supply and pricing of materials used in Adient's products. As there may be only a limited number of suppliers

offering "conflict free" conflict minerals, Adient cannot be sure that it will be able to obtain necessary conflict minerals from such suppliers in sufficient quantities or at competitive prices, or that Adient will be able to satisfy customers who require Adient's products to be conflict free. Also, Adient may face reputational challenges if Adient determines that certain of its products contain minerals not determined to be conflict free or if Adient is unable to sufficiently verify the origins for all conflict minerals used in its products through the procedures Adient may implement.

Adient's business success depends on attracting and retaining qualified personnel.

Adient's ability to sustain and grow its business requires it to hire, retain and develop a highly skilled and diverse management team and workforce. Failure to ensure that Adient has the leadership capacity with the necessary skill set and experience could impede Adient's ability to deliver its growth objectives and execute its strategic plan. Organizational and reporting changes as a result of any future leadership transition and corporate initiatives could result in increased turnover. Additionally, any unplanned turnover or inability to attract and retain key employees could have a negative effect on Adient's results of operations.

Adient's inability to achieve product cost reductions that offset customer-imposed price reductions could adversely affect Adient's financial performance.

Downward pricing pressure by automotive manufacturers is a characteristic of the automotive industry. Adient's financial performance is largely dependent on its ability to achieve product cost reductions through product design enhancement and supply chain management, as well as manufacturing efficiencies and restructuring actions. Adient's inability to achieve product cost reductions that offset customer-imposed price reductions could adversely affect Adient's financial condition, operating results and cash flows.

Adverse developments affecting, or the financial distress of, one or more of Adient's suppliers could adversely affect Adient's financial performance.

Adient obtains components and other products and services from numerous automotive suppliers and other vendors throughout the world. Adient is responsible for managing its supply chain, including suppliers that may be the sole sources of products that Adient requires, which Adient's customers direct Adient to use or which have unique capabilities that would make it difficult and/or expensive to re-source. In certain instances, entire industries may experience short-term capacity constraints. Additionally, Adient's production capacity, and that of Adient's customers and suppliers, may be adversely affected by natural disasters. Any such significant disruption could adversely affect Adient's financial performance. Unfavorable economic or industry conditions could also result in financial distress within Adient's supply chain, thereby increasing the risk of supply disruption. Although market conditions generally have improved in recent years, uncertainty remains and another economic downturn or other unfavorable industry conditions in one or more of the regions in which Adient operates could cause a supply disruption and thereby adversely affect Adient's financial condition, operating results and cash flows.

Increases in the costs and restrictions on the availability of raw materials, energy, commodities and product components could adversely affect Adient's financial performance.

Raw material, energy and commodity costs can be volatile. Although Adient has developed and implemented strategies to mitigate the impact of higher raw material, energy and commodity costs, these strategies, together with commercial negotiations with Adient's customers and suppliers, typically offset only a portion of the adverse impact. Certain of these strategies also may limit Adient's opportunities in a declining commodity environment. In addition, the availability of raw materials, commodities and product components fluctuates from time to time due to factors outside of Adient's control. If the costs of raw materials, energy, commodities and product components increase or the

availability thereof is restricted, it could adversely affect Adient's financial condition, operating results and cash flows.

The loss of business with respect to, or the lack of commercial success of, a vehicle model for which Adient is a significant supplier could adversely affect Adient's financial performance.

Although Adient receives purchase orders from its customers, these purchase orders often provide for the supply of a customer's annual requirements for a particular vehicle model and assembly plant, or in some cases, for the supply of a customer's requirements for the life of a particular vehicle model, rather than for the purchase of a specific quantity of products. In addition, it is possible that Adient's customers could elect to manufacture its products internally or increase the extent to which they require Adient to utilize specific suppliers or materials in the manufacture of its products. The loss of business with respect to, the lack of commercial success of or an increase in directed component sourcing for a vehicle model for which Adient is a significant supplier could reduce Adient's sales or margins and thereby adversely affect Adient's financial condition, operating results and cash flows.

Shifts in market shares among vehicles or vehicle segments or shifts away from vehicles on which Adient has significant content could have a material adverse effect on Adient's profitability.

While Adient supplies parts for a wide variety of vehicles produced globally, Adient does not supply parts for all vehicles produced, nor is the number or value of parts evenly distributed among the vehicles for which Adient does supply parts. Shifts in market shares among vehicles or vehicle segments, particularly shifts away from vehicles on which Adient has significant content and shifts away from vehicle segments in which Adient's sales may be more heavily concentrated, could have a material adverse effect on Adient's profitability.

Changes in consumer demand may adversely affect Adient's results of operations.

Increases in energy costs or other factors (e.g., climate change concerns) may shift consumer demand away from motor vehicles that typically have higher interior content that Adient supplies, such as light trucks, crossover vehicles, minivans and sports utility vehicles, to smaller vehicles having less interior content. The loss of business with respect to, or a lack of commercial success of, one or more particular vehicle models for which Adient is a significant supplier could reduce Adient's sales and harm Adient's profitability, thereby adversely affecting Adient's results of operations.

Adient may not be able to successfully negotiate pricing terms with its customers, which may adversely affect its results of operations.

Adient will negotiate sales prices annually with its automotive customers. Any cost-cutting initiatives that its customers adopt generally result in increased downward pressure on pricing. If Adient is unable to generate sufficient production cost savings in the future to offset price reductions, Adient's results of operations may be adversely affected. In particular, large commercial settlements with Adient's customers may adversely affect Adient's results of operations.

Adient's profitability and results of operations may be adversely affected by a significant failure or inability to comply with the specifications and manufacturing requirements of its OEM customers.

Adient's business faces the production demands and requirements of its OEM customers, as described in the section of this information statement entitled "Business—Industry." A significant failure or inability to comply with customer specifications and manufacturing requirements or delays or other problems with existing or new products (including program launch difficulties, as discussed below) could result in financial penalties, increased costs, loss of sales, loss of customers or potential breaches of customer contracts, which could have an adverse effect on Adient's profitability and results of operations.

Adient's profitability and results of operations may be adversely affected by program launch difficulties.

The launch of new business is a complex process, the success of which depends on a wide range of factors, including the production readiness of Adient's and its suppliers' manufacturing facilities and manufacturing processes, as well as factors related to tooling, equipment, employees, initial product quality and other factors. Adient's failure to successfully launch material new or takeover business could have an adverse effect on Adient's profitability and results of operations.

Work stoppages and similar events could significantly disrupt Adient's business.

Because the automotive industry relies heavily on just-in-time delivery of components during the assembly and manufacture of vehicles, a work stoppage at one or more of Adient's manufacturing and assembly facilities could have material adverse effects on the business. Similarly, if one or more of Adient's customers were to experience a work stoppage, that customer would likely halt or limit purchases of Adient's products, which could result in the shutdown of the related manufacturing facilities. A significant disruption in the supply of a key component due to a work stoppage at one of Adient's suppliers or any other supplier could have the same consequences, and accordingly, have a material adverse effect on Adient's financial results.

A variety of other factors could adversely affect Adient's results of operations.

Any of the following could materially and adversely impact Adient's results of operations: the loss of, or changes in, automobile supply contracts, sourcing strategies or customer claims with Adient's major customers or suppliers; start-up expenses associated with new vehicle programs or delays or cancellations of such programs; underutilization of Adient's manufacturing facilities, which are generally located near, and devoted to, a particular customer's facility; inability to recover engineering and tooling costs; market and financial consequences of any recalls that may be required on products that Adient has supplied or sold into the automotive aftermarket; delays or difficulties in new product development and integration; quantity and complexity of new program launches, which are subject to Adient's customers' timing, performance, design and quality standards; interruption of supply of certain single-source components; the potential introduction of similar or superior technologies; changing nature and prevalence of Adient's joint ventures and relationships with its strategic business partners; and global overcapacity and vehicle platform proliferation.

Risks Related to the Separation

Adient has no history operating as an independent company. Adient may be unable to make, on a timely or cost-effective basis, the changes necessary to operate as an independent company, and Adient may experience increased costs after the separation.

Adient's business has historically operated as part of Johnson Controls' corporate organization and Johnson Controls has assisted Adient by providing certain corporate functions. Following the separation, Johnson Controls will provide some of these functions to Adient, as described in "Certain Relationships and Related Person Transactions." Adient will need to make investments to replicate or outsource from other providers certain facilities, systems, infrastructure, and personnel to which Adient will no longer have access after its separation from Johnson Controls. These initiatives to develop Adient's independent ability to operate without access to Johnson Controls' existing operational and administrative infrastructure will have a cost to implement. Adient may not be able to operate its business efficiently or at comparable costs, and its profitability may decline.

Adient's historical and pro forma financial information is not necessarily representative of the results that it would have achieved as a separate, publicly traded company and may not be a reliable indicator of its future results.

The historical information about Adient in this information statement refers to Adient's business as operated by and integrated with Johnson Controls. Adient's historical and pro forma financial information included in this information statement is derived from the consolidated financial statements and accounting records of Johnson Controls. Accordingly, the historical and pro forma financial information included in this information statement does not necessarily reflect the financial condition, results of operations or cash flows that Adient would have achieved as a separate, publicly traded company during the periods presented or those that Adient will achieve in the future primarily as a result of the factors described below:

- Prior to the separation, Adient's business has been operated by Johnson Controls as part of its broader corporate organization, rather than as an independent company. Johnson Controls or one of its affiliates performed various corporate functions for Adient, such as accounting, information technology, and treasury. Adient's historical and pro forma financial results reflect allocations of corporate expenses from Johnson Controls for such functions and may not reflect the expenses Adient would have incurred had it operated as a separate publicly traded company. Following the separation, Adient will be responsible for the additional costs associated with being an independent, publicly traded company, including costs related to corporate governance and external reporting;
- Generally, Adient's working capital requirements and capital for its general corporate purposes, including acquisitions, research and development and capital expenditures, have historically been satisfied as part of the corporate-wide cash management policies of Johnson Controls. Following the completion of the separation, Adient may need to obtain additional financing from banks, through public offerings or private placements of debt or equity securities, strategic relationships or other arrangements; and
- After the completion of the separation, the cost of capital for Adient's business may be higher than Johnson Controls' cost of capital prior to the separation.

Other significant changes may occur in Adient's cost structure, management, financing and business operations as a result of operating as a company separate from Johnson Controls. For additional information about the past financial performance of Adient's business and the basis of presentation of the historical combined financial statements and the unaudited pro forma combined financial statements of Adient's business, see "Selected Historical Combined Financial Data of Adient," "Unaudited Pro Forma Condensed Combined Financial Statements," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the historical financial statements and accompanying notes included in the "Index to Financial Statements" section of this information statement.

As an independent, publicly traded company, Adient may not enjoy the same benefits that it did as a segment of Johnson Controls.

Currently, Adient's business is integrated with the other businesses of Johnson Controls. Adient is able to use Johnson Controls' size and purchasing power in procuring various goods and services and has shared economies of scope and scale in costs, employees, vendor relationships and customer relationships. Although Adient will enter into transition agreements with Johnson Controls, these arrangements may not fully capture the benefits Adient has enjoyed as a result of being integrated with Johnson Controls and may result in Adient paying higher amounts than in the past for these services. As a separate, independent company, Adient may be unable to obtain goods and services at the prices and terms obtained prior to the separation, which could decrease Adient's overall profitability. This

could have an adverse effect on Adient's results of operations and financial condition following the completion of the separation.

Adient's accounting and other management systems and resources may not be adequately prepared to meet the financial reporting and other requirements to which Adient will be subject following the separation and distribution.

Adient's financial results previously were included within the consolidated results of Johnson Controls. Although Adient believes that its financial reporting and internal controls were appropriate for those of a subsidiary of a public company, it was not directly subject to reporting and other requirements of the U.S. Securities Exchange Act of 1934, or Exchange Act. As a result of the separation and distribution, Adient will be directly subject to reporting and other obligations under the Exchange Act. Beginning with Adient's Annual Report on Form 10-K for fiscal 2016, Adient intends to comply with Section 404 of the Sarbanes-Oxley Act of 2002, as amended, or the Sarbanes-Oxley Act, which will require annual management assessments of the effectiveness of Adient's internal control over financial reporting and a report by Adient's independent registered public accounting firm on the effectiveness of Adient's internal control over financial reporting. These reporting and other obligations may place significant demands on management, administrative and operational resources, including accounting systems and resources.

The Exchange Act requires that Adient file annual, quarterly and current reports with respect to its business and financial condition. Under the Sarbanes Oxley Act, Adient is required to maintain effective disclosure controls and procedures and internal controls over financial reporting. To comply with these requirements, Adient may need to upgrade its systems, implement additional financial and management controls, reporting systems and procedures and hire additional accounting and finance staff. Adient expects to incur additional annual expenses for the purpose of addressing these requirements. If Adient is unable to upgrade its financial and management controls, reporting systems, information technology systems and procedures in a timely and effective fashion, its ability to comply with financial reporting requirements and other rules that apply to reporting companies under the Exchange Act could be impaired. Any failure to achieve and maintain effective internal controls could have a material adverse effect on Adient's business, financial condition, results of operations and cash flow.

As Adient builds its information technology infrastructure and transitions its data to its own systems, Adient could incur substantial additional costs and experience temporary business interruptions.

After the separation, Adient will install and implement information technology infrastructure to support certain of its business functions, including accounting and reporting, manufacturing process control, customer service, inventory control and distribution. Adient may incur temporary interruptions in business operations if it cannot transition effectively from Johnson Controls' existing transactional and operational systems, data centers and the transition services that support these functions as Adient replaces these systems. Adient may not be successful in implementing its new systems and transitioning its data, and it may incur substantially higher costs for implementation than currently anticipated. Adient's failure to avoid operational interruptions as it implements the new systems and replaces Johnson Controls' information technology services, or its failure to implement the new systems and replace Johnson Controls' services successfully, could disrupt its business and have a material adverse effect on its profitability. In addition, if Adient is unable to replicate or transition certain systems, its ability to comply with regulatory requirements could be impaired.

Johnson Controls may fail to perform under various transaction agreements that have or will be executed as part of the separation or Adient may fail to have necessary systems and services in place when certain of the transaction agreements expire.

In connection with the separation, Adient and Johnson Controls will enter into a separation and distribution agreement and various other agreements, including a transition services agreement, a tax matters agreement, an employee matters agreement and a transitional trademark license agreement. These agreements are discussed in greater detail in the section titled "Certain Relationships and Related Person Transactions." Certain of these agreements will provide for the performance of services by each company for the benefit of the other for a period of time after the separation. Adient will rely on Johnson Controls to satisfy its performance and payment obligations under these agreements. If Johnson Controls is unable to satisfy its obligations under these agreements, including its indemnification obligations, Adient could incur operational difficulties or losses.

If Adient does not have in place its own systems and services, or if Adient does not have agreements with other providers of these services when the transaction or long-term agreements terminate, Adient may not be able to operate its business effectively and its profitability may decline. Adient will be in the process of creating its own, or engaging third parties to provide, systems and services to replace many of the systems and services Johnson Controls currently provides to it. Adient may not be successful in effectively or efficiently implementing these systems and services or in transitioning data from Johnson Controls' systems to Adient's. These systems and services may also be more expensive or less efficient than the systems and services Johnson Controls is expected to provide during the transition period.

Potential indemnification liabilities to Johnson Controls pursuant to the separation agreement could materially adversely affect Adient.

The separation agreement with Johnson Controls will provide for, among other things, the principal corporate transactions required to effect the separation, certain conditions to the separation and provisions governing the relationship between Adient and Johnson Controls with respect to and resulting from the separation. For a description of the separation agreement, see "Certain Relationships and Related Person Transactions—Separation Agreement." Among other things, the separation agreement provides for indemnification obligations designed to make Adient financially responsible for substantially all liabilities that may exist relating to its business activities, whether incurred prior to or after the separation, as well as those obligations of Johnson Controls assumed by Adient pursuant to the separation agreement. If Adient is required to indemnify Johnson Controls under the circumstances set forth in the separation agreement, Adient may be subject to substantial liabilities.

The distribution will generally be taxable to Johnson Controls shareholders for U.S. federal income tax purposes.

The distribution will be a taxable distribution for U.S. federal income tax purposes. An amount equal to the fair market value of the Adient ordinary shares received by a Johnson Controls shareholder in the distribution (including any fractional shares deemed received and any ordinary shares withheld on account of any Irish withholding taxes) will be treated as a taxable dividend to the extent of such shareholder's ratable share of current and accumulated earnings and profits of Johnson Controls for the taxable year of the distribution. To the extent that the fair market value of such Adient ordinary shares exceeds a Johnson Controls shareholder's ratable share of such earnings and profits, any such excess will be treated first as a nontaxable return of capital to the extent of such shareholder's tax basis in Johnson Controls shares, and thereafter as capital gain recognized on a sale or exchange of such shares. No cash will be distributed to Johnson Controls shareholders pursuant to the distribution (except for cash paid in lieu of fractional Adient ordinary shares). Accordingly, Johnson Controls

shareholders will need to have alternative sources of cash from which to pay any resulting U.S. federal income tax liability. For more information, see "Material U.S. Federal Income Tax Consequences."

If there is any change to Irish tax law or the anticipated tax treatment of the distribution was challenged by the Irish Revenue Commissioners, certain Irish holders of Johnson Controls ordinary shares may incur a charge to Irish tax as a result of receiving shares in connection with the distribution.

Statements contained in this information statement concerning the taxation of holders of Johnson Controls ordinary shares are based on current Irish tax law and the published practice of the Irish Revenue Commissioners as at the date of this information statement, either of which is subject to change, possibly with retrospective effect.

The taxation of the distribution depends on the individual circumstances of each Johnson Controls shareholder and the summary of the Irish tax treatment of the distribution set out in the section entitled "Material Irish Income Tax Consequences" is intended as a general guide only. It does not address the specific tax position of every holder of Johnson Controls ordinary shares and only deals with rules of Irish taxation of general application. Therefore any investors who are in any doubt as to their tax position (from an Irish perspective) as a result of receiving Adient ordinary shares in connection with the distribution should consult their own independent tax advisers.

No specific confirmation from the Irish Revenue Commissioners as to the tax treatment of the distribution for Johnson Controls shareholders will be sought by Johnson Controls. Accordingly, the anticipated tax treatment of the distribution as outlined in the section entitled "Material Irish Income Tax Consequences" may be challenged by the Irish Revenue Commissioners. In the event of a successful challenge, Johnson Controls shareholders that are resident or ordinarily resident in Ireland for Irish tax purposes or hold their shares in connection with a trade or business carried on by such shareholders through an Irish branch or agency may incur a charge to Irish tax as a result of receiving Adient ordinary shares in connection with the distribution.

Adient may not be able to engage in desirable strategic or capital raising transactions after the separation.

Johnson Controls and Adient will engage in various restructuring transactions in connection with the distribution. To preserve the tax-free treatment of certain such restructuring transactions, for the two-year period following the separation, under the tax matters agreement that Adient will enter into with Johnson Controls, Adient may be prohibited, except in specific circumstances, from (i) entering into any transaction pursuant to which all or a portion of the Adient ordinary shares would be acquired, whether by merger or otherwise, (ii) ceasing to actively conduct certain of its businesses or (iii) taking or failing to take any other action that would prevent certain of such restructuring transactions from qualifying as transactions that are generally tax-free for U.S. federal income tax purposes under Sections 355 and 368(a)(1)(D) of the Internal Revenue Code of 1986, as amended (the "Code"). These restrictions may limit for a period of time Adient's ability to pursue certain strategic transactions or other transactions that Adient may believe to be in the best interests of its shareholders or that might increase the value of its business. For more information, see "Certain Relationships and Related Person Transactions—Tax Matters Agreement."

After the separation, certain of Adient's executive officers and directors may have actual or potential conflicts of interest because of their service as executive officers or directors of Johnson Controls.

Because of their past service with Johnson Controls, certain of Adient's expected officers and directors own Johnson Controls shares, options to purchase Johnson Controls shares or other equity awards. Following the separation, even though Adient's board of directors will consist of a majority of directors who are independent, and Adient's expected executive officers and directors who are currently employees or directors of Johnson Controls and cease to be employees or directors of Johnson

Controls, some Adient executive officers and directors will continue to have a financial interest in Johnson Controls shares. Continuing ownership of Johnson Controls shares and equity awards could create, or appear to create, potential conflicts of interest if Adient and Johnson Controls pursue the same corporate opportunities or face decisions that could have different implications for Adient and Johnson Controls.

Adient may not achieve some or all of the expected benefits of the separation, and the separation may adversely affect Adient's business.

Adient may not be able to achieve the full strategic and financial benefits expected to result from the separation, or such benefits may be delayed or not occur at all. The separation and distribution are expected to provide the following benefits, among others: (i) allowing Johnson Controls and Adient to focus exclusively on their own businesses and their distinct needs, and pursue unique opportunities for long-term growth and profitability; (ii) more efficient allocation of capital for both Johnson Controls and Adient; and (iii) direct access by Adient to the capital markets.

Adient may not achieve these and other anticipated benefits for a variety of reasons, including, among others: (a) the separation will require significant amounts of management's time and effort, which may divert management's attention from operating and growing Adient's business; (b) following the separation, Adient may be more susceptible to market fluctuations and other adverse events than if it were still a part of Johnson Controls; (c) following the separation, Adient's business will be less diversified than Johnson Controls' business prior to the separation; and (d) the other actions required to separate Johnson Controls' and Adient's respective businesses could disrupt Adient's operations. If Adient fails to achieve some or all of the benefits expected to result from the separation, or if such benefits are delayed, the business, financial conditions, and results of operations of Adient could be adversely affected.

Adient may have received better terms from unaffiliated third parties than the terms it will receive in its agreements with Johnson Controls.

The agreements Adient will enter into with Johnson Controls in connection with the separation, including a transition services agreement, a tax matters agreement, an employee matters agreement and a transitional trademark license agreement, were prepared in the context of the separation while Adient's business was still operated by and part of Johnson Controls. Accordingly, during the period in which the terms of those agreements were prepared, Adient did not have an independent board of directors or a management team that was independent of Johnson Controls. As a result, the terms of those agreements may not reflect terms that would have resulted from arm's-length negotiations between unaffiliated third parties. Arm's-length negotiations between Johnson Controls and an unaffiliated third party in another form of transaction, such as a buyer in a sale of a business transaction, may have resulted in more favorable terms to the unaffiliated third party. See "Certain Relationships and Related Person Transactions."

Challenges in the commercial and credit environment may adversely affect Adient's ability to complete the separation and Adient's future access to capital.

Adient's ability to issue debt or enter into other financing arrangements on acceptable terms could be adversely affected if there is a material decline in the demand for Adient's products or in the solvency of its customers or suppliers or other significantly unfavorable changes in economic conditions. Volatility in the world financial markets could increase borrowing costs or affect Adient's ability to access the capital markets. These conditions may adversely affect Adient's ability to obtain targeted credit ratings prior to and following the separation.

In connection with Adient's separation from Johnson Controls, Adient will incur debt obligations that could adversely affect Adient's business, profitability and its ability to meet Adient's obligations.

As of March 31, 2016, on a pro forma basis after giving effect to the new financing arrangements that Adient expects to enter into in connection with the separation and after giving effect to the application of the net proceeds of such financing, Adient's total combined indebtedness would have been approximately \$3.5 billion.

This significant amount of debt could potentially have important consequences to Adient and its debt and equity investors, including:

- requiring a substantial portion of Adient's cash flow from operations to make interest payments on this debt following the separation;
- making it more difficult to satisfy debt service and other obligations;
- increasing the risk of a future credit ratings downgrade of its debt, which could increase future debt costs and limit the future availability of debt financing;
- increasing Adient's vulnerability to general adverse economic and industry conditions;
- reducing the cash flow available to fund capital expenditures and other corporate purposes and to grow Adient's business;
- limiting Adient's flexibility in planning for, or reacting to, changes in its business and the industry;
- placing Adient at a competitive disadvantage relative to its competitors that may not be as highly leveraged with debt; and
- limiting Adient's ability to borrow additional funds as needed or take advantage of business opportunities as they arise, pay cash dividends or repurchase ordinary shares.

In addition, Adient's term loan and revolving credit facilities require Adient to maintain compliance with a maximum total net leverage ratio tested on a quarterly basis. Events beyond Adient's control, including changes in general business and economic conditions, may affect its ability to meet this requirement. A breach of the restrictive covenants in Adient's credit facilities or Adient's inability to comply with the maximum total net leverage ratio could result in an event of default under Adient's debt agreements. If an event of default occurs and is continuing under such agreements, the lenders thereunder could elect to declare all amounts outstanding, together with accrued interest, to be immediately due and payable, which could result in acceleration of Adient's other debt. If Adient was unable to repay any borrowings under the credit facilities when due, the lenders thereunder could proceed against their collateral.

To the extent that Adient incurs additional indebtedness, the risks described above could increase. In addition, Adient's actual cash requirements in the future may be greater than expected. Adient's cash flow from operations may not be sufficient to repay all of the outstanding debt as it becomes due, and Adient may not be able to borrow money, sell assets or otherwise raise funds on acceptable terms, or at all, to refinance Adient's debt.

Risks Related to Adient Ordinary Shares

Adient cannot be certain that an active trading market for its ordinary shares will develop or be sustained after the separation, and following the separation, Adient's share price may fluctuate significantly.

A public market for Adient ordinary shares does not currently exist. Adient anticipates that on or prior to the record date for the distribution, trading of its ordinary shares will begin on a "when-issued" basis and will continue through the distribution date. However, Adient cannot guarantee

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that an active trading market will develop or be sustained for its ordinary shares after the separation. Nor can Adient predict the prices at which its ordinary shares may trade after the separation. Similarly, Adient cannot predict the effect of the separation on the trading prices of its ordinary shares or whether the combined market value of the ordinary shares of Adient and the shares of Johnson Controls will be less than, equal to or greater than the market value of Johnson Controls shares prior to the separation.

The market price of Adient ordinary shares may fluctuate significantly due to a number of factors, some of which may be beyond Adient's control, including:

- actual or anticipated fluctuations in Adient's operating results;
- changes in earnings estimated by securities analysts or Adient's ability to meet those estimates;
- the operating and stock price performance of comparable companies;
- changes to the regulatory and legal environment under which Adient operates;
- the trading volume and liquidity of Adient ordinary shares; and
- domestic and worldwide economic conditions.

In addition, when the market price of a company's shares drops significantly, shareholders often institute securities class action lawsuits against the company. A lawsuit against Adient could cause it to incur substantial costs and could divert the time and attention of its management and other resources.

A number of Adient ordinary shares are or will be eligible for future sale, which may cause Adient's share price to decline.

Any sales of substantial amounts of Adient ordinary shares in the public market or the perception that such sales might occur, in connection with the distribution or otherwise, may cause the market price of Adient ordinary shares to decline. Upon completion of the distribution, Adient expects that it will have an aggregate of approximately million ordinary shares issued and outstanding on , 2016. These shares will be freely tradeable without restriction or further registration under the U.S. Securities Act of 1933, as amended, or the Securities Act, unless the shares are owned by one of Adient's "affiliates," as that term is defined in Rule 405 under the Securities Act.

Adient is unable to predict whether large amounts of its ordinary shares will be sold in the open market following the distribution. Adient is also unable to predict whether a sufficient number of buyers would be in the market at that time.

Adient cannot guarantee the timing, amount or payment of dividends on its ordinary shares.

Although Adient expects to pay regular cash dividends following the separation, the timing, declaration, amount and payment of future dividends to shareholders will fall within the discretion of Adient's board of directors. The board's decisions regarding the payment of dividends will depend on many factors, such as Adient's financial condition, earnings, sufficiency of distributable reserves, capital requirements, debt service obligations, legal requirements, regulatory constraints and other factors that the board deems relevant. For more information, see "Dividend Policy." Adient's ability to pay dividends will depend on its ongoing ability to generate cash from operations and access capital markets. Adient cannot guarantee that it will pay a dividend in the future or continue to pay any dividend if Adient commences paying dividends.

Your percentage of ownership in Adient may be diluted in the future.

In the future, your percentage ownership in Adient may be diluted because of equity issuances for acquisitions, capital market transactions or otherwise, including equity awards that Adient will be

granting to Adient's directors, officers and employees. Adient's employees will have options to purchase its ordinary shares after the distribution as a result of the conversion of their Johnson Controls stock options (in whole or in part) to Adient share options. Adient anticipates its compensation committee will grant additional stock options or other stock-based awards to its employees after the distribution. Such awards will have a dilutive effect on Adient's earnings per share, which could adversely affect the market price of Adient ordinary shares. From time to time, Adient will issue additional options or other stock-based awards to its employees under Adient's employee benefits plans.

In addition, Adient's articles of association will authorize Adient to issue, without the approval of Adient's shareholders, one or more classes or series of preferred shares having such designation, powers, preferences and relative, participating, optional and other special rights, including preferences over Adient ordinary shares respecting dividends and distributions, as Adient's board of directors generally may determine. The terms of one or more classes or series of preferred shares could dilute the voting power or reduce the value of Adient ordinary shares. For example, Adient could grant the holders of preferred shares the right to elect some number of Adient's directors in all events or on the happening of specified events or the right to veto specified transactions. Similarly, the repurchase or redemption rights or liquidation preferences Adient could assign to holders of preferred shares could affect the residual value of the ordinary shares. See "Description of Adient's Share Capital."

Adient ordinary shares will have rights different from Johnson Controls shares.

Upon completion of the distribution, the rights of Johnson Controls shareholders who become Adient shareholders will be governed by the articles of association of Adient and by Irish law. The rights associated with Johnson Controls shares are different from the rights associated with Adient ordinary shares. Material differences between the rights of shareholders of Johnson Controls and the rights of shareholders of Adient include differences with respect to, among other things, the election of directors, the removal of directors, the indemnification of directors and officers, limitations on director liability, the convening of annual meetings of shareholders and special shareholder meetings, notice provisions for meetings, the exercise of voting rights, shareholder action by written consent, shareholder approval of certain transactions, anti-takeover measures and provisions relating to the ability to amend the articles of association. See "Description of Adient's Share Capital."

Certain provisions in Adient's articles of association, among other things, could prevent or delay an acquisition of Adient, which could decrease the trading price of Adient ordinary shares.

The Adient articles of association will include measures that may be found in the charters of U.S. companies and that could have the effect of deterring coercive takeover practices, inadequate takeover bids and unsolicited offers. These provisions include, among others: (i) the power for the board of directors to issue and allot preferred shares or implement a shareholder rights plan without shareholder approval in certain circumstances; (ii) a provision similar to Section 203 of the Delaware General Corporation Law, which provides that, subject to limited exceptions, persons that acquire, or are affiliated with a person that acquires, more than 15 percent of the outstanding ordinary shares of Adient shall not engage in any business combination with Adient, including by merger, consolidation or acquisitions of additional shares, for a three-year period following the date on which that person or its affiliates becomes the holder of more than 15 percent of Adient's outstanding ordinary shares; (iii) rules regarding how shareholders may present proposals or nominate directors for election at shareholder meetings; and (iv) the ability of the Adient board of directors to fill vacancies on the board of directors in certain circumstances.

It could be more difficult for Adient to obtain shareholder approval for a merger or negotiated transaction after the distribution because the shareholder approval requirements for certain types of transactions differ, and in some cases are greater, under Irish law than under U.S. state law.

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In addition, several mandatory provisions of Irish law could prevent or delay an acquisition of Adient. For example, Adient will be subject to various provisions of Irish law relating to mandatory bids, voluntary bids, requirements to make a cash offer and minimum price requirements, as well as substantial acquisition rules and rules requiring the disclosure of interests in Adient ordinary shares in certain circumstances. Also, Irish companies, including Adient, may only alter their memorandum of association and articles of association with the approval of the holders of at least 75% of the company's shares present and voting in person or by proxy at a general meeting of the company.

For additional information on these and other provisions of Adient's articles of association and Irish law that could be considered to have an anti-takeover effect, see "Description of Adient's Share Capital—Anti-Takeover Provisions."

As an Irish public limited company, certain capital structure decisions will require shareholder approval, which may limit Adient's flexibility to manage its capital structure.

Irish law provides that a board of directors may allot shares (or rights to subscribe for or convertible into shares) only with the prior authorization of shareholders, such authorization for a maximum period of five years, each as specified in the articles of association or relevant shareholder resolution. This authorization would need to be renewed by Adient's shareholders upon its expiration (*i.e.*, at least every five years). The Adient articles of association will authorize the allotment of shares (subject to the limits provided for in the NYSE Listed Company Manual) for a period of five years from the date of adoption of the Adient articles of association, which authorization will need to be renewed by ordinary resolution, being a resolution passed by a simple majority of votes cast, upon expiration (*i.e.*, at least every five years) but may be sought more frequently for additional five-year terms (or any shorter period).

Irish law also generally provides shareholders with preemptive rights when new shares are issued for cash; however, it is possible for the Adient articles of association, or shareholders in general meeting, to exclude preemptive rights. Such an exclusion of preemptive rights may be for a maximum period of up to five years from the date of adoption of the articles of association, if the exclusion is contained in the articles of association, or from the date of the shareholder resolution, if the exclusion is by shareholder resolution; in either case, this exclusion would need to be renewed by Adient's shareholders upon its expiration (*i.e.*, at least every five years). The Adient articles of association will exclude preemptive rights for a period of five years from the date of adoption of the Adient articles of association, which exclusion will need to be renewed by special resolution, being a resolution passed by not less than 75% of votes cast, upon expiration (*i.e.*, at least every five years) but may be sought more frequently for additional five-year terms (or any shorter period).

Irish law also generally prohibits a public company from repurchasing its own shares without the prior approval of shareholders by ordinary resolution, being a resolution passed by a simple majority of votes cast, and other formalities. Such approval may be for a maximum period of up to five years. Adient anticipates that, prior to the distribution, an ordinary resolution will be adopted to permit purchases of Adient ordinary shares. This ordinary resolution will need to be renewed upon expiration (*i.e.*, at least every five years) but may be sought more frequently for additional five-year terms (or any shorter period).

Irish law will require that Adient meet certain additional financial requirements before it declares dividends following the distribution.

Under Irish law, Adient will be able to declare dividends and make distributions only out of "distributable reserves." Distributable reserves are the accumulated realized profits of Adient that have not previously been utilized in a distribution or capitalization less accumulated realized losses that have not previously been written off in a reduction or reorganization of capital, and include reserves created

by way of a reduction of capital, including the share premium account. In addition, no distribution or dividend may be paid or made by Adient unless the net assets of Adient are equal to, or exceed, the aggregate of Adient's called up share capital plus non-distributable reserves and the distribution does not reduce Adient's net assets below such aggregate. Non-distributable reserves include the share premium account, the capital redemption reserve fund and the amount by which Adient's accumulated unrealized profits that have not previously utilized by any capitalization exceed Adient's accumulated unrealized losses that have not previously been written off in a reduction or reorganization of capital.

Following the distribution, it is expected that Adient will capitalize the reserve created pursuant to the internal restructuring transactions related to the distribution and implement a parallel court-approved reduction of that capital in order to create a reserve of an equivalent amount of distributable reserves to support the payment of possible future dividends or future share repurchases. Neither the capitalization nor the reduction will impact shareholders' relative interests in the capital of Adient. The Adient articles of association are expected to permit Adient by ordinary resolution of the shareholders to declare dividends, provided that the directors have made a recommendation as to its amount. The dividend may not exceed the amount recommended by the directors. The directors may also decide to pay interim dividends if it appears to them that the profits available for distribution justify the payment. When recommending or declaring the payment of a dividend, the directors will be required under Irish law to comply with their duties, including considering Adient's future financial requirements. See "Dividend Policy—Creation of Distributable Reserves."

The laws of Ireland differ from the laws in effect in the United States and may afford less protection to holders of Adient securities.

It may not be possible to enforce court judgments obtained in the United States against Adient in Ireland based on the civil liability provisions of the U.S. federal or state securities laws. In addition, there is some uncertainty as to whether the courts of Ireland would recognize or enforce judgments of U.S. courts obtained against Adient or its directors or officers based on the civil liabilities provisions of the U.S. federal or state securities laws or hear actions against Adient or those persons based on those laws. The United States currently does not have a treaty with Ireland providing for the reciprocal recognition and enforcement of judgments in civil and commercial matters in Ireland. Therefore, a final judgment for the payment of money rendered by any U.S. federal or state court based on civil liability, whether or not based solely on U.S. federal or state securities laws, would not automatically be enforceable in Ireland.

A judgment obtained against Adient will be enforced by the courts of Ireland if the following general requirements are met: (i) U.S. courts must have had jurisdiction in relation to the particular defendant according to Irish conflict of law rules (the submission to jurisdiction by the defendant would satisfy this rule) and (ii) the judgment must be final and conclusive and the decree must be final and unalterable in the court which pronounces it. A judgment can be final and conclusive even if it is subject to appeal or even if an appeal is pending. Where however the effect of lodging an appeal under the applicable law is to stay execution of the judgment, it is possible that in the meantime the judgment may not be actionable in Ireland. It remains to be determined whether final judgment given in default of appearance is final and conclusive. However, Irish courts may refuse to enforce a judgment of the U.S. courts which meets the above requirements for one of the following reasons: (i) if the judgment is not for a definite sum of money; (ii) if the judgment was obtained by fraud; (iii) the enforcement of the judgment in Ireland would be contrary to natural or constitutional justice; (iv) the judgment is contrary to Irish public policy or involves certain U.S. laws which will not be enforced in Ireland; or (v) jurisdiction cannot be obtained by the Irish courts over the judgment debtors in the enforcement proceedings by personal service in Ireland or outside Ireland under Order 11 of the Ireland Superior Courts Rules.

As an Irish company, Adient will be governed by the Irish Companies Act 2014, which differs in some material respects from laws generally applicable to U.S. corporations and shareholders, including, among others, differences relating to interested director and officer transactions and shareholder lawsuits. Likewise, the duties of directors and officers of an Irish company generally are owed to the company only. Shareholders of Irish companies generally do not have a personal right of action against directors or officers of the company and may exercise such rights of action on behalf of the company only in limited circumstances. Accordingly, holders of Adient's securities may have more difficulty protecting their interests than would holders of securities of a corporation incorporated in a jurisdiction of the United States.

In addition, the Adient articles of association will provide that the Irish courts have exclusive jurisdiction to determine any and all derivative actions in which a holder of Adient ordinary shares asserts a claim in the name of Adient, actions asserting a claim of breach of a fiduciary duty of any of the directors of Adient and actions asserting a claim arising pursuant to any provision of Irish law or Adient's articles of association. Under Irish law, the proper claimant for wrongs committed against Adient, including by the Adient directors, is considered to be Adient itself. Irish law permits a shareholder to initiate a lawsuit on behalf of a company such as Adient only in limited circumstances, and requires court permission to do so.

The IRS may not agree that Adient is a foreign corporation for U.S. federal tax purposes.

For U.S. federal tax purposes, a corporation is generally considered to be a tax resident of the jurisdiction of its organization or incorporation. Because Adient is a company incorporated under the laws of Ireland, it would be classified as a foreign corporation under these rules. Section 7874 of the Code, or Section 7874, provides an exception to this general rule under which a foreign incorporated entity may, in certain circumstances, be classified as a U.S. corporation for U.S. federal tax purposes. The rules under Section 7874 are relatively new and complex and there is limited guidance regarding their application.

Under Section 7874, a corporation created or organized outside the United States (*i.e.*, a foreign corporation) will nevertheless be treated as a U.S. corporation for U.S. federal tax purposes if (i) the foreign corporation directly or indirectly acquires substantially all of the properties held directly or indirectly by a U.S. corporation (including through an acquisition of the outstanding shares of the U.S. corporation), (ii) the former shareholders of the acquired U.S. corporation hold at least 80% (by either vote or value) of the shares of the foreign acquiring corporation after the acquisition by reason of holding shares in the acquired U.S. corporation (including the receipt of the foreign corporation's shares in exchange for the U.S. corporation's shares), or the 80% Ownership Test, and (iii) the foreign corporation's "expanded affiliated group" does not have substantial business activities in the foreign corporation's country of organization or incorporation relative to such expanded affiliated group's worldwide activities. For purposes of Section 7874, acquisitions of multiple U.S. corporations (and/or substantially all of the assets of multiple U.S. corporations) by a foreign corporation, if treated as part of a plan or series of related transactions, may be treated as a single acquisition, in which case all shares of the foreign acquiring corporation received by the shareholders of the U.S. corporations would be aggregated for purposes of the 80% Ownership Test. Where, pursuant to the same transaction, stock of the foreign acquiring corporation is received in exchange for stock of a U.S. corporation as well as other property, the portion of the stock of the foreign acquiring corporation received in exchange for the stock of the U.S. corporation is determined based on the relative value of the stock of the U.S. corporation compared with the aggregate value of such stock and such other property.

As part of the separation, Adient will indirectly acquire assets, including stock of U.S. subsidiaries, from Johnson Controls, Inc., which is a U.S. corporation. It is currently not expected that Section 7874 will cause Adient or any of its affiliates to be treated as a U.S. corporation for U.S. tax purposes as a result of such acquisitions because, among other things, based on the rules for determining ownership

under Section 7874 and the Treasury Regulations promulgated thereunder and certain factual assumptions, (i) the assets acquired from Johnson Controls, Inc. are not expected to constitute "substantially all" of the properties held directly or indirectly by Johnson Controls, Inc. and (ii) the shares received by reason of holding stock in the U.S. subsidiaries of Johnson Controls, Inc. transferred in the separation are not expected to represent at least 80% (by either vote or value) of the relevant shares. However, whether or not certain of the tests under Section 7874 are satisfied must be finally determined at the completion of the separation, by which time there could be adverse changes in relevant facts and circumstances. Moreover, the law and Treasury Regulations promulgated under Section 7874 are relatively new, complex and somewhat unclear, and there is limited guidance regarding the application of Section 7874 in circumstances similar to the separation. For example, there is currently no guidance that expressly defines what constitutes "substantially all" of the properties of a U.S. corporation for purposes of Section 7874 and it is possible that the IRS may assert that "substantially all" of the properties of Johnson Controls, Inc. (or of a U.S. subsidiary of Johnson Controls, Inc.) were acquired in the separation. In addition, there is limited guidance on the application of the 80% Ownership Test in circumstances similar to the separation and the IRS may not agree that the shares held by reason of holding shares in U.S. subsidiaries that (or substantially all of the assets of which) were transferred in the separation represent less than 80% (by either vote or value) of the relevant shares for purposes of Section 7874. Moreover, the percentage represented by such shares will depend on the relative valuation of the various assets (including stock of subsidiaries) that are transferred in connection with the separation. Valuation matters can be subjective, and the IRS may also seek to challenge the valuation of such assets.

In addition, on April 4, 2016, the U.S. Department of Treasury (the "U.S. Treasury") and the IRS issued temporary Treasury Regulations under Section 7874 (the "Temporary 7874 Regulations"), which generally increase the likelihood that the relevant ownership percentages under Section 7874 will be exceeded. Although it is presently not expected that the Temporary 7874 Regulations will adversely affect the U.S. federal tax status of Adient or any of its foreign affiliates as a foreign corporation (and although it is possible that the Temporary 7874 Regulations could cause certain exceptions to the application of Section 7874 to apply to the separation), the Temporary 7874 Regulations are new and complex, and there is limited guidance regarding their application.

Accordingly, there can be no assurance that the IRS will not challenge the status of Adient or any of its foreign affiliates as a foreign corporation under Section 7874 or that such challenge would not be sustained by a court. If the IRS were to successfully challenge such status under Section 7874, Adient and its affiliates could be subject to substantial additional U.S. tax liability. Adient estimates that if it were treated as a U.S. corporation for U.S. federal tax purposes, its effective tax rate could be approximately 5-7% higher than the effective tax rate if it were treated as a foreign corporation for U.S. federal tax purposes. However, this estimate is based on multiple assumptions, including assumptions as to Adient's structure and capitalization and the expected treatment of Adient's global income under U.S. and non-U.S. tax laws. The difference between Adient's actual effective tax rate if it were treated as a U.S. corporation compared to its effective tax rate if it were treated as a foreign corporation could be higher or lower than this estimate, and there can be no guarantee that Adient's effective tax rate following the distribution will be consistent with Adient's current estimates. In addition, Adient and certain of its foreign affiliates are expected, regardless of any application of Section 7874, to be treated as tax residents of countries other than the United States. Consequently, if Adient or any such affiliate is treated as a U.S. corporation for U.S. federal tax purposes under Section 7874, Adient or such affiliate could be liable for both U.S. and non-U.S. taxes, which could have a material adverse effect on its financial condition and results of operations.

Please see "Material U.S. Federal Income Tax Consequences—U.S. Federal Income Tax Consequences of the Separation to Adient—Tax Residence of Adient for U.S. Federal Income Tax Purposes" for a more detailed discussion of the application of Section 7874 to the separation.

Section 7874 may limit the ability of Adient's U.S. affiliates to use certain tax attributes following the separation or otherwise increase such U.S. affiliates' U.S. taxable income.

Following the acquisition of a U.S. corporation by a foreign corporation, Section 7874 of the Code can limit the ability of the acquired U.S. corporation and its U.S. affiliates to use U.S. tax attributes (including net operating losses and certain tax credits) to offset U.S. taxable income resulting from certain transactions. Specifically, Section 7874 can apply in this manner if (i) the foreign corporation acquires, directly or indirectly, substantially all of the properties held directly or indirectly by a U.S. corporation (including through an acquisition of the outstanding shares of the U.S. corporation), (ii) after the acquisition, the former shareholders of the acquired U.S. corporation hold at least 60% (by either vote or value) but less than 80% (by vote and value) of the shares of the foreign acquiring corporation by reason of holding shares in the acquired U.S. corporation (including the receipt of the foreign corporation's shares in exchange for the U.S. corporation's shares), or the 60% Ownership Test, and (iii) the foreign corporation's "expanded affiliated group" does not have substantial business activities in the foreign corporation's country of organization or incorporation relative to such expanded affiliated group's worldwide activities. For purposes of Section 7874, acquisitions of multiple U.S. corporations (and/or substantially all of the assets of multiple U.S. corporations) by a foreign corporation, if treated as part of a plan or series of related transactions, may be treated as a single acquisition, in which case all shares of the foreign acquiring corporation received by the shareholders of the U.S. corporations would be aggregated for purposes of the 60% Ownership Test. Where, pursuant to the same transaction, stock of the foreign acquiring corporation is received in exchange for stock of a U.S. corporation as well as other property, the stock of the foreign acquiring corporation that was received in exchange for the stock of the U.S. corporation is determined based on the relative value of the stock of the U.S. corporation compared with the aggregate value of such stock and such other property.

As part of the separation, Adient will indirectly acquire assets, including stock of U.S. subsidiaries, from Johnson Controls, Inc., which is a U.S. corporation, in exchange for Adient ordinary shares. It is currently not expected that Section 7874 will limit the ability of Adient's U.S. affiliates to use certain tax attributes because, among other things, based on the rules for determining ownership under Section 7874 and the Treasury Regulations promulgated thereunder and certain factual assumptions, (i) the assets acquired from Johnson Controls, Inc. are not expected to constitute "substantially all" of the properties held directly or indirectly by Johnson Controls and (ii) the shares received by reason of holding stock in the U.S. subsidiaries transferred in the separation are not expected to represent at least 60% (by either vote or value) of the relevant shares. However, whether or not certain of the tests under Section 7874 are satisfied must be finally determined at the completion of the separation, by which time there could be adverse changes in relevant facts and circumstances. In addition, as discussed above, the Treasury Regulations promulgated under Section 7874 are relatively new, complex and somewhat unclear and there is limited guidance regarding the application of Section 7874 in circumstances similar to the separation. Moreover, the percentage of shares held by reason of holding stock of relevant U.S. subsidiaries of Johnson Controls, Inc. will depend on the relative valuation of the assets transferred in connection with the separation and valuation matters can be subjective.

In addition, the Temporary 7874 Regulations generally increase the likelihood that the relevant ownership percentages under Section 7874 will be exceeded and limit or eliminate certain tax benefits to so-called inverted corporations and groups, including with respect to access to certain foreign earnings, post-inversion restructuring transactions and the ability to use certain attributes and deductions. Although it is presently not expected that the Temporary 7874 Regulations will materially adversely affect the benefits of the separation or the ability of Adient's U.S. affiliates to use certain U.S. tax attributes or deductions (and although it is possible that the Temporary 7874 Regulations could cause certain exceptions to the application of Section 7874 to apply to the separation), the Temporary 7874 Regulations are new and complex, and there is limited guidance regarding their application.

Accordingly, there can be no assurance that the IRS would not assert that Section 7874 applies to limit the ability of the U.S. subsidiaries and affiliates of Adient to use certain U.S. tax attributes or that such challenge would not be sustained by a court. If the relevant tests under Section 7874 are satisfied for any reason, or if changes in applicable law adversely affect the application of the above rules to Adient, Adient's U.S. affiliates could be limited in their ability to use their U.S. tax attributes, if any, to offset taxable income resulting from certain transactions, or could otherwise have their U.S. taxable income increased.

Please see "Material U.S. Federal Income Tax Consequences—U.S. Federal Income Tax Consequences of the Separation to Adient—Tax Residence of Adient for U.S. Federal Tax Purposes" for a more detailed discussion of the application of Section 7874 to the separation.

Adient's status as a foreign corporation for U.S. federal tax purposes and the U.S. tax liabilities of the Adient group could be affected by a change in law.

Under current law, Adient is expected to be treated as a foreign corporation for U.S. federal tax purposes and Section 7874 is not otherwise expected to apply to Adient or its affiliates as a result of the separation. However, changes to the rules contained in Section 7874 and the Treasury Regulations promulgated thereunder, or other changes in law, could adversely affect Adient's and/or its affiliates' status as foreign corporations for U.S. federal tax purposes, the ability of Adient's U.S. affiliates to use certain attributes or deductions, the Adient group's effective tax rate and/or future tax planning for the Adient group, and any such changes could have prospective or retroactive application to Adient, its shareholders and affiliates, and/or the separation and distribution.

Recent legislative and other proposals have aimed to expand the scope of U.S. corporate tax residence, including in such a way as could cause Adient and/or its affiliates to be treated as U.S. corporations if the management and control of Adient or such affiliates were determined to be located primarily in the United States. In addition, recent legislative and other proposals have aimed to expand the scope of Section 7874, or otherwise address certain perceived issues arising in connection with so-called inversion transactions. For example, a provision in the Obama Administration's 2017 budget proposals, which if enacted in its present form, would be effective for transactions completed after December 31, 2016, as well as proposals that have been introduced by members of Congress which, if enacted in their present form, would be effective retroactively to any transactions completed after May 8, 2014, would, among other things, treat a foreign acquiring corporation as a U.S. corporation for U.S. federal tax purposes under Section 7874 if the former shareholders of the acquired U.S. corporation own more than 50% of the shares of the foreign acquiring corporation after the transaction by reason of holding shares in the U.S. acquired corporation (including the receipt of the foreign corporation's shares in exchange for the U.S. corporation's shares). Such or similar proposals, if made retroactively effective to transactions completed during the period in which the separation occurs, could cause Adient and/or its affiliates to be treated as U.S. corporations for U.S. federal tax purposes. In such case, the Adient group would be subject to substantially greater U.S. tax liability than currently contemplated. Other recent legislative and regulatory proposals (including, most recently, proposed legislation introduced by Democratic members of the House of Representatives on February 23, 2016, which, if enacted in its present form, would be effective with respect to any transactions completed on or after May 8, 2014; proposed legislation introduced by Democratic members of the Senate on March 10, 2016, which, if enacted in its present form, would be effective with respect to taxable years ending after March 9, 2016; proposed legislation introduced by Democratic members of the Senate on March 10, 2016, which, if enacted in its present form, would be effective with respect to taxable years beginning after the date of enactment; and proposed Treasury Regulations under Section 385 of the Code issued by the U.S. Treasury and the IRS on April 4, 2016), if enacted or finalized, could cause Adient's U.S. affiliates to be subject to certain intercompany financing limitations, including with respect to their ability to deduct certain interest expense, and could cause Adient and its affiliates to

recognize additional taxable income. It is presently uncertain whether any such legislative proposals or any other legislation relating to Section 7874 or so-called inversion transactions will be enacted into law or whether such proposed Treasury Regulations will be issued in final form and, if so, what impact such legislation or final Treasury Regulations would have on Adient and its affiliates.

Any change of law or regulatory action relating to Section 7874 or so-called inversion transactions or inverted groups could adversely impact Adient's and/or its affiliates' U.S. tax status as foreign corporations as well as their financial position, flexibility and results in a material manner.

The IRS may assert that Section 7874 applies to the separation as a result of the merger.

For purposes of Section 7874, if two or more foreign corporations directly or indirectly acquire, in the aggregate, substantially all of the properties of a U.S. corporation, and such acquisitions are treated as part of a plan or a series of related transactions, then each such foreign corporation may be treated as acquiring substantially all of the properties of such U.S. corporation. However, there is no specific guidance regarding how the percentage ownership of the former shareholders of such U.S. corporation in each such foreign corporation is determined for purposes of Section 7874 in such circumstances. The IRS may assert that, even though the Tyco merger is a separate transaction from the separation, the merger should be integrated with the separation and that Adient and/or its affiliates should therefore be treated as having acquired substantially all of the properties of Johnson Controls, Inc. in the separation. In the event the IRS were to prevail with such assertion, the application of Section 7874 to the separation is not entirely clear. It is possible that the determination of whether the 60% Ownership Test or the 80% Ownership Test is met with respect to the separation would be made by reference to the percentage of shares of Johnson Controls held by the former shareholders of Johnson Controls, Inc. after the Tyco merger by reason of holding shares in Johnson Controls, Inc. Under this approach, based on certain factual assumptions and current provisions of U.S. federal income tax law, it is expected that Adient would be respected as a foreign corporation for U.S. federal tax purposes. However, there can be no assurance that the IRS would not assert a different methodology and conclude that either the 60% Ownership Test or the 80% Ownership Test is satisfied. If the IRS were to prevail with such assertion, the ability of Adient's U.S. affiliates to use certain U.S. tax attributes could be limited and/or Adient or its foreign affiliates could be treated as a U.S. corporation for U.S. federal tax purposes. If Adient or its affiliates were to be subject to such limitations or to be so treated, significant adverse tax consequences would result.

Future changes to U.S. and non-U.S. tax laws could adversely affect Adient.

The U.S. Congress, the Organization for Economic Co-operation and Development and other government agencies in jurisdictions where Adient and its affiliates do business have had an extended focus on issues related to the taxation of multinational corporations. One example is in the area of "base erosion and profit shifting," including situations where payments are made between affiliates from a jurisdiction with high tax rates to a jurisdiction with lower tax rates. As a result, the tax laws in the United States and other countries in which Adient and its affiliates do business could change on a prospective or retroactive basis, and any such changes could adversely affect Adient and its affiliates.

Legislative action in the United States could materially adversely affect Adient.

Legislative action may be taken by the U.S. Congress which, if ultimately enacted, could limit the availability of tax benefits or deductions that Adient and its affiliates currently claim, override tax treaties upon which Adient and its affiliates rely, or otherwise affect the taxes that the United States imposes on Adient's and its affiliates' worldwide operations. Such changes could materially adversely affect Adient's effective tax rate and/or require Adient to take further action, at potentially significant expense, to seek to preserve Adient's effective tax rate. In addition, if proposals were enacted that had the effect of limiting Adient's or its affiliates' ability to take advantage of tax treaties with the United

States, Adient and/or its affiliates could incur additional tax expense and/or otherwise incur business detriment.

Changes to the U.S. Model Income Tax Treaty could adversely affect Adient.

On February 17, 2016, the U.S. Treasury released a newly revised U.S. model income tax convention (the "model"), which is the baseline text used by the U.S. Treasury to negotiate tax treaties. The new model treaty provisions were preceded by draft versions released by the U.S. Treasury on May 20, 2015 (the "May 2015 draft") for public comment. The revisions made to the model address certain aspects of the model by modifying existing provisions and introducing entirely new provisions. Specifically, the new provisions target (i) permanent establishments subject to little or no foreign tax, (ii) special tax regimes, (iii) "expatriated entities" subject to Section 7874, (iv) the anti-treaty shopping measures of the limitation on benefits article and (v) subsequent changes in treaty partners' tax laws.

With respect to the new model provisions pertaining to expatriated entities, because it is expected that the separation will not result in the creation of an "expatriated entity" as defined in Section 7874, payments of interest, dividends, royalties and certain other items of income by or to Adient's U.S. affiliates to or from non-U.S. persons would not be expected to become subject to full U.S. withholding tax, even if applicable treaties were subsequently amended to adopt the new model provisions. In response to comments that the U.S. Treasury received regarding the May 2015 draft, the new model treaty provisions pertaining to expatriated entities fix the definition of "expatriated entity" to the meaning ascribed to such term under Section 7874(a)(2)(A) as of the date the relevant bilateral treaty is signed. As discussed above, the rules under Section 7874 are relatively new, complex and are the subject of current and future legislative and regulatory changes. Accordingly, there can be no assurance that the IRS will agree with the position that the separation does not result in the creation of an "expatriated entity" (within the meaning of Section 7874) under current law or law as in effect at the time the applicable treaty were amended or that any such challenge by the IRS would not be sustained by a court, or that such position would not be affected by future or regulatory action which may apply retroactively to the separation.

Legislative and other proposals that would deny governmental contracts to U.S. companies that move their corporate location abroad may affect Adient if adopted.

Various U.S. federal and state legislative and other proposals that would deny governmental contracts to U.S. companies (and subsidiaries of U.S. companies) that move (or have moved) their corporate location abroad may affect Adient and/or its affiliates if adopted. It is difficult to predict the likelihood that any such proposals might be adopted, the nature of the regulations that might be promulgated, or the effect such adoptions and increased regulatory scrutiny might have on Adient's business.

Ordinary shares of Adient received by means of a gift or inheritance could be subject to Irish capital acquisitions tax.

Irish capital acquisitions tax, or CAT (currently levied at a rate of 33% above certain tax free thresholds), could apply to a gift or inheritance of Adient ordinary shares irrespective of the place of residence, ordinary residence or domicile of the parties. This is because Adient ordinary shares are regarded as property situated in Ireland for CAT purposes. The person who receives the gift or inheritance has primary liability for CAT. See "Material Irish Income Tax Consequences—Capital Acquisitions Tax."

Transfers of Adient ordinary shares, other than by means of the transfer of book-entry interests in the Depository Trust Company, may be subject to Irish stamp duty.

It is expected that, for the majority of transfers of Adient ordinary shares, there will not be any Irish stamp duty. Transfers of Adient ordinary shares effected by means of the transfer of book-entry interests in the Depository Trust Company, which we refer to as DTC, are not subject to Irish stamp duty. But if you hold your Adient ordinary shares directly rather than beneficially through DTC, any transfer of your Adient ordinary shares could be subject to Irish stamp duty (currently at the rate of 1% of the higher of the price paid or the market value of the shares acquired). A shareholder who directly holds Adient ordinary shares may transfer those shares into his or her own broker account to be held through DTC (or vice versa) without giving rise to Irish stamp duty provided that there is no change in the beneficial ownership of the shares as a result of the transfer and the transfer is not in contemplation of a sale of the shares by a beneficial owner to a third party.

Payment of Irish stamp duty is generally a legal obligation of the transferee. The potential for stamp duty could adversely affect the price of your Adient ordinary shares. See "Material Irish Income Tax Consequences—Stamp Duty."

In certain limited circumstances, dividends paid by Adient may be subject to Irish dividend withholding tax.

In certain limited circumstances, Irish dividend withholding tax ("DWT") (currently at a rate of 20%) may arise in respect of dividends paid on Adient ordinary shares. A number of exemptions from DWT exist pursuant to which shareholders resident in the United States and shareholders resident in the countries listed in Annex A attached to this information statement (the "Relevant Territories") may be entitled to exemptions from DWT.

See "Material Irish Income Tax Consequences—Withholding Tax on Dividends" and, in particular, please note the requirement to complete certain relevant Irish Revenue Commissioners DWT forms ("DWT Forms") in order to qualify for many of the exemptions.

Dividends paid in respect of Adient ordinary shares that are owned by a U.S. resident and held through DTC will not be subject to DWT provided the address of the beneficial owner of such shares in the records of the broker holding such shares is recorded as being in the United States (and such broker has further transmitted the relevant information to a qualifying intermediary appointed by Adient). Similarly, dividends paid in respect of Adient ordinary shares that are held outside of DTC and are owned by a resident of the United States will not be subject to DWT if such shareholder satisfies the conditions of one of the exemptions including the requirement to furnish a completed IRS Form 6166 or a valid DWT Form to Adient's transfer agent to confirm U.S. residence and claim an exemption. Adient shareholders resident in other Relevant Territories may also be eligible for exemption from DWT on dividends paid in respect of their Adient ordinary shares provided they satisfy the conditions of one of the exemptions including the requirement to furnish valid DWT Forms to their brokers (in respect of such shares held through DTC) (and such broker has further transmitted the relevant information to a qualifying intermediary appointed by Adient) or to Adient's transfer agent (in respect of such shares held outside of DTC). Other Adient shareholders may be subject to DWT, which could adversely affect the price of your Adient ordinary shares. For more information on DWT, see "Material Irish Income Tax Consequences—Withholding Tax on Dividends."

CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS

This information statement and other materials Johnson Controls and Adient have filed or will file with the SEC contain, or will contain, certain forward-looking statements regarding business strategies, market potential, future financial performance and other matters. The words "believe," "expect," "anticipate," "project" and similar expressions, among others, generally identify "forward-looking statements," which speak only as of the date the statements were made. The matters discussed in these forward-looking statements are subject to risks, uncertainties and other factors that could cause actual results to differ materially from those projected, anticipated or implied in the forward-looking statements. In particular, information included under "Risk Factors," "The Separation and Distribution," "Business," and "Management's Discussion and Analysis of Financial Condition and Results of Operations" contain forward-looking statements. Where, in any forward-looking statement, an expectation or belief as to future results or events is expressed, such expectation or belief is based on the current plans and expectations of Adient management and expressed in good faith and believed to have a reasonable basis, but there can be no assurance that the expectation or belief will result or be achieved or accomplished. Except as may be required by law, Adient undertakes no obligation to modify or revise any forward-looking statements to reflect events or circumstances occurring after the date of this information statement. Factors that could cause actual results or events to differ materially from those anticipated include the matters described under "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations."

THE SEPARATION AND DISTRIBUTION

Background and Overview

On July 24, 2015, Johnson Controls announced its intent to separate its automotive seating and interiors businesses into an independent, publicly traded company—Adient. To implement the separation, Johnson Controls will transfer its automotive seating and interiors businesses to Adient, and in return, Adient will issue its ordinary shares to Johnson Controls shareholders, pro rata to their respective holdings.

On January 24, 2016, Johnson Controls, Inc. entered into an Agreement and Plan of Merger with Tyco International plc and certain other parties named therein. Pursuant to the merger agreement and subject to the terms and conditions set forth therein, an indirect wholly owned subsidiary of Tyco will merge with and into Johnson Controls, Inc., with Johnson Controls, Inc. surviving as an indirect wholly owned subsidiary of Tyco. At the effective time of the merger (or as soon as possible thereafter), Tyco will change its name to "Johnson Controls International plc" and will trade under the ticker "JCI." It is currently expected that the distribution of Adient ordinary shares will occur after the consummation of this merger, and that the record date for the distribution and the distribution date will be set by the board of directors of Johnson Controls International plc following the merger. As a result, former shareholders of both Johnson Controls, Inc. and Tyco who hold shares of the combined company as of the record date will receive Adient ordinary shares in the distribution. References to "Johnson Controls" in this information statement therefore refer to Johnson Controls, Inc. prior to the merger and refer to Johnson Controls International plc after the merger.

On , 2016, the distribution date, each Johnson Controls shareholder will receive one Adient ordinary share for every ten shares of Johnson Controls held at the close of business on the record date for the distribution, as described below. Johnson Controls shareholders will receive cash in lieu of any fractional Adient ordinary shares that they would have received after application of this ratio. You will not be required to make any payment, surrender or exchange your Johnson Controls shares or take any other action to receive your ordinary shares of Adient in the distribution. The distribution of Adient ordinary shares as described in this information statement is subject to the satisfaction or waiver of certain conditions. For a more detailed description of these conditions, see "—Conditions to the Distribution."

Reasons for the Separation

The Johnson Controls board of directors determined that the creation of two independent public companies, with Adient operating Johnson Controls' automotive seating and interiors businesses, and the new Johnson Controls operating the building efficiency and power solutions businesses is in the best interests of Johnson Controls and its shareholders and approved the plan of separation. A wide variety of factors were considered by the Johnson Controls board of directors in evaluating the creation of independent public companies. Among other things, the Johnson Controls board of directors considered the following potential benefits:

- *Strategic Focus.* Enhance the ability of management of each company to focus on their respective businesses and unique opportunities for long-term growth and profitability and to allocate capital and corporate resources in a manner that focuses on achieving each company's own strategic priorities.
- *Strategic Flexibility.* Provide each company with increased flexibility to pursue acquisitions and other strategic alternatives without having to consider the potential impact on the businesses of the other company.
- *Access to Capital.* Create two independent capital structures that will afford each company direct access to the debt and equity capital markets to fund their respective growth strategies and to

establish an appropriate capital structure for their business needs. In addition, Adient and its affiliates will transfer to Johnson Controls approximately \$3.0 billion in cash immediately prior to the distribution to fund inorganic and organic growth as needed;

- *Management and Employee Incentives.* Enhance each company's flexibility to establish appropriate compensation policies, including non-cash equity-based compensation policies that are reflective of the performance of its operations and are designed to attract and retain skilled employees.
- *Investor Perspectives.* Allow investors to evaluate the separate investment identities of each company, including the distinct merits, performance and future prospects of their respective businesses, and providing investors with a more targeted investment opportunity.

Neither Adient nor Johnson Controls can assure you that, following the separation, any of the benefits described above or otherwise will be realized to the extent anticipated or at all.

The Johnson Controls board of directors also considered a number of potentially negative factors in evaluating the separation, including the potential loss of operational synergies from operating as a consolidated entity; the potential loss of joint purchasing power; the potential exposure to operating in fewer industries reducing the ability to mitigate downturns in one business against the others; potential disruptions to the company's businesses as a result of the spin-off, such as information technology disruptions; the risk that Johnson Controls would not achieve the expected benefits of the separation; execution risks; and one-time costs. However, the board of directors concluded that the potential benefits of the separation outweighed these factors.

Formation of Adient

Adient is currently a private limited company organized under the laws of Ireland, but will be re-registered as a public limited company prior to the distribution. Adient was formed for the purpose of holding Johnson Controls' automotive seating and interiors businesses. Adient's one issued share is currently held beneficially by an Irish corporate services provider (which is not a subsidiary of Johnson Controls). Prior to the transfer by Johnson Controls to Adient of its automotive seating and interiors businesses, Adient will have no operations other than those incidental to its formation and in preparation for the separation. Johnson Controls will transfer its automotive seating and interiors businesses to Adient, and in return, Adient will issue shares to Johnson Controls shareholders, pro rata to their respective holdings.

When and How to Receive the Distribution

With the assistance of _____, Adient expects to issue its ordinary shares on _____, 2016, the distribution date, to all holders of outstanding Johnson Controls shares as of the close of business on _____, 2016, the record date for the distribution. Wells Fargo Bank, N.A., or Wells Fargo, will serve as the settlement and distribution agent in connection with the distribution and the transfer agent and registrar for Adient ordinary shares.

If you own Johnson Controls shares as of the close of business on the record date for the distribution, Adient ordinary shares that you are entitled to receive in the distribution will be issued electronically, as of the distribution date, to you in direct registration form or to your bank or brokerage firm on your behalf. If you are a registered holder, Wells Fargo will then mail you a direct registration account statement that reflects your Adient ordinary shares. If you hold your shares through a bank or brokerage firm, your bank or brokerage firm will credit your account for the shares. If you own Johnson Controls shares through the Johnson Controls dividend reinvestment plan, the Adient ordinary shares you receive will be distributed electronically to you or to your brokerage firm on your behalf in book-entry form. Direct registration form refers to a method of recording share

ownership when no physical share certificates are issued to shareholders, as is the case in this distribution. If you sell Johnson Controls shares in the "regular-way" market up to and including the distribution date, you will be selling your right to receive Adient ordinary shares in the distribution.

Commencing on or shortly after the distribution date, if you hold physical share certificates that represent your Johnson Controls shares and you are the registered holder of the shares represented by those certificates, the distribution agent will mail to you an account statement that indicates the number of Adient ordinary shares that have been registered in book-entry form in your name.

Most Johnson Controls shareholders hold their shares through a bank or brokerage firm. In such cases, the bank or brokerage firm would be said to hold the shares in "street name" and ownership would be recorded on the bank or brokerage firm's books. If you hold your Johnson Controls shares through a bank or brokerage firm, your bank or brokerage firm will credit your account for the Adient ordinary shares that you are entitled to receive in the distribution. If you have any questions concerning the mechanics of having shares held in "street name," please contact your bank or brokerage firm.

Transferability of Shares You Receive

Adient ordinary shares distributed to holders in connection with the distribution will be transferable without registration under the Securities Act, except for shares received by persons who may be deemed to be Adient affiliates. Persons who may be deemed to be Adient affiliates after the distribution generally include individuals or entities that control, are controlled by or are under common control with Adient, which may include certain Adient executive officers, directors or principal shareholders. Securities held by Adient affiliates will be subject to resale restrictions under the Securities Act. Adient affiliates will be permitted to sell Adient ordinary shares only pursuant to an effective registration statement or an exemption from the registration requirements of the Securities Act, such as the exemption afforded by Rule 144 under the Securities Act.

Number of Adient Ordinary Shares You Will Receive

For every ten shares of Johnson Controls that you own at the close of business on _____, 2016, the record date for the distribution, you will receive one Adient ordinary share on the distribution date. Adient will not issue any fractional Adient ordinary shares to Johnson Controls shareholders. Instead, if you are a registered holder, Wells Fargo (which is sometimes referred to herein as the distribution agent) will aggregate fractional shares into whole shares, sell the whole shares in the open market at prevailing market prices and distribute the aggregate cash proceeds (net of discounts and commissions) of the sales pro rata (based on the fractional share such holder would otherwise be entitled to receive) to each holder who otherwise would have been entitled to receive a fractional share in the distribution. The distribution agent, in its sole discretion, without any influence by Johnson Controls or Adient, will determine when, how, and through which broker-dealer and at what price to sell the whole shares. Any broker-dealer used by the distribution agent will not be an affiliate of either Johnson Controls or Adient. Wells Fargo is not an affiliate of either Johnson Controls or Adient. Neither Adient nor Johnson Controls will be able to guarantee any minimum sale price in connection with the sale of these shares. Recipients of cash in lieu of fractional shares will not be entitled to any interest on the amounts of payment made in lieu of fractional shares.

The aggregate net cash proceeds of these sales of fractional shares will be taxable for U.S. federal income tax purposes. See "Material U.S. Federal Income Tax Consequences" for an explanation of the material U.S. federal income tax consequences of the distribution. If you hold physical certificates for shares of Johnson Controls and are the registered holder, you will receive a check from the distribution agent in an amount equal to your pro rata share of the aggregate net cash proceeds of the sales. Adient estimates that it will take approximately two weeks from the distribution date for the distribution agent to complete the distributions of the aggregate net cash proceeds. If you hold your

shares of Johnson Controls through a bank or brokerage firm, your bank or brokerage firm will receive, on your behalf, your pro rata share of the aggregate net cash proceeds of the sales and will electronically credit your account for your share of such proceeds.

Treatment of Equity Based Compensation

The employee matters agreement will generally provide for the conversion of the outstanding awards granted under the Johnson Controls equity compensation programs into adjusted awards relating to shares of Johnson Controls, or both shares of Johnson Controls and Adient ordinary shares. The adjusted awards generally will be subject to the same or equivalent vesting conditions and other terms that applied to the applicable original Johnson Controls award immediately before the separation.

Each Johnson Controls stock option and each Johnson Controls stock appreciation right that is held by an employee who continues service with Johnson Controls following the distribution date (whom we collectively refer to as "Johnson Controls allocated employees") or a former employee will be converted into an adjusted Johnson Controls stock option or stock appreciation right, as applicable, with the exercise price and the number of shares subject to the stock option or stock appreciation right adjusted to preserve the aggregate intrinsic value of the original Johnson Controls stock option or stock appreciation right as measured immediately before and immediately after the separation, subject to rounding. Each Johnson Controls stock option and each Johnson Controls stock appreciation right that is held by an employee who will be an Adient employee following the separation (whom we collectively refer to as "Adient allocated employees") will be converted into an adjusted Johnson Controls stock option or stock appreciation right, as applicable, and an Adient stock option or stock appreciation right, as applicable. The exercise price and number of shares subject to each such stock option and stock appreciation right will be adjusted in order to preserve the aggregate intrinsic value of the original Johnson Controls stock option or stock appreciation right, as measured immediately before and immediately after the separation, subject to rounding.

Holders of outstanding Johnson Controls restricted stock unit awards who are Johnson Controls allocated employees or former employees will receive corresponding adjusted Johnson Controls restricted stock unit awards, with the number of shares adjusted in each case to preserve the aggregate value of the original Johnson Controls award as measured immediately before and immediately after the separation, subject to rounding. Holders of outstanding Johnson Controls restricted stock unit awards who are Adient allocated employees will retain those awards and also receive a corresponding Adient restricted stock unit award covering a number of Adient ordinary shares that reflects the distribution to Johnson Controls shareholders, determined by applying the distribution ratio to the shares underlying the applicable Johnson Controls award as though they were actual shares of Johnson Controls, subject to rounding.

For purposes of vesting for all awards, continued employment with or service to Johnson Controls or Adient, as applicable, will be treated as continued employment with or service to either Johnson Controls or both Johnson Controls and Adient, as applicable.

Results of the Distribution

After the distribution, Adient will be an independent, publicly traded company. The actual number of shares to be distributed will be determined at the close of business on _____, 2016, the record date for the distribution, and will reflect any exercise of Johnson Controls options between the date the Johnson Controls board of directors declares the distribution and the record date for the distribution. The distribution will not affect the number of outstanding shares of Johnson Controls or any rights of Johnson Controls shareholders. Johnson Controls will not distribute any fractional Adient ordinary shares.

Adient will enter into a separation agreement and other related agreements with Johnson Controls before the distribution to effect the separation and provide a framework for Adient's relationship with Johnson Controls after the separation. These agreements will provide for the allocation between Johnson Controls and Adient of Johnson Controls' assets, liabilities and obligations (including its investments, property and employee benefits and tax-related assets and liabilities) attributable to periods prior to Adient's separation from Johnson Controls and will govern the relationship between Johnson Controls and Adient after the separation. For a more detailed description of these agreements, see "Certain Relationships and Related Person Transactions."

Market for Adient Ordinary Shares

There is currently no public trading market for Adient ordinary shares. Adient intends to apply to have its ordinary shares authorized for listing on the New York Stock Exchange under the symbol "ADNT." Adient has not and will not set the initial price of its ordinary shares. The initial price will be established by the public markets.

Adient cannot predict the price at which its ordinary shares will trade after the distribution. In fact, the combined trading prices, after the separation, of the Adient ordinary shares that each Johnson Controls shareholder will receive in the distribution and the shares of Johnson Controls held at the record date for the distribution may not equal the "regular-way" trading price of a Johnson Controls share immediately prior to the separation. The price at which Adient ordinary shares trade may fluctuate significantly, particularly until an orderly public market develops. Trading prices for Adient ordinary shares will be determined in the public markets and may be influenced by many factors. See "Risk Factors—Risks Related to Adient Ordinary Shares."

Trading Before Distribution Date

Beginning on or shortly before the record date for the distribution and continuing up to and including through the distribution date, Johnson Controls expects that there will be two markets in Johnson Controls shares: a "regular-way" market and an "ex-distribution" market. Shares of Johnson Controls that trade on the "regular-way" market will trade with an entitlement to Adient ordinary shares distributed pursuant to the separation. Shares of Johnson Controls that trade on the "ex-distribution" market will trade without an entitlement to Adient ordinary shares distributed pursuant to the distribution. Therefore, if you sell shares of Johnson Controls in the "regular-way" market up to and including through the distribution date, you will be selling your right to receive Adient ordinary shares in the distribution. If you own shares of Johnson Controls at the close of business on the record date and sell those shares on the "ex-distribution" market up to and including through the distribution date, you will receive the Adient ordinary shares that you are entitled to receive pursuant to your ownership as of the record date of the shares of Johnson Controls.

Furthermore, beginning on or shortly before the record date for the distribution and continuing up to and including the distribution date, Adient expects that there will be a "when-issued" market in its ordinary shares. "When-issued" trading refers to a sale or purchase made conditionally because the security has been authorized but not yet issued. The "when-issued" trading market will be a market for Adient ordinary shares that will be distributed to holders of shares of Johnson Controls on the distribution date. If you owned shares of Johnson Controls at the close of business on the record date for the distribution, you would be entitled to Adient ordinary shares distributed pursuant to the distribution. You may trade this entitlement to Adient ordinary shares, without the shares of Johnson Controls you own, on the "when-issued" market. On the first trading day following the distribution date, "when-issued" trading with respect to Adient ordinary shares will end, and "regular-way" trading will begin.

Conditions to the Distribution

Adient has announced that the distribution will be effective at 12:01 a.m., Eastern Time, on _____, 2016, which is the distribution date, provided that the following conditions shall have been satisfied (or waived by Johnson Controls in its sole discretion):

- the transfer of assets and liabilities from Johnson Controls to Adient shall have been completed in accordance with the separation agreement;
- Adient and its affiliates shall have completed cash transfers to Johnson Controls totaling \$3.0 billion, and Johnson Controls shall be satisfied that it has no liability under the financing transactions entered into by Adient in connection with the separation, other than liability for interest accruing prior to the distribution date;
- the SEC shall have declared effective the registration statement on Form 10 of which this information statement forms a part, and this information statement shall have been mailed to the Johnson Controls shareholders;
- all actions or filings necessary or appropriate under applicable U.S. federal, U.S. state or other securities laws shall have been taken and, where applicable, have become effective or been accepted by the applicable governmental entity;
- the transaction agreements relating to the separation shall have been duly executed and delivered by the parties;
- no order, injunction, or decree issued by any court of competent jurisdiction or other legal restraint or prohibition preventing the consummation of the separation, distribution or any of the related transactions shall be in effect;
- the Adient ordinary shares to be distributed shall have been accepted for listing on the New York Stock Exchange, subject to official notice of distribution; and
- no other event or development shall exist or have occurred that, in the judgment of the Johnson Controls board of directors, in its sole discretion, makes it inadvisable to effect the separation, distribution and other related transactions.

Johnson Controls and Adient cannot assure you that any or all of these conditions will be met and may also waive any of the conditions to the distribution. In addition, Johnson Controls will have the sole and absolute discretion to determine (and change) the terms of, and whether to proceed with, the distribution and, to the extent it determines to so proceed, to determine the record date for the distribution and the distribution date and the distribution ratio. Johnson Controls will also have sole discretion to waive any of the conditions to the distribution. Johnson Controls does not intend to notify its shareholders of any modifications to the terms of the separation that, in the judgment of its board of directors, are not material. For example, the Johnson Controls board of directors might consider material such matters as significant changes to the distribution ratio, the assets to be transferred in the separation or the liabilities to be assumed in the separation. To the extent that the Johnson Controls board of directors determines that any modifications by Johnson Controls materially change the material terms of the distribution, Johnson Controls will notify Johnson Controls shareholders in a manner reasonably calculated to inform them about the modification as may be required by law, by, for example, publishing a press release, filing a current report on Form 8-K, or circulating a supplement to this information statement.

DIVIDEND POLICY

Dividend Policy

Following the distribution, Adient expects to pay a regular cash dividend. The timing, declaration, amount of and payment of any dividends following the separation by Adient are within the discretion of its board of directors and will depend upon many factors, including Adient's financial condition, earnings, sufficiency of distributable reserves, capital requirements of its operating subsidiaries, debt service obligations, covenants associated with certain of Adient's debt service obligations, legal requirements, regulatory constraints, ability to gain access to capital markets, and other factors deemed relevant by its board of directors. Moreover, if Adient determines to pay any dividend in the future, there can be no assurance that it will continue to pay such dividends or the amount of such dividends.

Creation of Distributable Reserves

Under Irish law, dividends and distributions (including by way of the payment of cash dividends or share repurchases) may be made only from "distributable reserves" on Adient's unconsolidated balance sheet prepared in accordance with the Irish Companies Act 2014. In addition, no distribution or dividend may be paid or made by Adient unless the net assets of Adient are equal to, or exceed, the aggregate of Adient's share capital that has been paid up or that is payable in the future plus non-distributable reserves, and the distribution does not reduce Adient's net assets below such aggregate. For more information regarding distributable reserves, see "Description of Adient's Share Capital—Dividends" and "Description of Adient's Share Capital—Share Repurchases and Redemptions."

Immediately following the separation and distribution, Adient's unconsolidated balance sheet will not contain any distributable reserves, and "shareholders' equity" on such balance sheet will be comprised entirely of "share capital" (equal to the aggregate par value of Adient's ordinary shares issued in the distribution) and "share premium" (resulting from the issuance of Adient's ordinary shares in the distribution and equal to (a) the aggregate value of Johnson Controls' automotive seating and interiors businesses at the time of its transfer to Adient less (b) the share capital). Adient therefore will not have the ability to pay dividends (or make other forms of distributions) immediately following the distribution until it obtains the court approval described below or creates distributable reserves as a result of the profitable operation of its business.

Following the distribution, Adient expects to capitalize the reserve created pursuant to the internal restructuring transactions related to the distribution and implement a parallel court-approved reduction of that capital in order to create a reserve of an equivalent amount of distributable reserves to support the payment of possible future dividends or future share repurchases. The current nominee shareholder of Adient is expected to pass a resolution that would (subject to the approval of the High Court of Ireland) create distributable reserves following the distribution by converting to distributable reserves up to all of the share premium of Adient. To complete this process, Adient will seek the approval of the High Court of Ireland, which is required for the creation of distributable reserves to be effective, as soon as practicable following the distribution. The approval of the High Court of Ireland is expected to be obtained within approximately two months of the consummation of the distribution, but is dependent on a number of factors, such as the case load of the High Court of Ireland at the time of Adient's initial application, and court vacations.

Until the High Court of Ireland approval is obtained or distributable reserves are created as a result of the profitable operation of Adient's business, Adient will not have sufficient distributable reserves to make distributions by way of dividends, share repurchases or otherwise. Although Adient is not aware of any reason why the High Court of Ireland would not approve the creation of distributable reserves, there is no guarantee that Adient will obtain such approval.

CAPITALIZATION

The following table sets forth Adient's capitalization as of March 31, 2016, on a historical basis and on a pro forma basis to give effect to the pro forma adjustments included in Adient's unaudited pro forma financial information. The information below is not necessarily indicative of what Adient's capitalization would have been had the separation, distribution and related financing transactions been completed as of March 31, 2016. In addition, it is not indicative of Adient's future capitalization. This table should be read in conjunction with "Selected Historical Combined Financial Data of Adient," "Unaudited Pro Forma Condensed Combined Financial Statements," "Selected Historical Combined Financial Data of Adient," "Management's Discussion and Analysis of Financial Condition and Results of Operations," and Adient's combined financial statements and notes included in the "Index to Financial Statements" section of this information statement.

(in millions)	As of March 31, 2016		
	Historical	Pro Forma Adjustments	Pro Forma
Cash and cash equivalents	\$ 66	\$ 642	\$ 708
Debt, including current and long-term:			
Short term debt	\$ 132	\$ —	\$ 132
Current portion of long-term debt	7	—	7
Long-term debt	32	3,500	3,532
Total debt	171	3,500	3,671
Redeemable noncontrolling interests	42	—	42
Stockholders' equity			
Common Stock	—	—	—
Additional Paid-in Capital	—	2,400	2,400
Parent's net investment	5,018	(5,018)	—
Accumulated other comprehensive loss	(208)	—	(208)
Invested equity attributable to Adient	4,810	(2,618)	2,192
Noncontrolling interests	151	—	151
Total invested equity	4,961	(2,618)	2,343
Total capitalization	\$ 5,174	\$ 882	\$ 6,056

SELECTED HISTORICAL COMBINED FINANCIAL DATA OF ADIENT

The following selected financial data reflect the combined operations of Adient. Adient derived the selected combined income statement data for the six months ended March 31, 2016 and 2015 and selected combined balance sheet data as of March 31, 2016, as set forth below, from its unaudited combined financial statements, which are included in the "Index to Financial Statements" section of this information statement. Adient derived the selected combined income statement data for the fiscal years ended September 30, 2015, 2014 and 2013 and the selected combined balance sheet data as of September 30, 2015 and 2014, as set forth below, from its audited combined financial statements, which are included in the "Index to Financial Statements" section of this information statement. Adient derived the selected combined income statement data for the fiscal years ended September 30, 2012 and 2011 and selected combined balance sheet data as of March 31, 2015 and September 30, 2013, 2012 and 2011 from Adient's underlying financial records, which were derived from the financial records of Johnson Controls and are not included in this information statement. The historical results do not necessarily indicate the results expected for any future period. To ensure a full understanding, you should read the selected combined financial data presented below in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the combined financial statements and accompanying notes included in the "Index to Financial Statements" section of this information statement.

	As of or for the Six Months Ended March 31,		As of or for the Fiscal Year Ended September 30,				
	2016 (unaudited)	2015 (unaudited)	2015	2014	2013	2012 (unaudited)	2011 (unaudited)
Statement of Operations: (dollars in millions)							
Net sales(1)	\$ 8,531	\$ 10,507	\$20,071	\$22,041	\$20,470	\$ 19,986	\$ 18,776
Gross profit	798	916	1,852	1,953	1,575	1,501	1,496
Selling, general and administrative expenses	(505)	(607)	(1,131)	(1,308)	(1,203)	(1,079)	(1,065)
Gain (loss) on business divestitures—net	—	—	137	(86)	29	—	—
Restructuring and impairment costs	(169)	—	(182)	(158)	(280)	(143)	—
Net financing charges	(6)	(7)	(12)	(15)	(10)	(22)	(16)
Equity income	171	154	295	284	302	211	201
Income before income taxes	289	456	959	670	413	468	616
Income tax provision(2)	891	36	418	296	168	131	172
Net income (loss)	(602)	420	541	374	245	337	444
Income attributable to noncontrolling interests	40	37	66	67	58	70	76
Net income (loss) attributable to Adient(3)	\$ (642)	\$ 383	\$ 475	\$ 307	\$ 187	\$ 267	\$ 368
Balance Sheet Data: (dollars in millions)							
Total assets	\$ 10,314	\$ 10,928	\$10,437	\$11,206	\$11,387	\$ 10,669	\$ 10,427
Working capital(4)	(333)	61	(205)	(436)	(430)	(51)	(290)
Long-term debt	32	40	35	46	58	75	84
Total debt	171	97	59	156	138	128	179
Invested equity attributable to Adient	4,810	5,704	5,626	5,453	5,582	5,558	5,204
Total debt to capitalization(5)	3%	2%	1%	3%	2%	2%	3%
Other Data: (dollars in millions)							
Capital expenditures	\$ 186	\$ 260	\$ 478	\$ 624	\$ 659	\$ 609	\$ 566
Depreciation and amortization	172	178	347	437	450	416	366
Employees at year end	75,000	91,000	76,000	88,000	89,000	89,000	81,000

- (1) On July 2, 2015, Adient completed its global automotive interiors joint venture with Yangfeng Automotive Trim Systems and deconsolidated the contributed interiors business since that date resulting in lower consolidated net sales in subsequent periods. For the six months ended March 31, 2016 and for the year ended September 30, 2015, excluding the

impact of foreign currency translation (\$375 million and \$1.6 billion, respectively) and the impact of the YFAI joint venture (\$1,937 million and \$924 million, respectively), net sales increased by 3% year over year. Refer to "Management's Discussion and Analysis of Financial Condition and Results of Operations" for more information on the impact of this transaction on consolidated net sales.

- (2) In the six months ended March 31, 2016, \$778 million of one-time tax expense related to the change in assertion over permanently reinvested earnings as a result of the spin-off.
- (3) Net income attributable to Adient includes \$6 million, \$50 million, \$13 million, \$37 million and \$2 million of net mark-to-market charges on pension and postretirement plans in fiscal year 2015, 2014, 2013, 2012 and 2011, respectively.
- (4) Working capital is defined as current assets less current liabilities.
- (5) Total debt to capitalization represents total debt divided by the sum of total debt and invested equity attributable to Adient.

UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS

The following unaudited pro forma financial statements illustrate the financial impacts of the separation and the related transactions described below. The unaudited pro forma combined balance sheet gives effect to the separation and related transactions described below as if they had occurred on March 31, 2016. The unaudited pro forma combined statements of income for the six months ended March 31, 2016 and for the year ended September 30, 2015 give effect to the separation and related transactions described below as if they occurred as of October 1, 2014, the first day of the last fiscal year.

The unaudited pro forma combined balance sheet and statements of income have been derived from the historical audited combined annual and unaudited combined interim financial statements of the automotive seating and interiors businesses of Johnson Controls included in the "Index to Financial Statements" section of this information statement. These adjustments give effect to events that are (i) directly attributable to the distribution and related transaction agreements, (ii) factually supportable, and (iii) with respect to the statement of operations, expected to have a continuing impact on Adient, such as:

- the transfer from Johnson Controls to Adient of the assets and liabilities that comprise Adient's business;
- the expected transfer to Adient of various corporate and other assets and liabilities not included in Adient's historical combined balance sheet;
- the expected incurrence of \$3.5 billion of debt, consisting of \$2.0 billion of eight to ten-year bonds and a \$1.5 billion five-year term loan, at a weighted average estimated interest rate of 4.1%, and cash transfers to Johnson Controls of \$3.0 billion;
- the issuance of approximately [•] million Adient ordinary shares; and
- the impact of the transition services agreement, the tax matters agreement, the employee matters agreement, the transitional trademark license agreement and certain other agreements to be entered into by Johnson Controls and Adient.

The unaudited pro forma combined financial statements are for informational purposes only and do not purport to represent what Adient's financial position and results of operations actually would have been had the separation and related transactions occurred on the dates indicated, or to project Adient's financial performance for any future period. The unaudited pro forma combined financial statements are based on information and assumptions, which are described in the accompanying notes.

The Adient historical financial information, which was the basis for the unaudited pro forma combined financial statements, was prepared on a carve-out basis, as Adient was not operated as a separate, independent company for the periods presented. Accordingly, such financial information reflects an allocation of certain corporate costs for corporate administrative services, including general corporate expenses related to tax, treasury, finance, audit, risk management, legal, information technology, human resources, shareholder relations, compliance, shared services, insurance, employee benefits, incentives and stock-based compensation. These historical allocations may not be indicative of Adient's future cost structure; however, the pro forma results have not been adjusted to reflect any potential changes associated with Adient being an independent public company as such amounts are estimates that are not factually supportable.

Johnson Controls will pay certain non-recurring third-party costs and expenses related to the separation. Such non-recurring amounts will include fees for financial advisors, outside legal and accounting fees, costs to separate information technology systems and other similar costs. After the separation, each party will generally bear its own costs and expenses.

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The unaudited pro forma combined financial statements reported below should be read in conjunction with the section herein entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations," as well as the historical audited combined annual financial statements and the unaudited combined interim financial statements and the corresponding notes included in the "Index to Financial Statements" section of this information statement.

ADIANT
UNAUDITED PRO FORMA COMBINED STATEMENT OF INCOME
FOR THE YEAR ENDED SEPTEMBER 30, 2015

(in millions, except share and per share data)	Historical	Pro Forma Adjustments	Pro Forma
Net sales	\$ 20,071	\$ —	\$ 20,071
Cost of sales	18,219	—	18,219
Gross profit	1,852	—	1,852
Selling, general and administrative expenses	(1,131)	(19) (F)	(1,150)
Gain (loss) on business divestitures—net	137	—	137
Restructuring and impairment costs	(182)	—	(182)
Net financing charges	(12)	(151) (A)	(163)
Equity income	295	—	295
Income before income taxes	959	(170)	789
Income tax provision	418	(39) (B)	379
Net income	541	(131)	410
Income attributable to noncontrolling interests	66	—	66
Net income attributable to Adiant	<u>\$ 475</u>	<u>\$ (131)</u>	<u>\$ 344</u>
Earnings per share			
Basic	n/a	(C)	
Diluted	n/a	(D)	
Weighted-average shares outstanding			
Basic	n/a	(C)	
Diluted	n/a	(D)	

ADIANT
UNAUDITED PRO FORMA COMBINED STATEMENT OF INCOME
FOR THE SIX MONTHS ENDED MARCH 31, 2016

(in millions, except share and per share data)	Historical	Pro Forma Adjustments	Pro Forma
Net sales	\$ 8,531	\$ —	\$ 8,531
Cost of sales	7,733	—	7,733
Gross profit	798	—	798
Selling, general and administrative expenses	(505)	117 (F)(I)	(388)
Restructuring costs	(169)	—	(169)
Net financing charges	(6)	(76) (A)	(82)
Equity income	171	—	171
Income before income taxes	289	41	330
Income tax provision	891	(12) (B)	879
Net income (loss)	(602)	53	(549)
Income attributable to noncontrolling interests	40	—	40
Net income (loss) attributable to Adiant	\$ (642)	\$ 53	\$ (589)
Earnings per share			
Basic	n/a	(C)	
Diluted	n/a	(D)	
Weighted-average shares outstanding			
Basic	n/a	(C)	
Diluted	n/a	(D)	

ADIANT
UNAUDITED PRO FORMA COMBINED BALANCE SHEET
AS OF MARCH 31, 2016

(in millions)	Historical	Pro Forma Adjustments	Pro Forma
Assets			
Cash and cash equivalents	\$ 66	\$ 642 (E)	\$ 708
Accounts receivables—net	2,195	—	2,195
Inventories	722	—	722
Other current assets	651	—	651
Current assets	3,634	642	4,276
Property, plant and equipment—net	2,125	—	2,125
Goodwill	2,184	—	2,184
Other intangible assets—net	121	—	121
Investments in partially-owned affiliates	1,768	—	1,768
Other noncurrent assets	482	44 (H)	526
Total assets	<u>\$ 10,314</u>	<u>\$ 686</u>	<u>\$ 11,000</u>
Liabilities and Equity			
Short-term debt	\$ 132	\$ —	\$ 132
Current portion of long-term debt	7	—	7
Accounts payable	2,595	—	2,595
Accrued compensation and benefits	338	21 (J)	359
Restructuring reserve	365	—	365
Other current liabilities	530	—	530
Current liabilities	3,967	21	3,988
Long-term debt	32	3,500 (E)	3,532
Pension and postretirement benefits	107	—	107
Other noncurrent liabilities	1,205	(217) (K)	988
Long-term liabilities	1,344	3,283	4,627
Redeemable noncontrolling interests	42	—	42
Equity			
Common Stock	—	— (L)	—
Additional Paid-in Capital	—	2,400 (G)	2,400
Parent's net investment	5,018	(5,018) (G)	—
Accumulated other comprehensive loss	(208)	—	(208)
Invested equity attributable to Adient	4,810	(2,618)	2,192
Noncontrolling interests	151	—	151
Total invested equity	4,961	(2,618)	2,343
Total liabilities and equity	<u>\$ 10,314</u>	<u>\$ 686</u>	<u>\$ 11,000</u>

ADIENT
THE AUTOMOTIVE BUSINESS OF JOHNSON CONTROLS
NOTES TO THE UNAUDITED PRO FORMA COMBINED FINANCIAL STATEMENTS

- (A) Reflects interest expense related to \$3.5 billion in debt that Adient expects to incur in connection with the separation and amortization of deferred debt issuance costs. Based on Adient's currently expected debt rating, the weighted average interest rate on the debt is expected to be approximately 4.1%. Interest expense was calculated assuming Adient's expected debt rating and constant debt levels throughout the periods. Interest expense may be higher or lower if Adient's actual interest rate or credit ratings change. A $1/8\%$ change to the annual interest rate would change interest expense by \$4.4 million on an annual basis.
- (B) Reflects the tax effects of the pro forma adjustments at the applicable statutory income tax rates in the respective jurisdictions. The effective tax rate of Adient could be different (either higher or lower) depending on activities subsequent to the distribution.
- (C) The number of Adient ordinary shares used to compute basic earnings per share is based on the number of Adient ordinary shares assumed to be outstanding on the record date, based on the number of shares of Johnson Controls outstanding on _____, assuming a distribution ratio of one Adient ordinary share for every ten Johnson Controls shares outstanding as of the close of business on the record date.
- (D) The number of shares used to compute diluted earnings per share is based on the number of Adient ordinary shares, as described in note (C) above, plus the additional number of Adient shares that would be issued upon the exercise of all dilutive outstanding options and vesting of outstanding restricted stock awards.
- (E) Reflects the expected incurrence of \$3.5 billion of debt, consisting of \$2.0 billion of eight to ten-year bonds and a \$1.5 billion five-year term loan, at a weighted average estimated interest rate of 4.1%. This cash will be used to make cash transfers of \$3.0 billion to Johnson Controls, with the remaining \$500 million in cash to be held by Adient.

Total cash on hand, as reflected in the pro forma balance sheet, will be subject to a post-distribution adjustment in the separation agreement. The adjustment will consist of the following items:

- \$456 million—\$500 million of proceeds from the debt issuance discussed above, net of \$44 million of deferred financing costs described in Note (H).
 - \$55 million—incremental cash balances in jurisdictions that are not readily accessible or that legally belong to joint venture partners.
 - \$171 million—funding by JCI of historical amounts of Adient's short-term and long-term debt, not settled as a result of the separation.
 - (\$40) million—net amount to be paid by Adient to Johnson Controls for various items agreed to in the separation agreements.
- (F) Reflects the removal of multi-employer pension plan credits incurred during the historical period ((\$15) million for the six months ended March 31, 2016 and (\$19) million for the year ended September 30, 2015) for pension plans that will remain with Johnson Controls as a direct result of Adient separating from Johnson Controls.

(G) Represents the elimination of Parent's net investment and adjustments to capital in excess of par to reflect the following:

Reclassification of Parent's net investment	\$ 5,018
Net proceeds transferred to JCI as described in Note (E)	(3,000)
Establishment of cash and cash equivalents as described in Note (E), net of debt issuance proceeds retained by Adient	186
Addition of accrued compensation as described in Note (J)	(21)
Adjustment to establish uncertain tax position as described in Note (K)	217
Total Parent's net investment	2,400
Adient common stock described in Note (L)	—
Total additional paid-in capital	\$ 2,400

- (H) Reflects debt issuance costs of \$44 million expected to be incurred and capitalized with respect to the debt issuances described in note (E) above.
- (I) Reflects the removal of \$132 million of separation costs incurred and reflected in the historical results of Adient that are directly related to the separation of Adient from Johnson Controls.
- (J) As set forth in the employee matters agreement to be entered into by Johnson Controls and Adient, employee-related liabilities of approximately \$21 million for those employees who will become part of the Adient corporate team will be Adient's liabilities. These liabilities consist primarily of annual and long-term incentive compensation and equity-based compensation. The expense related to these employee-related benefits are included in the corporate allocations reflected in the historical financial statements.
- (K) Reflects \$211 million of pro forma adjustments impacting noncurrent tax balances for expected uncertain tax positions related to unresolved tax matters that will remain with Adient in connection with the separation. The adjustment relates to unresolved tax matters that will be the responsibility of Johnson Controls per the tax matters agreement. The tax matters agreement will govern the rights and obligations of Johnson Controls and Adient for certain tax liabilities. The actual amounts that may be accrued or incurred under the tax matters agreement will depend on a number of factors, including the outcome of the unresolved tax matters. Additionally, \$6 million of deferred taxes were established for the pro forma employee-related liability adjustments at the applicable statutory income tax rates in the respective jurisdictions.
- (L) On the distribution date, Johnson Controls' net investment in Adient will be re-designated as Adient Shareholders' Equity and will be allocated between Adient's ordinary shares (par value of \$0.001 per share) and additional paid-in capital based on the number of Adient ordinary shares outstanding on the distribution date.

BUSINESS

Overview

Adient is the world's largest automotive seating supplier.* Adient has a leading market position in the Americas, Europe and China, and has longstanding relationships with the largest global original equipment manufacturers, or OEMs, in the automotive space. Adient's proprietary technologies extend into virtually every area of automotive seating solutions, including complete seating systems, frames, mechanisms, foam, head restraints, armrests, trim covers and fabrics. Adient will be an independent seat supplier with global scale and the capability to design, develop, engineer, manufacture and deliver complete seat systems and components in every major automotive producing region in the world. Adient also participates in the automotive interiors market primarily through its joint venture in China, Yanfeng Global Automotive Interior Systems Co., Ltd., or YFAI.

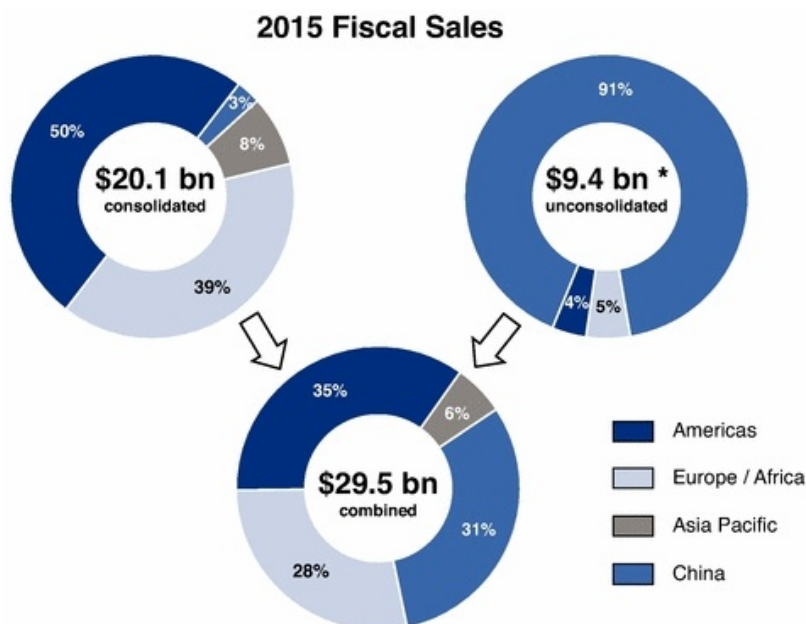
The current legal name of Adient is Adient Limited. Adient was incorporated under the laws of Ireland on June 24, 2016 as a private limited company, but will be re-registered as a public limited company prior to the distribution. Adient's fiscal year ends on September 30 each year. Adient's registered office address is 25-28 North Wall Quay, IFSC, Dublin 1, Ireland. Adient's corporate offices will be located in Plymouth, Michigan; Milwaukee, Wisconsin; Burscheid, Germany; and Shanghai, China.

Adient designs, manufactures and markets a full range of seating systems and components for passenger cars, commercial vehicles and light trucks, including vans, pick-up trucks and sport/crossover utility vehicles. Adient also supplies high performance seating systems to the international motorsports industry through its award winning RECARO brand of products. Adient operates approximately 230 wholly- and majority-owned manufacturing or assembly facilities, with operations in 33 countries. Additionally, Adient has partially-owned affiliates in China, Asia, Europe and North America.

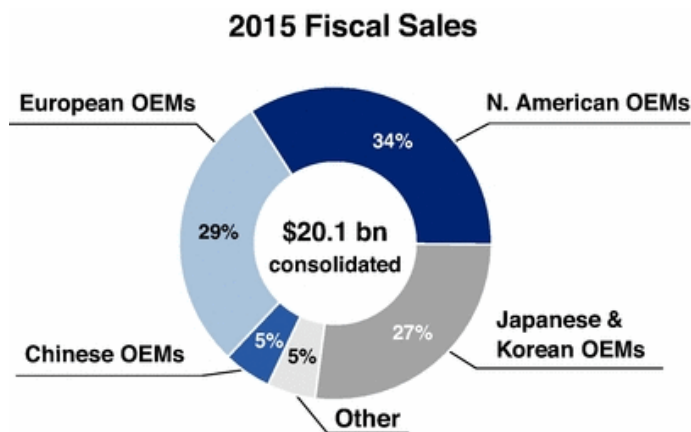
Adient's business model is focused on developing and maintaining long-term customer relationships, which has allowed Adient to successfully grow with leading global OEMs, including BMW, Daimler AG, Fiat Chrysler Automobiles, Ford Motor Company, General Motors Company, Honda Motor Company, Hyundai Motor Company, Jaguar Land Rover, Kia Motor Company, Mazda Motor Company, Mitsubishi Motors, Nissan Motor Company, PSA Peugeot Citroen, Renault, Suzuki, Toyota Motor Corporation, Volkswagen AG and Volvo. Adient also supplies most of the growing regional OEMs such as BAIC Motor Co., Ltd., Brilliance Auto Group, Changan Automobile (Group) Co., Ltd., FAW Group Corporation, Great Wall Motors Company Limited, SAIC Motor Corporation Limited, Tata Motors Limited and Zhejiang Geely Holding Group Co., Ltd and newer auto manufacturers such as Tesla Motors, Inc. Adient and its engineers work closely with customers as vehicle platforms are developed, which results in close ties with key decision makers at OEM customers.

In fiscal 2015, 50% of Adient's consolidated revenue was derived from the Americas, 39% from Europe and Africa, 8% from Asia Pacific and 3% from China. Adient's unconsolidated revenue was primarily from joint ventures in China. Adient's regional balance is evident when Adient's consolidated and unconsolidated sales are viewed together.

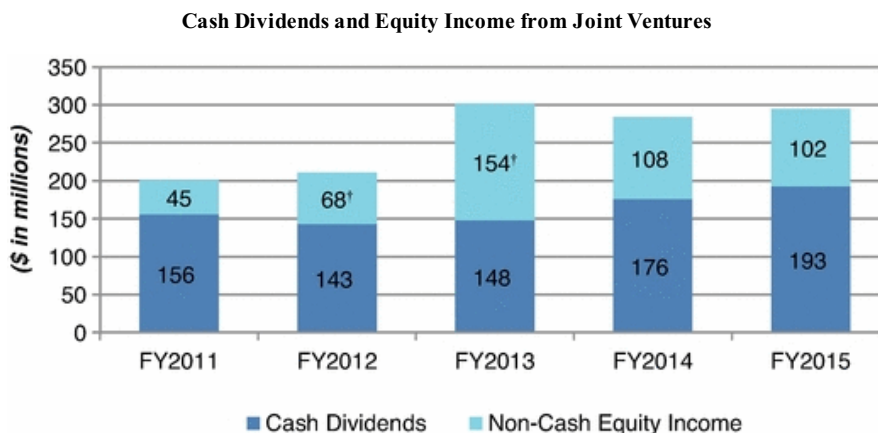
* Based on production volumes. Source: IHS Automotive



In fiscal 2015, 29% of Adient's consolidated revenue was attributable to European OEMs, 27% to Japanese and Korean OEMs, 5% to Chinese OEMs and 34% to North American OEMs. This balanced portfolio has allowed Adient to effectively manage OEM share gains and losses and has provided protection against regional economic cycles.



Adient has a leading market share position in China with a portfolio of successful joint venture partnerships with key Chinese OEM partners. Adient is the largest supplier of "just-in-time" seating in China.* Adient operates through 17 joint ventures and has 60 manufacturing locations in 32 cities, which are supported by additional technical centers. Adient participates in the automotive interiors market through its approximately 30% equity interest in YFAI. YFAI is one of the largest suppliers of automotive interiors, generating revenue through the sale of instrument panels, floor consoles, door panels, overhead consoles, cockpit systems, decorative trim and other products. YFAI supplies automotive interior products to a majority of the world's major OEMs. For the fiscal year ended September 30, 2015, Adient's unconsolidated joint ventures generated approximately \$295 million in aggregate equity income and paid cash dividends to Adient of approximately \$193 million in the aggregate.



† Includes \$106 million and \$3 million of non-cash gains related to fair value adjustments of Adient's existing equity investments in FY2013 and FY2012, respectively. No such gains existed in FY2015, FY2014 and FY2011.

As a stand-alone public company, Adient is committed to be the world's premier automotive seating supplier through leadership in cost, quality, launch execution and customer satisfaction. Through its global footprint, vertical integration and partnerships in China, Adient has leveraged its capabilities to drive growth in the automotive seating industry. Adient intends to leverage these capabilities to further grow its seating business and potentially enter into additional product markets adjacent to the automotive industry. Adient evaluates its success from the perspective of its shareholders, customers, partners and employees.

For the six months ended March 31, 2016, Adient generated revenue of \$8.5 billion, as compared to revenue of \$10.5 billion generated for the six months ended March 31, 2015. For the fiscal year ended September 30, 2015, Adient generated revenue of \$20.1 billion, as compared to revenue of \$22.0 billion generated for the fiscal year ended September 30, 2014. The lower revenue in the first two quarters of fiscal year 2016 and for the full fiscal year 2015 compared to the corresponding prior periods results primarily from the completion of the YFAI joint venture on July 2, 2015 and the unfavorable impact of foreign currency translation.

* Based on production volumes. Source: IHS Automotive

Competitive Strengths

Adient possesses a number of competitive advantages that distinguish it from its competitors, including:

Global Market Leadership

Adient has leading market shares in the automotive seating markets in North America and Europe, and a leading market share in China, the world's largest and one of the fastest-growing automotive markets. Management estimates Adient's automotive seating market share to be at least 35% in both North America and Europe. IHS Automotive estimates Adient's automotive seating market share to be approximately 45% in China, which is greater than any of Adient's competitors. Additionally, management intends to continue investing in the Asia region, one of the fastest-growing regions.

Adient has longstanding relationships with premier automotive manufacturers, including BMW Group, Daimler AG, Ford Motor Company, General Motors Company, Hyundai/Kia Motors Corp, Toyota Motor Corporation, Volkswagen AG and Volvo Group. The majority of these relationships span more than 20 years. Additionally, Adient has 17 joint venture partnerships with key Chinese OEMs, including SAIC Motor Corporation Limited, Beijing Automobile Works Co., Ltd. and FAW Group Corporation.

Longstanding Customer Relationships with Leading Global OEMs

Adient works with OEMs to develop complete seating solutions to meet and exceed consumer expectations for performance, safety and comfort. Adient does business with all major global OEM customers, and in many cases, works closely with those customers to develop a seating solution integrated into the overall vehicle appearance and architecture. As a result, the people and businesses of Adient have been recognized for their leadership by many awards from the industry and from customers, including:

- 2015 Hyundai-Kia Technology 5 Star certification to Johnson Controls Automotive Korea for achieving the highest level of research and development;
- 2015 J.D. Power Award Highest Quality Seating in three vehicle segments: the luxury SUV segment for the Land Rover Evoque, the mass market midsize/large car segment for the Kia Cadenza and the mass market midsize/large SUV segment for the Hyundai Santa Fe;
- 2015 Toyota Superior Toyota New Global Architecture Promotion Award for developing a next-generation front seat structure meeting Toyota's increased safety requirements and reducing weight, complexity of components and costs;
- 2015 Automotive Interiors Expo Supplier of the Year (second time), as determined by an independent panel of international automobile journalists;
- 2015 Nissan Japan Regional Quality Award to Johnson Controls Japan (second consecutive year);
- 2014 General Motors Supplier of the Year Award and Overdrive Award (fifth time) for, among other things, its collaboration with General Motors to execute continuous improvement and deliver sustainable value in General Motors' seats;
- 2014 FCA US LLC Diversity Supplier Development Supplier of the Year and Technical Cost Reduction Supplier of the Year;
- 2014 J.D. Power Award Highest Quality Seating in three vehicle segments: the luxury SUV segment for the Land Rover Evoque and the Porsche Cayenne, the mass market truck/van

segment for the Ford F-150 Light Duty and the F-250/350 Super Duty trucks and the mass market midsize/large SUV segment for the Honda Pilot;

- 2014 J.D. Power Award Highest Quality Seating in the mass market truck/van vehicle segment for the Toyota Tacoma and Toyota Tundra awarded to Avanzar Interior Technologies, Ltd, a joint venture of Adient;
- 25 awards in 2014 from 11 OEM customers in China, including Excellence Supplier Award, Top 10 Supplier Award, Quality Award, Truck Excellence Supplier Award and Supply Chain Integration Award;
- 2013 Minority Manufacturer of the Year award to Bridgewater Interiors, a joint venture of Adient, an award by the U.S. Department of Commerce's Minority Business Development Agency;
- 2013 J.D. Power Award Highest Quality Seating in two vehicle segments: the mass market midsize/large SUVs for the Toyota Venza and Hyundai Santa Fe and the mass market trucks/vans for the Ford F-250/350 Super Duty; and
- 28 awards in 2013 from 20 OEM customers in China, including Excellence Supplier Award, Top 10 Supplier Award, Region Quality Award, Excellent Quality Award and Logistics Development Award.

Extensive Global Manufacturing Footprint and Functional Expertise

Adient operates a global network of approximately 230 manufacturing plants in 33 countries that supplies automotive OEMs with complete seats, modules and components. In fiscal 2015, the businesses that will constitute Adient delivered more than 25 million seat systems on a "just-in-time or in-sequence" basis globally. Those businesses supplied seating systems on more than 360 nameplates to 40 different OEMs. Adient's industry-leading technologies complement proven expertise in consumer insights and marketing, value product planning, product design for cost, design for manufacturing, system integration, evaluation, validation and manufacturing. Adient's approximately 75,000 highly skilled and engaged employees have earned a reputation for delivering high quality, value-added seating and interiors products that support auto manufacturers' goal of brand differentiation.

Global Development Network

Adient's expertise in innovation and development represents a key competitive differentiator in the automotive seating business. In the development process, key downstream elements of the product are locked in, including material costs, plant conversion costs, quality characteristics and certain technical requirements. Adient uses a common product development process globally that ensures that these elements are correct at the outset of the development process, reflects the best practices of Adient's operations worldwide and meets the expectations of Adient's diverse customer base. Its product launch system is customizable and scalable based on customer and product requirements.

Adient's worldwide engineering network includes ten core development centers, which employ more than 5,600 employees who work in focused engineering development teams worldwide. These development centers utilize a globally consistent approach to the process for developing seating products. By leveraging a network of subject matter technical experts, Adient is able to efficiently implement best practices and improve product cost and quality. Adient's product development practices also entail leveraging low cost country development centers in India, China and Slovakia.

Development Centers

Plymouth (USA)	Trencin (Slovakia)
Burscheid (Germany)	Yokohama (Japan)
Solingen (Germany)	Shanghai (China)
Kaiserslautern (Germany)	Changchun (China)
Ansan (South Korea)	Pune (India)

Strong Platform for Global Growth

Adient's current global platform creates multiple opportunities for growth, such as:

- *Market share expansion in seating and seating components.* Adient has extensive relationships with global OEM customers. These relationships, combined with Adient's product offerings, enhance Adient's ability to expand its business with regional customers who are growing and expanding globally and also with new entrants to the automotive market.
- *Regional growth opportunities.* Adient is able to leverage its position as the market leader in Europe, North America and China to grow in other markets, such as Southeast Asia.
- *Vertical integration.* Adient's efficient operations provide opportunities for continued vertical integration in areas that could enhance Adient's capabilities, expand profit margins and grow revenues with customers who employ component sourcing strategies. Adient believes that as a vertically integrated supplier with global scale and strong design, engineering and lean manufacturing capabilities in both complete seat systems and components, it is well positioned to benefit from these opportunities.
- *Business expansion.* Adient will be able to leverage its track record of low cost, high quality, effectively executed product launches and ability to maintain high customer satisfaction to pursue growth into additional product markets adjacent to the automotive industry.

Experienced Leadership Team with Proven Track Record

Adient has a strong, highly capable global management team with extensive experience both within the industry and with Adient. Adient's leadership draws experience from several industrial manufacturing industries, including automotive. Senior leadership is also globally diverse and combines regional understanding of the automotive supply market with a global perspective. R. Bruce McDonald, who will be Adient's Chairman and Chief Executive Officer, brings more than 25 years of industry experience and has operated in various leadership roles within Johnson Controls, including Vice Chairman and Chief Financial Officer. Cathleen A. Ebacher, who will be Adient's Vice President, General Counsel and Secretary, has served more than six years at Johnson Controls, most recently as Vice President and Global General Counsel—Centers of Excellence, and has served more than 20 years in a variety of senior management and legal positions at other companies. Byron S. Foster, who will be an Executive Vice President of Adient, has served more than 18 years at Johnson Controls, most recently as Vice President & General Manager—Complete Seat and Strategy of Johnson Controls' Automotive Experience business. Neil E. Marchuk, who has more than 30 years of management and human resources experience, will be named Adient's Executive Vice President and Chief Human Resources Officer. Eric S. Mitchell, who has served more than 10 years at Johnson Controls, most recently as Vice President & General Manager, North America of Johnson Controls' Building Efficiency business, will be an Executive Vice President of Adient. Mark Skonieczny Jr., who will be Adient's Vice President and Corporate Controller, has served more than 15 years at Johnson Controls and was Vice President of Finance, Global Aftermarket of Johnson Controls' Power Solutions segment before being appointed Vice President of Corporate Development. Jeffrey M. Stafeil, who will be Adient's Executive Vice President and Chief Financial Officer, has more than 24 years of industry

experience and has operated in various financial leadership roles at companies in the automotive industry.

Business Strategy

Adient seeks to grow its business through the following strategies, among others:

Strong Cash Flow Generation

Adient expects to generate strong cash flows following the separation. It will use this cash flow generation initially to support debt service. The anticipated free cash flow generated by Adient should allow it to pay down debt and invest in the business to support organic growth. Excess cash flow could also allow Adient to pursue other alternatives, including new capital investment projects, strategic acquisitions and the return of capital to shareholders through a combination of dividends and/or share repurchases. However, there can be no guarantee that Adient will pay dividends in a timely manner, or at all, or that Adient will repurchase any of its shares or the price at which any such repurchase may occur.

Maintain Customer Focus and Commercial Management

Through dedicated customer teams, Adient maintains close relationships with its global OEM customers. These relationships enable Adient to clearly understand its customers' needs so that it is positioned to meet its customers' requirements. Adient's customer teams lead the new business acquisition process, which ensures alignment with Adient's product, process and manufacturing strategies. These teams partner with customers in identifying optimal product solutions to meet product demand, and also lead commercial negotiations with Adient's customers. Adient believes that its commercial teams excel at balancing these commercial topics to find "win / win" solutions for the customer and for Adient and intends to continue this approach after the separation.

To enhance customer experience and drive loyalty, Adient gathers customer feedback through annual "voice of the customer" surveys. Customer input from these surveys, as well as daily customer interaction, guides Adient's improvement activities in quality, cost and delivery. Input from customers, tracked using a customer relationship management tool to improve account management, enables prompt attention to customer concerns. Adient expects that its commercial management efforts will continue to yield outstanding performance and results.

Drive Product Innovation and Process Leadership

Adient has a strong record for developing winning product and process technologies over many years, which has created a competitive advantage for Adient and its customers. Management expects to increase investment in innovation following the separation. Recent product innovation examples include:

- T3000 recliner, which offers increased seating recliner strength in a smaller, lighter weight package as compared to Adient's previous generation product; and
- Vibratex foam, which provides less vibration transmittance to the occupant which reduces fatigue and results in superior long- and short-term comfort in the seat, as compared to a traditional foam cushion (as measured using the industry's Seating Effective Amplitude Transmissibility test).

Adient utilizes a Global Core Product Portfolio, or CPP, strategy for part and design reuse in all of its product applications. Adient intends to continue investing in its core product portfolio to sustain and expand its market success and to leverage its existing modular and scalable systems and interchangeable components. Through the CPP strategy, Adient provides high quality products for its customers with

market competitive cost and mass (low weight to improve fuel economy) while meeting their performance requirements. Adient intends to continue using CPP to advance Adient's lean manufacturing initiatives by providing standard, flexible processes that reduce complexity, inventory and floor space. This will yield reductions in development time, product cost and investment.

Product templates and knowledge documents are continually updated with lessons learned from previous development programs. Knowledge is transferred from these templates into the next program design, drawings and documents. This development strategy has reduced the average seating program development time by approximately 35%. The continued use of this process will add value to customers' products and Adient through higher performing products, development time compression and lower costs.

Adient is also investing in a new Product Lifecycle Management, or PLM, system. This system is an interactive and interdisciplinary collaboration tool that will serve as a management database for program, product and process related data and simplifies the management of automotive seating programs and associated data. It is also expected to aid in the standardization of the development process and in communication with all sites that support global program execution. The PLM system not only will serve as storage for data and documents, but also will support workflow, schedule and change management of ongoing or upcoming programs, thereby enabling effective decision making and program management.

For the fiscal year ended September 30, 2015, Adient spent approximately \$599 million on research activities relating to product development and improvement. Of this amount, approximately \$364 million was spent on customer-sponsored research activities that were reimbursed by customers, and approximately \$235 million was spent on company-sponsored research and development.

Further Strengthen Leadership Position in China

Adient has an advantaged position in China established through strategic partnerships it developed as an early market entrant. Adient is the largest supplier of "just-in-time" seating in China.* It operates through 17 joint ventures with 60 manufacturing locations in 32 cities, which are supported by additional technical centers. Adient's strong position with European and American automakers is complemented by partnerships with all major auto groups in China, which has resulted in Adient's broad market penetration relative to seating competitors and market leadership in the industry's largest and one of the fastest-growing markets. Adient leverages its operating expertise and innovation capabilities developed worldwide to further support its growth in China. Adient expects revenues in China to continue to grow as the automotive market there continues to expand.

Leverage Operational Efficiencies

Adient intends to maintain high capacity utilization and increase its efficiency through continued use of standardized manufacturing processes, which represent a core competency. These standardized manufacturing processes allow Adient to deliver exceptional quality levels and minimize waste. Adient achieves scale advantages through a global manufacturing footprint and an integrated supply chain. Adient fosters an environment of continuous improvement and identifies best business practices through the analysis of process and cost metrics, which are then shared globally throughout Adient's manufacturing network.

To ensure superior service levels, minimal inventory and optimal factory utilization, Adient employs a rigorous Sales & Operational Planning, or S&OP, process. A well-executed S&OP provides two strategic advantages: superior customer service and on-time delivery which result in both customer retention and the opportunity for market share gain.

* Based on production volumes. Source: IHS Automotive

Adient's focus on global operational efficiencies will also be applied to its corporate cost structure, which Adient expects will produce a lean corporate overhead structure. Adient believes that maintaining a lean and operationally efficient process throughout the organization will enable it to be a market leader in cost and that this will result in increased customer satisfaction and margin expansion. Adient also intends to continue streamlining the mechanisms and structures operations, which are capital intensive with long lead times and designs that span multiple vehicle platforms. Adient has made progress integrating product and process technologies across metal structures and mechanisms; however, opportunities still exist to streamline the product and process portfolio.

Segment Information

See Note 18, "Segment Information," of the notes to the combined financial statements included in this information statement for certain financial information about segments.

Product/Systems

Adient designs and manufactures a full range of seating systems and components for passenger cars, commercial vehicles and light trucks, including vans, pick-up trucks and sport/crossover utility vehicles. Adient's technologies extend into virtually every area of automotive seating solutions including complete seating systems, frames, mechanisms, foam, head restraints, armrests, trim covers and fabrics. Adient also supplies high performance seating systems to the international motorsports industry through its award winning RECARO brand of products.

Customers

Adient is a supplier to all of the global OEMs. Adient's customer base is balanced, with approximately 29% of fiscal 2015 consolidated revenue attributable to European OEMs, 27% to Japanese and Korean OEMs, 5% to Chinese OEMs and 34% to North American OEMs. Adient has longstanding relationships with premier automotive manufacturers, including BMW Group, Daimler AG, Ford Motor Company, General Motors Company, Hyundai/Kia Motors Corp, Toyota Motor Corporation, Volkswagen AG and Volvo Group. The majority of these relationships span more than 20 years. Additionally, Adient has more than 20 joint venture partnerships with key OEMs, including SAIC Motor Corporation Limited, Beijing Automobile Works Co., Ltd. and FAW Group Corporation.

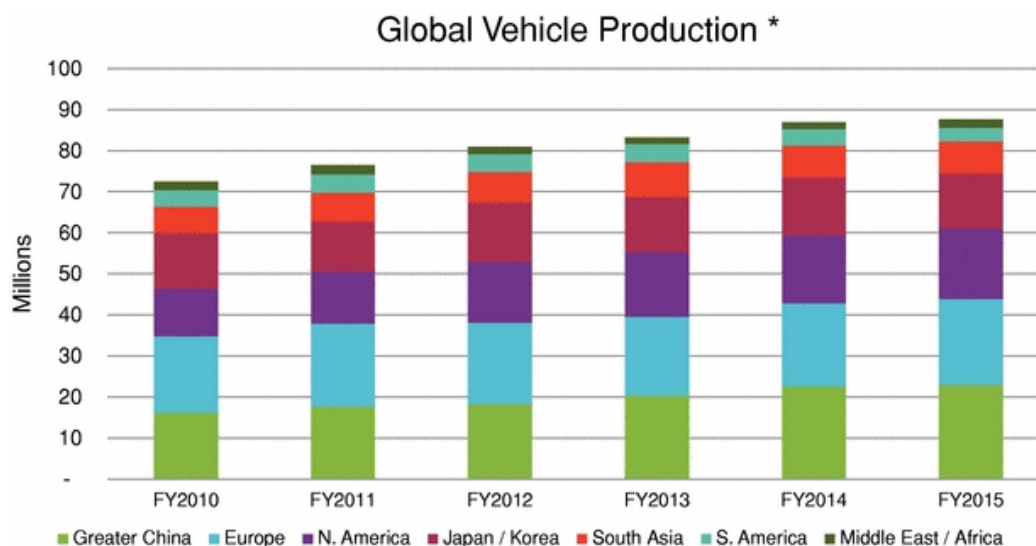
Industry

The Automotive Seating industry provides OEMs with complete seats on a "just-in-time or in-sequence" basis. Seats are assembled to specific order and delivered on a predetermined schedule directly to an automotive assembly line. The components for these complete seat assemblies such as seating foam, metal structures, fabrics, seat covers and seat mechanisms are shipped to Adient or competitor seating assembly plants. Adient is the world's largest* in complete seat assembly and one of the largest in all major seating components, operating manufacturing plants that produce seating foam, metal structures, fabrics, seat covers and seat mechanisms.

Overall, Adient expects long-term growth of vehicle sales and production in the OEM market. The industry has experienced growth over the past few years in nearly all geographic regions with the exceptions being South America and Japan/Korea, where vehicle production has declined over the same period. Vehicle production increased by 3% in Europe, 2% in Greater China, 1% in South Asia and

* Based on production volumes. Source: IHS Automotive

4% in North America, and decreased by 16% in South America and 5% in Japan/Korea in fiscal year 2015, in each case as compared to fiscal year 2014.



Demand for automotive parts in the OEM market is generally a function of the number of new vehicles produced, which is primarily driven by macro-economic factors such as credit availability, interest rates, fuel prices, consumer confidence, employment and other trends. Although OEM demand is tied to actual vehicle production, participants in the automotive supplier industry also have the opportunity to grow through increasing product content per vehicle by further penetrating business with existing customers and in existing markets, gaining new customers and increasing their presence in global markets. Adient believes that, as a company with a global presence and advanced technology, engineering, manufacturing and customer support capabilities, it is well positioned to benefit from these opportunities. In addition, Adient expects to leverage these capabilities to pursue future growth in adjacent markets.

Sourcing Patterns by OEMs

Most OEMs have adopted global vehicle platforms to increase standardization, reduce per unit cost and increase capital efficiency and profitability. In seating, three sourcing patterns have emerged over the past five years:

1. **Core seat structures:** By developing common front seat frames and mechanisms across multiple vehicle platforms, OEMs are reducing costs.
2. **Component sourcing:** Several OEMs have shifted from sourcing a complete seating system to a components approach where the OEM sources each of the different components of the seat and seating assembly as separate business awards.
3. **Engineering "in-sourcing":** Some OEMs are conducting the design and engineering internally and are selecting suppliers that have the capability to manufacture products on a worldwide basis and adapt to regional variations.

Adient believes that as a supplier with global scale and strong design, engineering and lean manufacturing capabilities in both complete seat systems and components it is well positioned to benefit from these opportunities.

Shorter Product Development Cycles

As a result of new safety and environmental regulations, as well as a trend of more rapid customer preference changes, OEMs are requiring suppliers to respond faster with new designs and product innovations. Although these trends are more significant in mature markets, emerging markets are moving rapidly towards the regulatory standards and consumer preferences of the more mature markets. Suppliers with strong technologies, robust global engineering and development capabilities will be best positioned to meet OEM demands for rapid innovation.

Competition

Adient faces competition from other automotive suppliers and, with respect to certain products, from the automobile OEMs who produce or have the capability to produce certain products the business supplies. The automotive supply industry competes on the basis of technology, quality, reliability of supply and price. Design, engineering and product planning are increasingly important factors. The competitive landscape for seating and components can be categorized into three segments: (1) traditional seating suppliers, (2) component specialists and (3) competitors who are partnered with an OEM through ownership or interlocking business relationships. Independent suppliers that represent the principal competitors of Adient include Lear Corporation, Faurecia SA and Magna International Inc. The businesses operated through Yanfeng Automotive Interiors primarily compete with Faurecia SA, Grupo Antolin—Irausa SA and International Automotive Components Group SA. Adient's deep vertical integration, global footprint and broad product offering make it well positioned to compete against the traditional global Tier-1's and component specialists.

Raw Materials

Raw materials used by Adient in connection with its operations, including steel, aluminum, polyurethane chemicals, fabrics, leather, vinyl and polypropylene, were readily available during fiscal 2015, and Adient expects such availability to continue. During the remainder of fiscal 2016, commodity prices could fluctuate throughout the year and could significantly affect Adient's results of operations.

Intellectual Property

Generally, Adient seeks statutory protection for strategic or financially important intellectual property developed in connection with its business. Certain intellectual property, where appropriate, is protected by contracts, licenses, confidentiality or other agreements.

Adient owns numerous U.S. and non-U.S. patents (and their respective counterparts), the more important of which cover those technologies and inventions embodied in current products or which are used in the manufacture of those products. While Adient believes patents are important to its business operations and in the aggregate constitute a valuable asset, no single patent, or group of patents, is critical to the success of the business. Adient, from time to time, grants licenses under its patents and technology and receives licenses under patents and technology of others.

Adient's trademarks, certain of which are material to its business, are registered or otherwise legally protected in the United States and many non-U.S. countries where products and services of Adient are sold. Adient, from time to time, becomes involved in trademark licensing transactions.

Most works of authorship produced for Adient, such as computer programs, catalogs and sales literature, carry appropriate notices indicating Adient's claim to copyright protection under U.S. law and appropriate international treaties.

Regulation

Adient operates in a constantly evolving global regulatory environment and is subject to numerous and varying regulatory requirements for its product performance and material content. Adient's practice is to identify potential regulatory and quality risks early in the design and development process and proactively manage them throughout the product lifecycle through use of routine assessments, protocols, standards, performance measures and audits. New regulations and changes to existing regulations are managed in collaboration with the OEM customers and implemented through Adient's global systems and procedures designed to ensure compliance with existing laws and regulations. Adient demonstrates material content compliance through the International Material Data System, or IMDS, which is the automotive industry material data system. In the IMDS, all materials used for car manufacturing are archived and maintained, in order to meet the obligations placed on the car manufacturers—and thus on their suppliers—by national and international standards, laws and regulations.

Adient works collaboratively with a number of stakeholder groups including government agencies (*e.g.*, National Highway Traffic Safety Administration), its customers and its suppliers to proactively engage in federal, state and international public policy processes.

Environmental, Health and Safety Matters

Laws addressing the protection of the environment and workers' safety and health govern Adient's ongoing global operations. They generally provide for civil and criminal penalties, as well as injunctive and remedial relief, for noncompliance or require remediation of sites where Adient-related materials have been released into the environment.

Adient has expended substantial resources globally, both financial and managerial, to comply with environmental laws and worker safety laws and maintains procedures designed to foster and ensure compliance. Certain of Adient's businesses are, or have been, engaged in the handling or use of substances that may impact workplace health and safety or the environment. Adient is committed to protecting its workers and the environment against the risks associated with these substances.

Adient's operations and facilities have been, and in the future may become, the subject of formal or informal enforcement actions or proceedings for noncompliance with environmental laws and worker safety laws or for the remediation of Adient-related substances released into the environment. Such matters typically are resolved with regulatory authorities through commitments to compliance, abatement or remediation programs and, in some cases, payment of penalties. Historically, neither such commitments nor such penalties have been material.

Employees

As of March 31, 2016, Adient employed approximately 75,000 employees, of whom approximately 62,000 were hourly and 13,000 were salaried.

Seasonal Factors

Adient's principal operations are directly related to the automotive industry. Consequently, Adient may experience seasonal fluctuations to the extent automotive vehicle production slows, such as in the summer months when many customer plants close for model year changeovers and in December when many customer plants close for the holidays.

Properties

The locations of Adient's principal facilities, as of March 31, 2016, are listed below.

Jurisdiction	City
Alabama	Clanton
	Cottondale
	Eastaboga
California	Fremont (1)
Georgia	West Point (1)
Illinois	Sycamore
Indiana	Princeton (1)
Kentucky	Cadiz
	Georgetown (2)
	Shelbyville (1)
	Winchester (1)
Michigan	Auburn Hills (1)
	Battle Creek
	Detroit
	Holland (2),(3)
	Lansing (2)
Missouri	Plymouth (2),(4)
	Warren (1)
	Eldon (2)
	Riverside (1)
Ohio	Bryan
	Greenfield
	Northwood
Tennessee	Wauseon
	Athens
	Lexington
	Murfreesboro
Texas	Pulaski
	El Paso (1)
	San Antonio (1)
Wisconsin	Milwaukee (1),(4)
Argentina	Rosario
Austria	Graz (1)
	Mandling
Belgium	Assenede (1)
Brazil	Gravataí City
	Pouso Alegre
	Quatro Barras (2)
	Sao Bernardo do Campo (1),(4)
Canada	São José dos Pinhais (1)
	Milton
	Tillsonburg
	Whitby (2)

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Jurisdiction	City
China	Shanghai (1),(4)
	Beijing
Czech Republic	Bezdecin (1)
	Bor u Tachova (1)
	Ceska Lipa (2),(4)
	Kvasiny (1)
	Mlada Boleslav (1)
	Roudnice
	Rychnov nad Kneznou (1)
	Strakonice
France	Straz pod Ralskem
	Conflans-sur-Lanterne
	Laroque D'Olmes
	Les Ulis (1),(4)
	Paris (1),(4)
	Rosny
Germany	Strasbourg
	Berlin (1),(4)
	Bochum (2)
	Böblingen (1)
	Burscheid (2),(4)
	Dautphetal
	Espelkamp
	Grefrath (1)
	Hannover (1)
	Hilchenbach (1)
	Kaiserslautern
	Kirchheim
	Lüneburg
	Mannweiler (1)
	München (1),(4)
	Neuenbürg
	Neustadt
	Rastatt (1)
	Remscheid (1)
	Rockenhausen
	Russelsheim (1),(4)
	Saarlouis (1)
	Sindelfingen (1),(4)
	Solingen (3)
	Waghausel
	Weilheim an der Teck (1)
	Weyhausen (1),(4)
	Wuppertal (1),(3)
	Zwickau (2)
Hungary	Kecskemet (1)
	Mezőlak
	Mor

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Jurisdiction	City
India	Ahmedabad (1)
	Bangalore
	Chennai
	Dharwad (1)
	Hinjewadi
	Jamshedpur (1)
	Lucknow (1)
	Noida (1)
	Pune (2),(3)
	Rudrapur (1)
Indonesia	Purwakarta (1),(3)
Italy	Grugliasco (1)
	Melfi
	Ogliastro Cilento
Japan	Rocca D'Evandro
	Hamamatsu
	Higashiomi
	Hiratsuka (1)
	Miyako-gun (2)
	Torihama (4)
	Yokohama (2),(4)
	Yokosuka (2)
Korea	Ansan (1),(4)
	Asan (2)
	Busan (1)
Malaysia	Melaka (1)
	Pekan (1)
	Selangor Darul Ehsan (1),(3)
Macedonia	Stip
	Strumica
Mexico	El Marqués (3)
	Juarez
	Lerma (1)
	Matamoros (1)
	Monclova
	Puebla (1)
	Ramos Arizpe
	Saltillo (2)
Poland	Tlaxcala
	Bierun
	Siemianowice
	Skarbimierz (1)
	Swiebodzin
Portugal	Zory
	Palmela
Romania	Brad
	Craiova (1)
	Jimbolia
	Mioveni (1)
	Pitesti
	Ploiesti
	Poiana Lacului
Russia	Timisoara (1)
	Togliatti (1)

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Jurisdiction	City
Serbia	Kragujevac
Slovakia	Bratislava (1),(4)
	Kostany nad Turcom
	Lozomo (1)
	Lucenec (1)
	Trencin (1),(4)
	Zilina
Slovenia	Martin (1)
	Novo Mesto (1)
	Slovenj Gradec
South Africa	East London (1)
	Pretoria
	Uitenhage (1)
Spain	Abdera
	Alagon
	Calatorao
	Valencia (2)
	Valladolid
	Zaragoza
Sweden	Goteborg (1)
Thailand	Chonburi (1)
	Rayong (2),(3)
	Samut Prakan (1)
Turkey	Gebze
United Kingdom	Burton-Upon-Trent (2)
	Ellesmere Port (1)
	Liverpool (1)
	Sunderland (2)
	Telford (1)
	Wednesbury
Vietnam	Hai Duong (1)

- (1) Leased facility
- (2) Includes both leased and owned facilities
- (3) Includes both administrative and manufacturing facilities
- (4) Administrative facility only

Legal Proceedings

Adient is involved in various lawsuits, claims and proceedings incident to the operation of its businesses, including those pertaining to product liability, product safety, environmental, safety and health, intellectual property, employment, commercial and contractual matters and various other matters. Although the outcome of any such lawsuit, claim or proceeding cannot be predicted with certainty and some may be disposed of unfavorably to Adient, it is management's opinion that none of these will have a material adverse effect on Adient's financial position, results of operations or cash flows. Adient accrues for potential liabilities in a manner consistent with accounting principles generally accepted in the United States, that is, when it is probable a liability has been incurred and the amount of the liability is reasonably estimable.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis presented below refer to and should be read in conjunction with the audited combined financial statements and the corresponding notes, unaudited interim combined financial statements and the corresponding notes, and the selected historical combined financial data, each included elsewhere in this information statement. This Management's Discussion and Analysis of Financial Condition and Results of Operations contains forward-looking statements. The matters discussed in these forward-looking statements are subject to risk, uncertainties and other factors that could cause actual results to differ materially from those made, projected or implied in the forward-looking statements. Please see the "Risk Factors" section for a discussion of the uncertainties, risks and assumptions associated with these statements.

Separation from Johnson Controls

On July 24, 2015, Johnson Controls announced its intent to separate its automotive seating and interiors businesses from the rest of Johnson Controls by means of a spin-off. The spin-off will create Adient, a separate, independent, publicly traded automotive seating and interiors company. As part of the separation, Johnson Controls intends to transfer the assets, liabilities and operations of its automotive seating and interiors businesses on a global basis to Adient.

Adient's historical combined financial statements have been prepared on a stand-alone basis and are derived from Johnson Controls' consolidated financial statements and accounting records. Therefore, these financial statements reflect, in conformity with accounting principles generally accepted in the United States, Adient's financial position, results of operations, comprehensive loss and cash flows as the business was historically operated as part of Johnson Controls prior to the distribution. They may not be indicative of Adient's future performance and do not necessarily reflect what Adient's combined results of operations, financial condition and cash flows would have been had Adient operated as a separate, publicly traded company during the periods presented, particularly because Adient expects that many changes will occur in Adient's operations and capitalization as a result of the separation from Johnson Controls.

Adient's combined statement of operations includes its direct expenses for cost of goods sold, research and development, sales and marketing, distribution, and administration as well as allocations of expenses arising from shared services and infrastructure provided by Johnson Controls to Adient, such as information technology, accounting, legal, real estate and facilities, corporate advertising, risk and insurance services, treasury, shareholder services and other corporate and infrastructure services. These operating expenses are allocated to Adient using estimates that Adient considers to be a reasonable reflection of the utilization of services provided to or benefits received by Adient.

Adient expects that Johnson Controls will continue to provide some of the services related to these functions on a transitional basis for a fee. These services will be received under the transition services agreement described in "Certain Relationships and Related Party Transactions."

Executive Summary

Business overview

Adient is the world's largest automotive seating supplier* with relationships with the largest global auto manufacturers. Adient's technologies extend into virtually every area of automotive seating solutions, including complete seating systems, frames, mechanisms, foam, head restraints, armrests, trim covers and fabrics. Adient will be an independent seat supplier with global scale and the capability to design, develop, engineer, manufacture and deliver complete seat systems and components in every

* Based on production volumes. Source: IHS Automotive

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major automotive producing region in the world. Adient also participates in the automotive interiors market primarily through its approximately 30% equity interest in Yanfeng Global Automotive Interior Systems Co., Ltd.

Adient designs, manufactures and markets a full range of seating systems and components for passenger cars, commercial vehicles and light trucks, including vans, pick-up trucks and sport/crossover utility vehicles. Adient also supplies high performance seating systems to the international motorsports industry through its award winning RECARO brand of products. Adient operates approximately 230 wholly- and majority-owned manufacturing or assembly facilities, with operations in 33 countries. Additionally, Adient has partially-owned affiliates in China, Asia, Europe and North America.

Adient's business model is focused on developing and maintaining long-term customer relationships, which has allowed Adient to successfully grow with leading global OEMs, including BMW, Daimler AG, Fiat Chrysler Automobiles, Ford Motor Company, General Motors Company, Honda Motor Company, Hyundai Motor Company, Jaguar Land Rover, Kia Motor Company, Mazda Motor Company, Mitsubishi Motors, Nissan Motor Company, PSA Peugeot Citroen, Renault, Suzuki, Toyota Motor Corporation, Volkswagen AG and Volvo. Adient also supplies most of the growing regional OEMs such as BAIC Motor Co., Ltd., Brilliance Auto Group, Changan Automobile (Group) Co., Ltd., FAW Group Corporation, Great Wall Motors Company Limited, SAIC Motor Corporation Limited, Tata Motors Limited and Zhejiang Geely Holding Group Co., Ltd and newer auto manufacturers such as Tesla Motors, Inc. Adient and its engineers work closely with customers as vehicle platforms are developed, which results in close ties with key decision makers at OEM customers.

Overview—Seating

Adient's Seating segment produces automotive seat metal structures and mechanisms, foam, trim, fabric and complete seat systems and operates assembly plants that supply automotive OEMs with complete seats on a "just-in-time/in-sequence" basis. Seats are assembled to specific order and delivered on a predetermined schedule directly to an automotive assembly line.

Overview—Interiors

Adient's Interiors segment, primarily derived from its global interiors joint venture, produces instrument panels, floor consoles, door panels, overhead consoles, cockpit systems, decorative trim and other products. Prior to the launch of the joint venture on July 2, 2015, the Interiors segment produced instrument panels, floor consoles and door panels.

Global Automotive Industry

Adient conducts its business in the automotive industry, which is highly competitive and sensitive to economic conditions. During the three and six months ended March 31, 2016 the global automotive industry continued to experience modest global growth. Growth in China production has outpaced the overall growth rate although at a lower rate than in prior years. Europe production has also increased based on recovering demand in Western Europe and North America production has remained strong. South America continues to experience a contraction in demand while production in the remaining regions was mixed due to varying economic, political and social factors.

Light vehicle production levels by geographic region are provided below:

(units in millions)	Light Vehicle Production					
	Three Months Ended			Six Months Ended		
	March 31,			March 31,		
	2016	2015	Change	2016	2015	Change
Global	23.1	22.2	4%	46.0	44.9	2%
Greater China	6.2	5.8	7%	12.5	11.9	5%
Europe	5.7	5.5	4%	11.3	10.9	4%
North America	4.7	4.5	4%	9.2	8.8	5%
Japan/Korea	3.3	3.2	3%	6.6	6.7	-1%
South Asia	2.0	1.9	5%	4.1	4.0	3%
South America	0.7	0.8	-13%	1.3	1.6	-19%
Middle East/Africa	0.5	0.5	0%	1.0	1.0	0%

Source: IHS Automotive, May 2016

	Light Vehicle Production					
	Change			Change		
	FY 2015	FY 2014	(FY 2015 vs FY 2014)	FY 2013	(FY 2014 vs FY 2013)	
Global	87.7	86.9	1%	83.2	4%	
Greater China	23.1	22.6	2%	20.3	11%	
Europe	20.7	20.1	3%	19.2	5%	
North America	17.4	16.8	4%	16.0	5%	
Japan/Korea	13.2	13.9	-5%	13.2	5%	
South Asia	7.9	7.8	1%	8.4	-7%	
South America	3.3	3.9	-15%	4.6	-15%	
Middle East/Africa	2.1	1.8	17%	1.5	20%	

Source: IHS Automotive, March 2016

Financial Results Summary

Significant aspects of Adient's financial results for the three and six months ended March 31, 2016 include the following:

- On July 2, 2015, Adient completed its global automotive interiors joint venture (YFAI) with Yanfeng Automotive Trim Systems. Since that date, the contributed interiors business was deconsolidated and the results of the joint venture are included in equity income. The impact of this transaction results in significant variances when comparing periods, as discussed below within the financial statement line item discussions.
- For the three months ended March 31, 2016, Adient recorded net sales of \$4,298 million representing a decrease of \$936 million when compared to the same period last year. Excluding the impact of foreign currency translation (\$105 million) and the impact of the YFAI joint venture (\$948 million), net sales increased by 2% year over year. For the six months ended March 31, 2016, Adient recorded net sales of \$8,531 million representing a decrease of \$1,976 million when compared to the same period last year. Excluding the impact of foreign currency translation (\$375 million) and the impact of the YFAI joint venture (\$1,937 million), net sales increased by 3% year over year.
- Gross profit was \$430 million or 10.0% of net sales for the three months ended March 31, 2016 compared to \$472 million or 9.0% of net sales for the same period last year. Gross profit was

\$798 million or 9.4% of net sales for the six months ended March 31, 2016 compared to \$916 million or 8.7% of net sales for the same period last year. The increase in gross profit as a percentage of net sales for both periods was primarily due to the impact of the YFAI joint venture and the benefits of cost reduction initiatives.

- Equity income was \$77 million for the three months ended March 31, 2016 which is \$8 million higher than the same period last year. Equity income was \$171 million for the six months ended March 31, 2016 which is \$17 million higher than the same period last year. In both periods the increase is primarily due to current year income related to the YFAI joint venture and higher equity income from certain other partially-owned seating affiliates.
- Net loss attributable to Adient was \$779 million for the three months ended March 31, 2016 compared to net income of \$201 million in the same period last year. The decrease is primarily due to higher tax expense related to the change in assertion over permanently reinvested earnings as a result of the spin-off (\$778 million), current period restructuring and impairment charges (\$169 million) and costs related to the separation of Adient (\$72 million). Excluding these items, net income attributable to Adient increased by \$39 million. Net loss attributable to Adient was \$642 million for the six months ended March 31, 2016 compared to net income of \$383 million in the same period last year. The decrease is primarily due to higher tax expense related to the change in assertion over permanently reinvested earnings as a result of the spin-off (\$778 million), current period restructuring and impairment charges (\$169 million) and costs related to the separation of Adient (\$132 million). Excluding these items, net income attributable to Adient increased by \$54 million.
- Adient provided \$294 million of cash from operating activities for the six months ended March 31, 2016, \$508 million more than for the three months ended March 31, 2015, primarily due to favorable changes in working capital.

Significant aspects of the Company's financial results for the year ended September 30, 2015 include the following:

- The Company recorded net sales of \$20,071 million representing a decrease of \$1,970 million when compared to the year ended September 30, 2014. Excluding the impact of foreign currency translation (\$1.6 billion) and the impact of the YFAI joint venture (\$924 million), net sales increased by 3% year over year.
- Gross profit was \$1,852 million or 9.2% of net sales for the year ended September 30, 2015 compared to \$1,953 million or 8.9% of net sales for the same period in 2014. The increase in gross profit as a percentage of net sales was primarily due to the benefits of cost reduction initiatives and the impact of the YFAI joint venture.
- Equity income was \$295 million for the year ended September 30, 2015 which is \$11 million higher than the same period in 2014. The increase is primarily due to higher current year income at certain partially-owned Seating affiliates in China.
- Net income attributable to Adient was \$475 million for the year ended September 30, 2015 which is \$168 million higher than the same period in 2014. The increase is primarily due to the gain related to the YFAI joint venture, and lower selling, general and administrative expenses due to the benefits of cost reduction initiatives.
- The Company generated \$397 million of cash from operating activities for the year ended September 30, 2015, \$400 million lower than cash from operating activities of \$797 million for the same period in 2014, primarily due to unfavorable changes in working capital.

Three and Six Months Ended March 31, 2016 Compared to Corresponding Periods Ended March 31, 2015

(in millions)	Three Months Ended March 31,			Six Months Ended March 31,		
	2016	2015	Change	2016	2015	Change
Net sales	\$ 4,298	\$ 5,234	-18%	\$ 8,531	\$ 10,507	-19%
Cost of sales	3,868	4,762	-19%	7,733	9,591	-19%
Gross profit	430	472	-9%	798	916	-13%
Selling, general and administrative expenses	(252)	(298)	-15%	(505)	(607)	-17%
Restructuring and impairment costs	(169)	—	*	(169)	—	*
Net financing charges	(4)	(3)	33%	(6)	(7)	-14%
Equity income	77	69	12%	171	154	11%
Income before income taxes	82	240	-66%	289	456	-37%
Income tax provision	838	21	*	891	36	*
Net income (loss)	(756)	219	*	(602)	420	*
Income attributable to noncontrolling interests	23	18	28%	40	37	8%
Net income (loss) attributable to Adient	\$ (779)	\$ 201	*	\$ (642)	\$ 383	*

* Measure not meaningful

Net Sales

(in millions)	Three Months Ended March 31,			Six Months Ended March 31,		
	2016	2015	Change	2016	2015	Change
Net sales	\$ 4,298	\$ 5,234	-18%	\$ 8,531	\$ 10,507	-19%

Net sales for the three months ended March 31, 2016 were unfavorably impacted by foreign currency translation (\$105 million) and by the impact of the YFAI joint venture (\$948 million). Excluding the above items, net sales increased by \$117 million, or 2%, primarily due to higher volumes attributable to growth in North America and Asia, partially offset by softness in Europe and South America due to changes in automotive production levels. Refer to the segment analysis below for a discussion of net sales by segment.

Net sales for the six months ended March 31, 2016 were unfavorably impacted by foreign currency translation (\$375 million) and by the impact of the YFAI joint venture (\$1,937 million). Excluding the above items, net sales increased by \$336 million, or 3%, primarily due to higher volumes attributable to growth in North America and Asia, partially offset by softness in Europe and South America due to changes in automotive production levels. Refer to the segment analysis below for a discussion of net sales by segment.

Cost of Sales / Gross Profit

(in millions)	Three Months Ended March 31,			Six Months Ended March 31,		
	2016	2015	Change	2016	2015	Change
Cost of sales	\$ 3,868	\$ 4,762	-19%	\$ 7,733	\$ 9,591	-19%
Gross profit	430	472	-9%	798	916	-13%
% of sales	10.0%	9.0%		9.4%	8.7%	

Cost of sales for the three months ended March 31, 2016 was favorably impacted by foreign currency translation (\$94 million) and by the impact of the YFAI joint venture (\$881 million). Excluding the above items, costs of sales increased by \$81 million, or 2%. These items favorably impacted current period gross profit as a percent of net sales by 50 basis points. The increase in gross profit as a percent of net sales is primarily due to the impact of the YFAI joint venture, operational efficiencies and the result of cost reduction initiatives. Refer to the segment analysis below for a discussion of segment income by segment.

Cost of sales for the six months ended March 31, 2016 was favorably impacted by foreign currency translation (\$333 million) and by the impact of the YFAI joint venture (\$1,801 million). Excluding the above items, costs of sales increased by \$276 million, or 3%. These items favorably impacted current period gross profit as a percent of net sales by 40 basis points. The increase in gross profit as a percent of net sales is primarily due to the impact of the YFAI joint venture, operational efficiencies and the result of cost reduction initiatives. Refer to the segment analysis below for a discussion of segment income by segment.

Selling, General and Administrative Expenses

(in millions)	Three Months Ended March 31,			Six Months Ended March 31,		
	2016	2015	Change	2016	2015	Change
Selling, general and administrative expenses	\$ 252	\$ 298	-15%	\$ 505	\$ 607	-17%
% of sales	5.9%	5.7%		5.9%	5.8%	

Selling, general and administrative expenses (SG&A) for the three months ended March 31, 2016 was favorably impacted by foreign currency translation (\$6 million) and by the impact of the YFAI joint venture (\$49 million), offset by separation costs (\$72 million). Excluding the above items, SG&A decreased by \$63 million, or 21%, primarily due to the result of cost reduction initiatives and prior year transaction costs (\$11 million). Refer to the segment analysis below for a discussion of segment income by segment.

SG&A for the six months ended March 31, 2016 was favorably impacted by foreign currency translation (\$26 million) and by the impact of the YFAI joint venture (\$106 million), offset by separation costs (\$132 million). Excluding the above items, SG&A decreased by \$102 million, or 17%, primarily due to lower engineering costs and the result of cost reduction initiatives. Refer to the segment analysis below for a discussion of segment income by segment.

Restructuring and Impairment Costs

(in millions)	Three Months Ended March 31,			Six Months Ended March 31,		
	2016	2015	Change	2016	2015	Change
Restructuring and impairment costs	\$ 169	\$ —	*	\$ 169	\$ —	*

* Measure not meaningful

Refer to Note 8, "Significant Restructuring and Impairment Costs," of the notes to combined unaudited interim financial statements for information related to Adient's restructuring plans.

Net Financing Charges

(in millions)	Three Months Ended March 31,			Six Months Ended March 31,		
	2016	2015	Change	2016	2015	Change
Net financing charges	\$ 4	\$ 3	33%	\$ 6	\$ 7	-14%

Net financing charges increased for the three months ended March 31, 2016 and decreased for the six months ended March 31, 2016 primarily due to variations in Adient's average borrowing levels primarily in foreign jurisdictions.

Equity Income

(in millions)	Three Months Ended March 31,			Six Months Ended March 31,		
	2016	2015	Change	2016	2015	Change
Equity income	\$ 77	\$ 69	12%	\$ 171	\$ 154	11%

The increase in equity income was primarily due to current year income related to the YFAI joint venture and higher equity income from certain other partially-owned Seating affiliates. Refer to the segment analysis below for a discussion of segment income by segment. Refer to Note 17, "Nonconsolidated Partially-Owned Affiliates," of the notes to combined unaudited interim financial statements for further disclosure related to Adient's nonconsolidated partially-owned affiliates.

Income Tax Provision

(in millions)	Three Months Ended March 31,			Six Months Ended March 31,		
	2016	2015	Change	2016	2015	Change
Income tax provision	\$ 838	\$ 21	*	\$ 891	\$ 36	*

* Measure not meaningful

In calculating the provision for income taxes, Adient uses an estimate of the annual effective tax rate based upon the facts and circumstances known at each interim period. On a quarterly basis, the annual effective tax rate is adjusted, as appropriate, based upon changed facts and circumstances, if any, as compared to those forecasted at the beginning of the fiscal year and each interim period thereafter.

For the three and six months ended March 31, 2016, Adient's effective tax rate was 1,022% and 308%, respectively. The effective rate was higher than the U.S. federal statutory rate of 35% primarily due to a one-time tax charge for Adient's change in assertion over permanently reinvested earnings as a result of the spin-off (\$778 million), the jurisdictional mix of significant restructuring and impairment costs, and the tax impacts of separation costs, partially offset by the benefits of global tax planning initiatives and foreign tax rate differentials. For the three and six months ended March 31, 2015, Adient's effective tax rate was 9% and 8%, respectively. The effective rate was lower than the U.S. federal statutory rate of 35% primarily due to global tax planning and foreign tax rate differentials, partially offset by a tax law change in Japan.

Income Attributable to Noncontrolling Interests

(in millions)	Three Months Ended March 31,			Six Months Ended March 31,		
	2016	2015	Change	2016	2015	Change
Income attributable to noncontrolling interests	\$ 23	\$ 18	28%	\$ 40	\$ 37	8%

The increase in income attributable to noncontrolling interests for the three and six months ended March 31, 2016 was primarily due to higher income at partially-owned Seating affiliates.

Net Income Attributable to Adient

(in millions)	Three Months Ended March 31,			Six Months Ended March 31,		
	2016	2015	Change	2016	2015	Change
Net income (loss) attributable to Adient	\$ (779)	\$ 201	*	\$ (642)	\$ 383	*

* Measure not meaningful

The decrease in net income attributable to Adient for the three months ended March 31, 2016 was primarily due to higher tax expense related to the change in assertion over permanently reinvested earnings as a result of the spin-off (\$778 million), current period restructuring and impairment costs (\$169 million) and costs related to the separation of Adient (\$72 million). Excluding these items, net income attributable to Adient increased by \$39 million.

The decrease in net income attributable to Adient for the six months ended March 31, 2016 was primarily due to higher tax expense related to the change in assertion over permanently reinvested earnings as a result of the spin-off (\$778 million), current period restructuring and impairment costs (\$169 million) and costs related to the separation of Adient (\$132 million). Excluding these items, net income attributable to Adient increased by \$54 million.

Comprehensive Income (Loss) Attributable to Adient

(in millions)	Three Months Ended March 31,			Six Months Ended March 31,		
	2016	2015	Change	2016	2015	Change
Comprehensive income (loss) attributable to Adient	\$ (590)	\$ (232)	154%	\$ (603)	\$ (288)	109%

The increase in comprehensive loss attributable to Adient for the three months ended March 31, 2016 was primarily due to lower net income (loss) attributable to Adient (\$980 million) as discussed above, partially offset by favorable foreign currency translation adjustments (\$622 million). The favorable foreign currency translation adjustments were primarily driven by the weakening of the Brazilian real, British pound, Euro, Japanese yen and Polish zloty against the U.S. dollar in the prior year.

The increase in comprehensive loss attributable to Adient for the six months ended March 31, 2016 was primarily due to lower net income (loss) attributable to Adient (\$1,025 million) as discussed above, partially offset by favorable foreign currency translation adjustments (\$699 million). The favorable foreign currency translation adjustments were primarily driven by the weakening of the Brazilian real, British pound, Euro, Japanese yen and Polish zloty against the U.S. dollar in the prior year.

Segment Analysis

Management evaluates the performance of its business units based primarily on segment income, which is defined as income before income taxes and noncontrolling interests excluding net financing charges, restructuring and impairment costs, and net mark-to-market adjustments on pension and postretirement plans.

(in millions)	Three Months Ended March 31,			Six Months Ended March 31,		
	2016	2015	Change	2016	2015	Change
Net Sales						
Seating	\$ 4,266	\$ 4,224	1%	\$ 8,438	\$ 8,430	0%
Interiors	32	1,010	-97%	93	2,077	-96%
Total net sales	<u>\$ 4,298</u>	<u>\$ 5,234</u>	-18%	<u>\$ 8,531</u>	<u>\$ 10,507</u>	-19%

(in millions)	Three Months Ended March 31,			Six Months Ended March 31,		
	2016	2015	Change	2016	2015	Change
Segment Income						
Seating	\$ 228	\$ 225	1%	\$ 426	\$ 415	3%
Interiors	27	18	50%	38	48	-21%
Total segment income	\$ 255	\$ 243	5%	\$ 464	\$ 463	0%
Total restructuring and impairment costs	(169)	—	*	(169)	—	*
Net financing charges	(4)	(3)	33%	(6)	(7)	-14%
Income before income taxes	<u>\$ 82</u>	<u>\$ 240</u>	-66%	<u>\$ 289</u>	<u>\$ 456</u>	-37%

* Measure not meaningful

Seating

(in millions)	Three Months Ended March 31,			Six Months Ended March 31,		
	2016	2015	Change	2016	2015	Change
Net sales	\$ 4,266	\$ 4,224	1%	\$ 8,438	\$ 8,430	0%
Segment income	228	225	1%	426	415	3%

Three Months

- Net sales increased for the three months ended March 31, 2016 due to higher volumes (\$170 million), partially offset by the unfavorable impact of foreign currency translation (\$107 million), and net unfavorable pricing and commercial settlements (\$21 million). The higher volumes were attributable to growth in North America and Asia, partially offset by softness in Europe and South America due to changes in automotive production levels.
- Segment income increased for the three months ended March 31, 2016 due to lower operating costs (\$20 million) and lower selling, general and administrative expenses (\$16 million) as a result of restructuring actions and operational efficiencies, net favorable pricing and commercial settlements (\$13 million), lower purchasing costs resulting from supplier price concessions (\$12 million), higher volumes as discussed above (\$10 million), higher equity income (\$6 million) and lower engineering expenses (\$3 million), partially

offset by current year separation costs (\$72 million) and the unfavorable impact of foreign currency translation (\$5 million).

Year-to-Date

- Net sales increased for the six months ended March 31, 2016 due to higher volumes (\$391 million) and incremental sales related to a prior year business acquisition (\$19 million), partially offset by the unfavorable impact of foreign currency translation (\$365 million), and net unfavorable pricing and commercial settlements (\$37 million). The higher volumes were attributable to growth in North America and Asia, partially offset by softness in Europe and South America due to changes in automotive production levels.
- Segment income increased for the six months ended March 31, 2016 due to lower operating costs (\$36 million) and lower selling, general and administrative expenses (\$35 million) as a result of restructuring actions and operational efficiencies, higher volumes as discussed above (\$28 million), lower purchasing costs resulting from supplier price concessions (\$20 million), net favorable pricing and commercial settlements (\$16 million), lower engineering expenses (\$13 million), higher equity income (\$8 million) and incremental operating income related to a prior year business acquisition (\$2 million), partially offset by current year separation costs (\$132 million) and the unfavorable impact of foreign currency translation (\$15 million).

Interiors

(in millions)	Three Months Ended March 31,			Six Months Ended March 31,		
	2016	2015	Change	2016	2015	Change
Net sales	\$ 32	\$ 1,010	(97)%	\$ 93	\$ 2,077	(96)%
Segment income	27	18	50%	38	48	(21)%

Three Months

- Net sales decreased for the three months ended March 31, 2016 due to the impact of the YFAI joint venture (\$948 million) and lower volumes primarily due to plant wind downs (\$35 million), partially offset by favorable pricing and commercial settlements (\$3 million), and the favorable impact of foreign currency translation (\$2 million).
- Segment income increased for the three months ended March 31, 2016 due to favorable settlements from prior year business divestitures (\$22 million), prior year transaction costs (\$11 million), lower selling, general and administrative expenses (\$7 million), and lower operating costs (\$4 million), partially offset by the prior year held for sale depreciation impact of the contributed interiors business to YFAI (\$30 million) and lower volumes as discussed above (\$5 million).

Year-to-Date

- Net sales decreased for the six months ended March 31, 2016 due to the impact of the YFAI joint venture (\$1,937 million), lower volumes primarily due to plant wind downs (\$35 million), the unfavorable impact of foreign currency translation (\$10 million), and net unfavorable pricing and commercial settlements (\$2 million).
- Segment income decreased for the six months ended March 31, 2016 due to the prior year held for sale depreciation impact of the contributed interiors business to YFAI (\$54 million), lower volumes as discussed above (\$5 million), unfavorable pricing and

commercial settlements (\$5 million), and the unfavorable impact of foreign currency translation (\$1 million), partially offset by favorable settlements from prior year business divestitures (\$22 million), prior year transaction costs (\$17 million), lower selling, general and administrative expenses (\$12 million), and lower operating costs (\$4 million).

Fiscal Year 2015 Compared to Fiscal Year 2014

(in millions)	Year Ended September 30,		Change
	2015	2014	
Net sales	\$ 20,071	\$ 22,041	-9%
Cost of sales	18,219	20,088	-9%
Gross profit	1,852	1,953	-5%
Selling, general and administrative expenses	(1,131)	(1,308)	-14%
Gain (loss) on business divestitures—net	137	(86)	*
Restructuring and impairment costs	(182)	(158)	15%
Net financing charges	(12)	(15)	-20%
Equity income	295	284	4%
Income before income taxes	959	670	43%
Income tax provision	418	296	41%
Net income	541	374	45%
Income attributable to noncontrolling interests	66	67	-1%
Net income attributable to Adient	<u>\$ 475</u>	<u>\$ 307</u>	55%

* Measure not meaningful

Net Sales

(in millions)	Year Ended September 30,		Change
	2015	2014	
Net sales	\$ 20,071	\$ 22,041	-9%

Net sales for the year ended September 30, 2015 were unfavorably impacted by foreign currency translation (\$1.6 billion) and by the impact of the YFAI joint venture (\$924 million). Excluding the above items, net sales increased by \$563 million, or 3%, primarily due to higher volumes, incremental sales related to business acquisitions, and net favorable pricing and commercial settlements in South America, partially offset by lower volumes related to a prior year divestiture. The increase in volumes was attributable to increased automotive production levels in the majority of regions around the globe with the exception of South America. Refer to the segment analysis below for a discussion of net sales by segment.

Cost of Sales / Gross Profit

(in millions)	Year Ended September 30,		Change
	2015	2014	
Cost of sales	\$ 18,219	\$ 20,088	-9%
Gross profit	1,852	1,953	-5%
% of sales	9.2%	8.9%	

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Cost of sales for the year ended September 30, 2015 was favorably impacted by foreign currency translation (\$1.5 billion) and by the impact of the YFAI joint venture (\$843 million). Excluding the above items, cost of sales increased by \$464 million, or 2%. These items favorably impacted current period gross profit as a percent of net sales by 20 basis points. Gross profit as a percentage of sales was also favorably impacted by lower purchasing costs related to supplier pricing concessions, the benefits of cost reduction initiatives and favorable commercial settlements due to recoveries in South America, partially offset by higher operating costs related to current year platform launches and other inefficiencies. Mark-to-market adjustments on pension and postretirement plans had a net favorable impact on cost of sales of \$7 million (\$3 million charge in fiscal 2015 compared to a \$10 million charge in fiscal 2014). Refer to the segment analysis below for a discussion of segment income by segment.

Selling, General and Administrative Expenses

(in millions)	Year Ended September 30,		Change
	2015	2014	
Selling, general and administrative expenses	\$ 1,131	\$ 1,308	-14%
% of sales	5.6%	5.9%	

SG&A for the year ended September 30, 2015 was favorably impacted by foreign currency translation (\$68 million) and by the impact of the YFAI joint venture (\$48 million). Excluding the above items, SG&A decreased by \$61 million, or 5%, primarily due to lower engineering expenses resulting from higher cost recoveries and lower program support requirements, and lower employee related costs from cost reduction initiatives, partially offset by transaction and integration costs. Mark-to-market adjustments on pension and postretirement plans had a net favorable impact on SG&A of \$37 million (\$3 million charge in fiscal 2015 compared to a \$40 million charge in fiscal 2014) primarily due to decreases in discount rates for certain non-U.S. pension plans in the prior year. Refer to the segment analysis below for a discussion of segment income by segment.

Gain (Loss) on Business Divestitures—Net

(in millions)	Year Ended September 30,		Change
	2015	2014	
Gain (loss) on business divestitures—net	\$ 137	\$ (86)	*

* Measure not meaningful

The gain in fiscal 2015 relates primarily to the YFAI joint venture transaction and the loss in fiscal 2014 relates primarily to the divestiture of the Interiors headliner and sun visor product lines. Refer to Note 2, "Acquisitions and Divestitures," of the notes to the combined financial statements for further information on the gain (loss) on business divestitures—net.

Restructuring and Impairment Costs

(in millions)	Year Ended September 30,		Change
	2015	2014	
Restructuring and impairment costs	\$ 182	\$ 158	15%

Refer to Note 15, "Significant Restructuring and Impairment Costs," of the notes to the combined financial statements for information related to Adient's restructuring plans.

Net Financing Charges

(in millions)	Year Ended September 30,		Change
	2015	2014	
Net financing charges	\$ 12	\$ 15	-20%

Net financing charges decreased in fiscal 2015 as compared to fiscal 2014 primarily due to lower average borrowing levels.

Equity Income

(in millions)	Year Ended September 30,		Change
	2015	2014	
Equity income	\$ 295	\$ 284	4%

The increase in equity income was primarily due to higher current year income at certain partially-owned Seating affiliates in China resulting from higher automotive production levels. Refer to the segment analysis below for a discussion of segment income by segment. Refer to Note 19, "Nonconsolidated Partially-Owned Affiliates," of the notes to the combined financial statements for further disclosure related to Adient's nonconsolidated partially-owned affiliates.

Income Tax Provision

(in millions)	Year Ended September 30,		Change
	2015	2014	
Income tax provision	\$ 418	\$ 296	41%

The effective tax rate of 44% is above the U.S. statutory rate for fiscal 2015 primarily due to the tax consequences of business divestitures (\$356 million) partially offset by the benefits of U.S. tax on foreign income (\$252 million), income in certain non-U.S. jurisdictions with a tax rate lower than the U.S. statutory tax rate (\$13 million) and global tax planning initiatives. The effective tax rate of 44% is above the U.S. statutory rate for fiscal 2014 primarily due to the tax consequences of business divestitures partially offset by the benefits of continuing global tax planning initiatives and income in certain non-U.S. jurisdictions with a tax rate lower than the U.S. statutory tax rate. The global tax planning initiatives in both fiscal years relate primarily to Adient's portion of Johnson Controls' foreign tax credit planning, global financing structures and alignments of its global business functions in a tax efficient manner.

Valuation Allowances

As a result of our fiscal 2015 analysis of the realizability of our worldwide deferred tax assets, and after considering tax planning initiatives and other positive and negative evidence, Adient determined that it was more likely than not that deferred tax assets within South Africa would be realized. Therefore, Adient released \$13 million of net valuation allowances as income tax benefit in the fiscal year ended September 30, 2015.

Other Tax Matters

In fiscal 2015, Adient completed its global automotive interiors joint venture with Yanfeng Automotive Trim Systems. Refer to Note 2, "Acquisitions and Divestitures," of the notes to the

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combined financial statements for additional information. In connection with the joint venture transaction, Adient recorded a pre-tax gain on divestiture of \$127 million, \$20 million net of tax. The tax impact of the gain is due to the jurisdictional mix of gains and losses on the divestiture, which resulted in non-benefited expenses in certain countries and taxable gains in other countries. In addition, in fiscal 2015, Adient provided income tax expense for repatriation of cash and other tax reserves associated with the Interiors joint venture transaction, which resulted in a tax charge of \$293 million.

In fiscal 2014, Adient disposed of its Interiors headliner and sun visor product lines. Refer to Note 2, "Acquisitions and Divestitures," of the notes to the combined financial statements for additional information. As a result, Adient recorded a pre-tax loss on divestiture of \$95 million and income tax expense of \$38 million. The income tax expense is due to the jurisdictional mix of gains and losses on the sale, which resulted in non-benefited losses in certain countries and taxable gains in other countries.

Income Attributable to Noncontrolling Interests

(in millions)	Year Ended September 30,		Change
	2015	2014	
Income attributable to noncontrolling interests	\$ 66	\$ 67	-1%

The decrease in income attributable to noncontrolling interests for fiscal 2015 was primarily due to lower income at partially-owned Seating affiliates in North America.

Net Income Attributable to Adient

(in millions)	Year Ended September 30,		Change
	2015	2014	
Net income attributable to Adient	\$ 475	\$ 307	55%

The increase in net income attributable to Adient was primarily due to lower selling, general and administrative expenses, and net gains on business divestitures, partially offset by higher income tax expense.

Comprehensive Income (Loss) Attributable to Adient

(in millions)	Year Ended September 30,		Change
	2015	2014	
Comprehensive income (loss) attributable to Adient	\$ (48)	\$ 49	*

* Measure not meaningful

The increase in comprehensive loss attributable to Adient was primarily due to unfavorable foreign currency translation adjustments (\$259 million), partially offset by higher net income attributable to Adient (\$168 million). The unfavorable foreign currency translation adjustments were primarily driven by the weakening of the Brazilian real, British pound, Czech koruna, Euro, Japanese yen and Polish zloty against the U.S. dollar in the current year.

Segment Analysis

Management evaluates the performance of its business units based primarily on segment income, which is defined as income before income taxes and noncontrolling interests excluding net financing

charges, restructuring and impairment costs, and net mark-to-market adjustments on pension and postretirement plans.

(in millions)	Year Ended September 30,		Change
	2015	2014	
Net Sales			
Seating	\$ 16,859	\$ 17,871	-6%
Interiors	3,212	4,170	-23%
Total net sales	<u>\$ 20,071</u>	<u>\$ 22,041</u>	-9%

	Year Ended September 30,		Change
	2015	2014	
Segment Income (Loss)			
Seating	\$ 935	\$ 898	4%
Interiors	224	(5)	*
Total segment income	<u>\$ 1,159</u>	<u>\$ 893</u>	30%
Net financing charges	(12)	(15)	-20%
Restructuring and impairment costs	(182)	(158)	15%
Net mark-to-market adjustments on pension and postretirement plans	(6)	(50)	-88%
Income before income taxes	<u>\$ 959</u>	<u>\$ 670</u>	43%

* Measure not meaningful

Seating

(in millions)	Year Ended September 30,		Change
	2015	2014	
Net sales	\$ 16,859	\$ 17,871	-6%
Segment income	935	898	4%

- Net sales decreased due to the unfavorable impact of foreign currency translation (\$1.4 billion), partially offset by higher volumes (\$277 million), incremental sales related to a business acquisition (\$57 million), and net favorable pricing and commercial settlements (\$34 million). The increase in volumes was attributable to increased automotive production levels in North America and Europe, partially offset by decreases in production levels in South America.
- Segment income increased due to lower purchasing costs resulting from supplier price concessions (\$64 million), higher volumes as discussed above (\$29 million), net favorable pricing and commercial settlements due to recoveries in South America (\$48 million), lower engineering expenses due to higher cost recoveries and lower program support requirements (\$29 million), higher equity income resulting from higher automotive production levels in China (\$20 million), a gain on a business divestiture (\$10 million), lower selling, general and administrative expenses (\$9 million), and incremental operating income related to a business acquisition (\$7 million), partially offset by higher operating costs related to current year platform launches and other inefficiencies (\$132 million), and the unfavorable impact of foreign currency translation (\$47 million).

Interiors

(in millions)	Year Ended September 30,		Change
	2015	2014	
Net sales	\$ 3,212	\$ 4,170	-23%
Segment income (loss)	224	(5)	*

* Measure not meaningful

- Net sales decreased due to the impact of the YFAI joint venture (\$924 million), lower volumes related to a prior year business divestiture (\$248 million) and the unfavorable impact of foreign currency translation (\$229 million), partially offset by higher volumes (\$371 million), net favorable pricing and commercial settlements (\$45 million), and incremental sales related to business acquisitions (\$27 million). The increase in volumes was primarily attributable to increased automotive production levels in North America, China and Europe, partially offset by sales containing lower vehicle content.
- Segment income increased due to the net gain on the YFAI joint venture transaction (\$127 million), a prior year net loss on business divestitures (\$86 million), higher volumes as discussed above (\$37 million), lower operating costs resulting from the held for sale depreciation impact of the contributed interiors business to YFAI (\$25 million), lower selling, general and administrative expenses (\$10 million), lower purchasing costs (\$6 million), lower engineering expenses (\$5 million), higher equity income (\$3 million) and incremental operating income related to business acquisitions (\$3 million), partially offset by current year transaction and integration costs (\$38 million), lower operating income related to a current year business divestiture (\$19 million), net unfavorable pricing and commercial settlements (\$12 million), and the unfavorable impact of foreign currency translation (\$4 million).

Fiscal Year 2014 Compared to Fiscal Year 2013

(in millions)	Year Ended September 30,		Change
	2014	2013	
Net sales	\$ 22,041	\$ 20,470	8%
Cost of sales	20,088	18,895	6%
Gross profit	1,953	1,575	24%
Selling, general and administrative expenses	(1,308)	(1,203)	9%
Gain (loss) on business divestitures—net	(86)	29	*
Restructuring and impairment costs	(158)	(280)	-44%
Net financing charges	(15)	(10)	50%
Equity income	284	302	-6%
Income before income taxes	670	413	62%
Income tax provision	296	168	76%
Net income	374	245	53%
Income attributable to noncontrolling interests	67	58	16%
Net income attributable to Adient	\$ 307	\$ 187	64%

* Measure not meaningful

Net Sales

(in millions)	Year Ended September 30,		Change
	2014	2013	
Net sales	\$ 22,041	\$ 20,470	8%

Net sales for the year ended September 30, 2014 were favorably impacted by foreign currency translation (\$87 million). Excluding the impact of foreign currency translation, net sales increased by \$1.5 billion, or 7% as compared to the prior year, primarily due to higher volumes attributable to increased production levels in the majority of regions around the globe with the exception of South America, incremental sales related to business acquisitions, and net favorable pricing and commercial settlements in China and Europe, partially offset by lower volumes related to business divestitures. Refer to the segment analysis below for a discussion of net sales by segment.

Cost of Sales / Gross Profit

(in millions)	Year Ended September 30,		Change
	2014	2013	
Cost of sales	\$ 20,088	\$ 18,895	6%
Gross profit	1,953	1,575	24%
% of sales	8.9%	7.7%	

Cost of sales for the year ended September 30, 2014 was unfavorably impacted by foreign currency translation (\$83 million). Excluding the impact of foreign currency translation, cost of sales increased by \$1.1 billion, or 6%, and gross profit as a percentage of net sales increased by 120 basis points. The increase in gross profit is primarily due to higher volumes as discussed above, lower operating costs resulting from lower current year launch costs and the held for sale depreciation impact of the contributed interiors business to YFAI, and lower purchasing costs related to supplier pricing concessions, partially offset by net unfavorable pricing and commercial settlements. Mark-to-market adjustments on pension and postretirement plans had a net unfavorable impact on cost of sales of \$20 million (\$10 million charge in fiscal 2014 compared to a \$10 million gain in fiscal 2013) primarily due to a decrease in discount rates. Refer to the segment analysis below for a discussion of segment income by segment.

Selling, General and Administrative Expenses

(in millions)	Year Ended September 30,		Change
	2014	2013	
Selling, general and administrative expenses	\$ 1,308	\$ 1,203	9%
% of sales	5.9%	5.9%	

SG&A for the year ended September 30, 2014 increased by \$105 million, or 9%, primarily due to higher employee related expenses, partially offset by lower engineering expenses, prior year distressed supplier costs and the benefits of cost reduction initiatives. The year over year impact of foreign currency translation on SG&A was not material. Mark-to-market adjustments on pension and postretirement plans had a net unfavorable impact on SG&A of \$17 million (\$40 million charge in fiscal 2014 compared to a \$23 million charge in fiscal 2013) primarily due to a decrease in discount rates. Refer to the segment analysis below for a discussion of segment income by segment.

Gain (Loss) on Business Divestitures—Net

(in millions)	Year Ended September 30,		Change
	2014	2013	
Gain (loss) on business divestitures—net	\$ (86)	\$ 29	*

* Measure not meaningful

The loss in fiscal 2014 relates primarily to the divestiture of the Interiors headliner and sun visor product lines and the gain in fiscal 2013 relates to a divestiture in the Seating segment. Refer to Note 2, "Acquisitions and Divestitures," of the notes to the combined financial statements for further information on the gain (loss) on business divestitures—net.

Restructuring and Impairment Costs

(in millions)	Year Ended September 30,		Change
	2014	2013	
Restructuring and impairment costs	\$ 158	\$ 280	–44%

Refer to Note 15, "Significant Restructuring and Impairment Costs," of the notes to the combined financial statements for information related to Adient's restructuring plans.

Net Financing Charges

(in millions)	Year Ended September 30,		Change
	2014	2013	
Net financing charges	\$ 15	\$ 10	50%

Net financing charges increased in fiscal 2014 as compared to fiscal 2013 primarily due to higher average borrowing levels.

Equity Income

(in millions)	Year Ended September 30,		Change
	2014	2013	
Equity income	\$ 284	\$ 302	–6%

The decrease in equity income was primarily due to gains in fiscal 2013 on acquisitions of partially-owned affiliates (\$106 million), partially offset by higher current year income at certain partially-owned affiliates in China resulting from higher automotive production levels. Refer to the segment analysis below for a discussion of segment income by segment. Refer to Note 19, "Nonconsolidated Partially-Owned Affiliates," of the notes to the combined financial statements for further disclosure related to Adient's nonconsolidated partially-owned affiliates.

Income Tax Provision

(in millions)	Year Ended September 30,		Change
	2014	2013	
Income tax provision	\$ 296	\$ 168	76%

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The effective tax rate of 44% is above the U.S. statutory rate for fiscal 2014 primarily due to the tax consequences of business divestitures (\$71 million) partially offset by income in certain non-U.S. jurisdictions with a tax rate lower than the U.S. statutory tax rate (\$14 million) and global tax planning initiatives. The effective tax rate of 41% is above the U.S. statutory rate for fiscal 2013 primarily due to foreign losses with no associated tax benefit. The global tax planning initiatives in both fiscal years relate primarily to Adient's portion of Johnson Controls' foreign tax credit planning, global financing structures and alignments of its global business functions in a tax efficient manner.

Valuation Allowances

As a result of our fiscal 2013 analysis of the realizability of our worldwide deferred tax assets, and after considering tax planning initiatives and other positive and negative evidence, Adient determined that it was more likely than not that deferred tax assets within Romania would not be realized. Therefore, Adient recorded \$10 million of net valuation allowances as income tax expense in the fiscal year ended September 30, 2013.

Other Tax Matters

In fiscal 2014, Adient disposed of its Interiors headliner and sun visor product lines. Refer to Note 2, "Acquisitions and Divestitures," of the notes to the combined financial statements for additional information. As a result, Adient recorded a pre-tax loss on divestiture of \$95 million and income tax expense of \$38 million. The income tax expense is due to the jurisdictional mix of gains and losses on the sale, which resulted in non-benefited losses in certain countries and taxable gains in other countries.

Income Attributable to Noncontrolling Interests

(in millions)	Year Ended September 30,		Change
	2014	2013	
Income attributable to noncontrolling interests	\$ 67	\$ 58	16%

The increase in income attributable to noncontrolling interests for fiscal 2014 was primarily due to higher income at certain partially-owned Seating affiliates in North America.

Net Income Attributable to Adient

(in millions)	Year Ended September 30,		Change
	2014	2013	
Net income attributable to Adient	\$ 307	\$ 187	64%

The increase in net income attributable to Adient was primarily due to higher gross profit and lower restructuring and impairment costs, partially offset by higher income tax expense, higher selling, general and administrative expenses, and loss on business divestitures.

Comprehensive Income Attributable to Adient

(in millions)	Year Ended September 30,		Change
	2014	2013	
Comprehensive income attributable to Adient	\$ 49	\$ 196	-75%

The decrease in comprehensive income attributable to Adient was primarily due to unfavorable foreign currency translation adjustments (\$262 million), partially offset by higher net income attributable to Adient (\$120 million). The unfavorable foreign currency translation adjustments were primarily driven by the weakening of the Euro against the U.S. dollar in the current year.

Segment Analysis

Management evaluates the performance of its business units based primarily on segment income, which is defined as income before income taxes and noncontrolling interests excluding net financing charges, restructuring and impairment costs, and net mark-to-market adjustments on pension and postretirement plans.

(in millions)	Year Ended September 30,		Change
	2014	2013	
Net Sales			
Seating	\$ 17,871	\$ 16,621	8%
Interiors	4,170	3,849	8%
Total net sales	<u>\$ 22,041</u>	<u>\$ 20,470</u>	8%

	Year Ended September 30,		Change
	2014	2013	
Segment Income (Loss)			
Seating	\$ 898	\$ 737	22%
Interiors	(5)	(21)	76%
Total segment income	<u>\$ 893</u>	<u>\$ 716</u>	25%
Net financing charges	(15)	(10)	50%
Restructuring and impairment costs	(158)	(280)	-44%
Net mark-to-market adjustments on pension and postretirement plans	(50)	(13)	*
Income before income taxes	<u>\$ 670</u>	<u>\$ 413</u>	62%

* Measure not meaningful

Seating

(in millions)	Year Ended September 30,		Change
	2014	2013	
Net sales	\$ 17,871	\$ 16,621	8%
Segment income	898	737	22%

- Net sales increased due to higher volumes attributable to increased automotive production levels in the majority of regions around the globe with the exception of South America (\$1.1 billion), incremental sales related to business acquisitions (\$139 million) and the favorable impact of foreign currency translation (\$44 million), partially offset by lower volumes due to a prior year business divestiture (\$53 million), and net unfavorable pricing and commercial settlements (\$25 million).

- Segment income increased due to higher volumes as discussed above (\$129 million), lower operating costs resulting from lower current year launch costs and continuous improvement efficiencies (\$137 million), lower purchasing costs from supplier price concessions (\$88 million), higher equity income resulting from higher automotive production levels in China (\$71 million), prior year distressed supplier costs (\$21 million), lower engineering expenses (\$20 million), incremental operating income due to business acquisitions (\$9 million) and the favorable impact of foreign currency translation (\$4 million), partially offset by higher selling, general and administrative expenses resulting from higher employee related expenses (\$116 million), prior year gains on acquisitions of partially-owned affiliates (\$106 million), net unfavorable pricing and commercial settlements (\$58 million), a prior year gain on business divestiture (\$29 million) and lower operating income due to a prior year business divestiture (\$9 million).

Interiors

(in millions)	Year Ended September 30,		Change
	2014	2013	
Net sales	\$ 4,170	\$ 3,849	8%
Segment loss	(5)	(21)	76%

- Net sales increased due to higher volumes (\$333 million), net favorable pricing and commercial settlements (\$79 million), and the favorable impact of foreign currency translation (\$43 million), partially offset by lower volumes related to business divestitures (\$134 million). The increase in volumes was primarily attributable to increased automotive production levels in China, Europe and North America.
- Segment income increased due to higher volumes as discussed above (\$63 million), lower operating costs related to the held for sale depreciation impact of the contributed interiors business to YFAI (\$47 million), higher equity income resulting from higher automotive production levels in China (\$19 million) and lower purchasing costs (\$6 million), partially offset by a net loss on business divestitures (\$86 million), lower operating income due to a business divestiture (\$15 million), net unfavorable pricing and commercial settlements (\$8 million), higher selling, general and administrative expenses (\$8 million), and higher engineering expenses (\$2 million).

Liquidity and Capital Resources

Adient's primary liquidity needs are to fund general business requirements, including working capital, capital expenditures, restructuring and impairment costs and debt service requirements. Adient's principal sources of liquidity are cash flows from operating activities, funding from Johnson Controls and existing cash balances. Adient actively manages its working capital and associated cash requirements and continually seeks more effective uses of cash. Working capital is highly influenced by the timing of cash flows associated with sales and purchases, and therefore can be difficult to manage at times. See the "Description of Material Indebtedness" section of this information statement for discussion of future financing arrangements.

Working Capital

(in millions)	March 31, 2016	September 30, 2015	Change
Current assets	\$ 3,634	\$ 3,806	
Current liabilities	(3,967)	(4,011)	
Working capital	(333)	(205)	-62%
Accounts receivable	\$ 2,195	\$ 2,134	3%
Inventories	722	701	3%
Accounts payable	2,595	2,653	-2%

- Lower working capital at March 31, 2016 as compared to September 30, 2015 was primarily due to a decrease in other current assets related to settlements of outstanding amounts with other subsidiaries of Johnson Controls.
- Adient's days sales in accounts receivable at March 31, 2016 was 49, consistent with September 30, 2015. There has been no significant adverse change in the level of overdue receivables.
- Adient's inventory turns for the six months ended March 31, 2016 was consistent with the comparable period ended September 30, 2015.
- Days in accounts payable at March 31, 2016 were 70, a decrease from 76 at September 30, 2015.

(in millions)	September 30, 2015	September 30, 2014	Change
Current assets	\$ 3,806	\$ 4,500	
Current liabilities	(4,011)	(4,936)	
	(205)	(436)	53%
Accounts receivable	\$ 2,134	\$ 2,027	5%
Inventories	701	745	-6%
Accounts payable	2,653	2,856	-7%

- The increase in working capital at September 30, 2015 as compared to September 30, 2014, was primarily related to increases in accounts receivable and other assets and by decreases in accounts payable due to changes in foreign exchange rates and timing of supplier payments and decreases in other working capital accounts.
- Adient's days sales in accounts receivable at September 30, 2015 were 49, an increase from 45 at September 30, 2014. There has been no significant adverse change in the level of overdue receivables.
- Adient's inventory turns for the year ended September 30, 2015 were lower than the comparable period ended September 30, 2014 primarily due to changes in inventory production levels.
- Days in accounts payable at September 30, 2015 were 76, an increase from 74 at September 30, 2014.

Cash Flows

(in millions)	Six Months Ended March 31,	
	2016	2015
Cash provided (used) by operating activities	\$ 294	\$ (214)
Cash used by investing activities	(152)	(301)
Cash provided (used) by financing activities	(121)	506
Capital expenditures	(186)	(260)

- The increase in cash from operating activities was primarily due to a decrease in other current assets related to settlements of outstanding amounts with other subsidiaries of Johnson Controls.
- The decrease in cash from investing activities was primarily due to lower capital expenditures, cash received from a prior period divestiture and prior year acquisitions and investments.
- The decrease in cash from financing activities was primarily due to net transfers to Johnson Controls.
- The decrease in capital expenditures in the current year is primarily related to a reduction in program spending for new customer launches and the impact from the completion of the YFAI joint venture on July 2, 2015.

(in millions)	Year Ended September 30,	
	2015	2014
Cash provided by operating activities	\$ 397	\$ 797
Cash used by investing activities	(489)	(586)
Cash provided (used) by financing activities	93	(225)
Capital expenditures	(478)	(624)

- The decrease in cash provided by operating activities was primarily due to unfavorable changes in accounts receivable, and other assets, partially offset by lower pension contributions, and favorable changes in other working capital accounts.
- The decrease in cash used by investing activities was primarily due to lower capital expenditures.
- The increase in cash from financing activities was primarily due to net transfers from Johnson Controls related to incremental tax liabilities incurred by Johnson Controls resulting from the completion of the global interiors joint venture in fiscal 2015 and lower levels of cash provided by operating activities.
- The decrease in capital expenditures in the current year is primarily related to a reduction in program spending for new customer launches and the impact from the completion of the global interiors joint venture on July 2, 2015.

Restructuring and Impairment Costs

To better align its resources with its growth strategies and reduce the cost structure of its global operations to address the softness in certain underlying markets, Adient committed to a significant restructuring plan in fiscal 2016 and recorded \$169 million of restructuring and impairment costs in the combined statements of income. The costs consist primarily of workforce reductions, plant closures and asset impairments. Adient currently estimates that upon completion of the restructuring action, the fiscal 2016 restructuring plan will reduce annual operating costs by approximately \$90 million, which is primarily the result of lower cost of sales and selling, general and administrative expenses due to reduced employee-related costs and depreciation expense. For fiscal 2016, the savings, net of execution

costs, are expected to approximate 29% of the expected annual operating cost reduction. Adient expects that additional savings, net of execution costs, will be achieved in fiscal years 2017-2018 and the full annual benefit of these actions is expected in fiscal 2019. The restructuring action is expected to be substantially complete in fiscal 2017. The restructuring plan reserve balance of \$159 million at March 31, 2016 is expected to be paid in cash.

To better align its resources with its growth strategies and reduce the cost structure of its global operations to address the softness in certain underlying markets, Adient committed to a significant restructuring plan in fiscal 2015 and recorded \$182 million of restructuring and impairment costs in the combined statements of income. The costs consist primarily of workforce reductions, plant closures and asset impairments. Adient currently estimates that upon completion of the restructuring action, the fiscal 2015 restructuring plan will reduce annual operating costs by approximately \$130 million, which is primarily the result of lower cost of sales and selling, general and administrative expenses due to reduced employee-related costs and depreciation expense. Adient expects that a portion of these savings, net of execution costs, will be achieved in fiscal 2016 and the full annual benefit of these actions is expected in fiscal 2017. For fiscal 2016, the savings, net of execution costs, are expected to approximate 19% of the expected annual operating cost reduction. The restructuring action is expected to be substantially complete in fiscal 2016. The restructuring plan reserve balance of \$137 million at March 31, 2016 is expected to be paid in cash.

To better align its resources with its growth strategies and reduce the cost structure of its global operations to address the softness in certain underlying markets, Adient committed to significant restructuring plans in fiscal 2014 and 2013 and recorded \$158 million and \$280 million, respectively, of restructuring and impairment costs in the combined statements of income. The restructuring actions included workforce reductions, plant closures and asset impairments. Adient currently estimates that upon completion of the restructuring actions, the fiscal 2014 and 2013 restructuring plans will reduce annual operating costs by approximately \$85 million and \$210 million, respectively, which is primarily the result of lower cost of sales due to reduced employee-related costs and lower depreciation expense. Adient expects that the full annual benefit of these actions, net of execution costs, will be achieved in fiscal 2016. The restructuring actions are expected to be substantially complete in fiscal 2016. The respective year's restructuring plan reserve balances of \$42 million and \$18 million, respectively, at March 31, 2016 are expected to be paid in cash.

Contractual Obligations

A summary of Adient's significant contractual obligations as of September 30, 2015 is as follows (in millions):

	Total	2016	2017 - 2018	2019 - 2020	2021 and Beyond
Long-term debt (including capital lease obligations)	\$ 42	\$ 7	\$ 18	\$ 14	\$ 3
Interest on long-term debt (including capital lease obligations)	6	2	3	1	—
Operating leases	238	75	92	47	24
Purchase obligations	298	285	13	—	—
Pension and postretirement contributions	115	30	17	17	51
Total contractual cash obligations	<u>\$ 699</u>	<u>\$ 399</u>	<u>\$ 143</u>	<u>\$ 79</u>	<u>\$ 78</u>

Off-Balance Sheet Arrangements

Adient enters into supply chain financing programs in certain foreign jurisdictions to sell accounts receivable without recourse to third-party financial institutions. Sales of accounts receivable are

reflected as a reduction of accounts receivable on the combined statements of financial position and the proceeds are included in cash flows from operating activities in the combined statements of cash flows. Adient's overall liquidity is not materially impacted by these programs.

Effects of Inflation and Changing Prices

The effects of inflation have not been significant to Adient's results of operations in recent years. Generally, Adient has been able to implement operating efficiencies to sufficiently offset cost increases, which have been moderate.

Critical Accounting Estimates and Policies

Adient prepares its combined financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP). This requires management to make estimates and assumptions that affect reported amounts and related disclosures. Actual results could differ from those estimates. The following policies are considered by management to be the most critical in understanding the judgments that are involved in the preparation of Adient's combined financial statements and the uncertainties that could impact Adient's results of operations, financial position and cash flows.

Revenue Recognition

Adient records revenue when persuasive evidence of an arrangement exists, delivery occurs or services are rendered, the sales price or fee is fixed or determinable and collectability is reasonably assured. Adient delivers products and records revenue pursuant to commercial agreements with its customers generally in the form of an approved purchase order, including the effects of contractual customer price productivity. Adient does negotiate discrete price changes with its customers, which are generally the result of unique commercial issues between Adient and its customers. Adient records amounts associated with discrete price changes as a reduction to revenue when specific facts and circumstances indicate that a price reduction is probable and the amounts are reasonably estimable. Adient records amounts associated with discrete price changes as an increase to revenue upon execution of a legally enforceable contractual agreement and when collectability is reasonable assured.

Essentially all of Adient's sales are to the automotive industry. In fiscal year 2015, Fiat Chrysler Automobiles N.V. and Ford Motor Company had combined net sales of 13% and 11%, respectively. In fiscal year 2014, Fiat Chrysler Automobiles N.V. and Ford Motor Company had combined net sales of 14% each. In fiscal year 2013, Daimler AG and Ford Motor Company had combined net sales of 16% each.

Goodwill and Other Long-lived Assets

Goodwill reflects the cost of an acquisition in excess of the fair values assigned to identifiable net assets acquired. Adient reviews goodwill for impairment during the fourth fiscal quarter or more frequently if events or changes in circumstances indicate the asset might be impaired. Adient performs impairment reviews for its reporting units, which have been determined to be Adient's reportable segments using a fair value method based on management's judgments and assumptions or third party valuations. The fair value of a reporting unit refers to the price that would be received to sell the unit as a whole in an orderly transaction between market participants at the measurement date. In estimating the fair value, Adient uses multiples of earnings based on the average of historical, published multiples of earnings of comparable entities with similar operations and economic characteristics. In certain instances, Adient uses discounted cash flow analyses or estimated sales price to further support the fair value estimates. The inputs utilized in the analyses are classified as Level 3 inputs within the fair value hierarchy as defined in ASC 820, "Fair Value Measurement." The estimated

fair value is then compared with the carrying amount of the reporting unit, including recorded goodwill. Adient is subject to financial statement risk to the extent that the carrying amount exceeds the estimated fair value.

Adient reviews long-lived assets, including property, plant and equipment and other intangible assets with definite lives, for impairment whenever events or changes in circumstances indicate that the asset's carrying amount may not be recoverable. Adient conducts its long-lived asset impairment analyses in accordance with ASC 360-10-15, "Impairment or Disposal of Long-Lived Assets." ASC 360-10-15 requires Adient to group assets and liabilities at the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets and liabilities and evaluate the asset group against the sum of the undiscounted future cash flows. If the undiscounted cash flows do not indicate the carrying amount of the asset is recoverable, an impairment charge is measured as the amount by which the carrying amount of the asset group exceeds its fair value based on discounted cash flow analysis or appraisals.

During the three months ended March 31, 2016, Adient concluded it had triggering events requiring assessment of impairment for certain of its long-lived assets in conjunction with its announced restructuring actions. As a result, Adient reviewed the long-lived assets for impairment and recorded a \$9 million impairment charge within restructuring and impairment costs on the combined statements of income. The total impairment charge related to the Seating segment. Refer to Note 8, "Significant Restructuring and Impairment Costs," of the notes to combined financial statements for additional information. The impairment was measured, depending on the asset, either under an income approach utilizing forecasted discounted cash flows or a market approach utilizing an appraisal to determine fair values of the impaired assets. These methods are consistent with the methods Adient employed in prior periods to value other long-lived assets. The inputs utilized in the analyses are classified as Level 3 inputs within the fair value hierarchy as defined in ASC 820, "Fair Value Measurement" and primarily consist of expected future cash flows, estimated production volumes, discount rates, estimated salvage values and third-party appraisals.

At March 31, 2015, Adient concluded it did not have any triggering events requiring assessment of impairment of its long-lived assets.

In fiscal 2015, Adient concluded it had triggering events requiring assessment of impairment for certain of its long-lived assets in conjunction with its announced restructuring actions. As a result, Adient reviewed the long-lived assets for impairment and recorded a \$27 million impairment charge within restructuring and impairment costs on the combined statements of income. The total impairment charge related to the Seating segment. Refer to Note 15, "Significant Restructuring and Impairment Costs," of the notes to the combined financial statements for additional information. The impairment was measured, depending on the asset, either under an income approach utilizing forecasted discounted cash flows or a market approach utilizing an appraisal to determine fair values of the impaired assets. These methods are consistent with the methods Adient employed in prior periods to value other long-lived assets. The inputs utilized in the analyses are classified as Level 3 inputs within the fair value hierarchy as defined in ASC 820, "Fair Value Measurement" and primarily consist of expected future cash flows, estimated production volumes, discount rates, estimated salvage values and third-party appraisals.

In fiscal 2014, Adient concluded it had triggering events requiring assessment of impairment for certain of its long-lived assets in conjunction with its restructuring actions announced in fiscal 2014. As a result, Adient reviewed the long-lived assets for impairment and recorded a \$52 million impairment charge within restructuring and impairment costs on the combined statements of income. Of the total impairment charge, \$45 million related to the Interiors segment and \$7 million related to the Seating segment. Refer to Note 15, "Significant Restructuring and Impairment Costs," of the notes to the combined financial statements for additional information. The impairment was measured, depending on

the asset, either under an income approach utilizing forecasted discounted cash flows or a market approach utilizing an appraisal to determine fair values of the impaired assets. These methods are consistent with the methods Adient employed in prior periods to value other long-lived assets. The inputs utilized in the analyses are classified as Level 3 inputs within the fair value hierarchy as defined in ASC 820, "Fair Value Measurement" and primarily consist of expected future cash flows, estimated production volumes, discount rates, estimated salvage values and third-party appraisals.

In fiscal 2013, Adient concluded it had a triggering event requiring assessment of impairment for certain of its long-lived assets in conjunction with its restructuring actions announced in fiscal 2013. As a result, Adient reviewed the long-lived assets for impairment and recorded a \$79 million impairment charge within restructuring and impairment costs on the combined statements of income. Of the total impairment charge, \$57 million related to the Interiors segment and \$22 million related to the Seating segment. Refer to Note 15, "Significant Restructuring and Impairment Costs," of the notes to the combined financial statements for additional information. The impairment was measured, depending on the asset, either under an income approach utilizing forecasted discounted cash flows or a market approach utilizing an appraisal to determine fair values of the impaired assets. These methods are consistent with the methods Adient employed in prior periods to value other long-lived assets. The inputs utilized in the analyses are classified as Level 3 inputs within the fair value hierarchy as defined in ASC 820, "Fair Value Measurement" and primarily consist of expected future cash flows, estimated production volumes, discount rates, estimated salvage values and third-party appraisals.

Intangible assets with definite lives continue to be amortized over their estimated useful lives and are subject to impairment testing if events or changes in circumstances indicate that the asset might be impaired. A considerable amount of management judgment and assumptions are required in performing the impairment tests.

Stock-based Compensation

Adient's employees have historically participated in Johnson Controls' stock-based compensation plans. Stock-based compensation expense has been allocated to Adient based on the awards and terms previously granted to Adient's employees. The stock-based compensation was initially measured at the fair value of the awards on the grant date and is recognized in the financial statements over the period the employees are required to provide services in exchange for the awards. The fair value of option awards is measured on the grant date using the Black-Scholes option-pricing model. The fair value of each stock appreciation right, or SAR, is estimated using a similar method described for stock options. The fair value of each SAR is recalculated at the end of each reporting period and the liability and expense are adjusted based on the new fair value. The fair value of performance-based share unit, or PSU, awards is based on the Johnson Controls stock price at the grant date and the assessed probability of meeting future performance targets. The fair value of restricted stock awards is based on the number of units granted and the Johnson Controls stock price on the grant date. Stock-based compensation cost for Adient employees who participate in the Johnson Controls plans, excluding the offsetting impact of outstanding Johnson Controls equity swaps, was \$16 million, \$19 million and \$28 million for the fiscal years ended September 30, 2015, 2014 and 2013, respectively.

Employee Benefit Plans

Johnson Controls provides defined benefit pension, postretirement health care and defined contribution benefits to its eligible employees and retirees, including eligible employees and retirees of Adient. These liabilities are not reflected in Adient's combined statements of financial position.

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Adient's combined statements of income include expense allocations for these benefits which were determined using a proportional allocation based on headcount and payroll expense for Adient's employees. Adient considers the expense allocation methodology and results to be reasonable for all periods presented. Total Johnson Controls benefit plan net expenses allocated to Adient amounted to \$32 million, \$45 million and \$21 million for the fiscal years ended 2015, 2014 and 2013, respectively. These costs are reflected in Adient's cost of sales and selling, general and administrative expenses. These costs were funded through intercompany transactions with Johnson Controls which are now reflected within the net parent investment equity balance.

Adient provides a range of benefits to its employees and retired employees, including pensions and postretirement benefits. These benefits are Adient's direct obligation and have been recorded within Adient's historical combined financial statements. Plan assets and obligations are measured annually, or more frequently if there is a remeasurement event, based on Adient's measurement date utilizing various actuarial assumptions such as discount rates, assumed rates of return, compensation increases, turnover rates and health care cost trend rates as of that date. Adient reviews its actuarial assumptions on an annual basis and makes modifications to the assumptions based on current rates and trends when appropriate.

Johnson Controls utilizes a mark-to-market approach for recognizing pension and postretirement benefit expenses, including measuring the market related value of plan assets at fair value and recognizing actuarial gains and losses in the fourth quarter of each fiscal year or at the date of a remeasurement event. Refer to Note 14, "Retirement Plans," of the notes to the combined financial statements for disclosure of Adient's pension and postretirement benefit plans.

U.S. GAAP requires that companies recognize in the statement of financial position a liability for defined benefit pension and postretirement plans that are underfunded or unfunded, or an asset for defined benefit pension and postretirement plans that are overfunded. U.S. GAAP also requires that companies measure the benefit obligations and fair value of plan assets that determine a benefit plan's funded status as of the date of the employer's fiscal year end.

Adient considers the expected benefit payments on a plan-by-plan basis when setting assumed discount rates. As a result, Adient uses different discount rates for each plan depending on the plan jurisdiction, the demographics of participants and the expected timing of benefit payments. For the U.S. pension and postretirement plans, Adient uses a discount rate provided by an independent third party calculated based on an appropriate mix of high quality bonds. For the non-U.S. pension and postretirement plans, Adient consistently uses the relevant country specific benchmark indices for determining the various discount rates. Adient's discount rate on U.S. pension plans was 4.40% and 4.35% at September 30, 2015 and 2014, respectively. Adient's discount rate on U.S. postretirement plans was 3.80% and 4.35% at September 30, 2015 and 2014, respectively. Adient's weighted average discount rate on non-U.S. plans was 3.40% and 3.50% at September 30, 2015 and 2014, respectively.

At September 30, 2015, Adient changed the method used to estimate the service and interest components of net periodic benefit cost for pension and other postretirement benefits for plans that utilize a yield curve approach. This change compared to the previous method will result in different service and interest components of net periodic benefit cost (credit) in future periods. Historically, Adient estimated these service and interest cost components utilizing a single weighted-average discount rate derived from the yield curve used to measure the benefit obligation at the beginning of the period. Adient elected to utilize a full yield curve approach in the estimation of these components by applying the specific spot rates along the yield curve used in the determination of the benefit obligation to the relevant projected cash flows. Adient made this change to provide a more precise measurement of service and interest costs by improving the correlation between projected benefit cash flows to the corresponding spot yield curve rates. This change does not affect the measurement of the total benefit obligations or annual net periodic benefit cost (credit) as the change in the service and

interest costs is completely offset in the net actuarial (gain) loss reported. The change in the service and interest costs going forward is not expected to be significant. Adient has accounted for this change as a change in accounting estimate.

In estimating the expected return on plan assets, Adient considers the historical returns on plan assets, adjusted for forward-looking considerations, inflation assumptions and the impact of the active management of the plans' invested assets. Reflecting the relatively long-term nature of the plans' obligations, approximately 53% of the plans' assets are invested in fixed income securities and 20% in equity securities, with the remainder primarily invested in alternative investments. For the years ending September 30, 2015 and 2014, Adient's expected long-term return on U.S. pension plan assets used to determine net periodic benefit cost was 7.50% and 8.00%, respectively. The actual rate of return on U.S. pension plans was below 7.50% in fiscal 2015 and above 8.00% in fiscal 2014. For the years ending September 30, 2015 and 2014, Adient's weighted average expected long-term return on non-U.S. pension plan assets was 5.40% and 5.85%, respectively. The actual rate of return on non-U.S. pension plans was below 5.40% in fiscal 2015 and was above 5.85% in fiscal 2014. For the years ending September 30, 2015 and 2014, Adient's weighted average expected long-term return on postretirement plan assets was 4.00%. The actual rate of return on postretirement plan assets was below 4.00% in fiscal 2015 and was above 4.00% in fiscal 2014.

Beginning in fiscal 2016, Adient believes the long-term rate of return will approximate 7.50%, 4.75% and 5.50% for U.S. pension, non-U.S. pension and postretirement plans, respectively. Any differences between actual investment results and the expected long-term asset returns will be reflected in net periodic benefit costs in the fourth quarter of each fiscal year. If Adient's actual returns on plan assets are less than Adient's expectations, additional contributions may be required.

In fiscal 2015, total Adient contributions to the defined benefit pension plans were \$25 million, of which \$3 million were voluntary contributions made by Adient. Adient expects to contribute approximately \$30 million in cash to its defined benefit pension plans in fiscal 2016. In fiscal 2015, total Adient contributions to the postretirement plans were not significant. Adient does not expect to make any significant contributions to its postretirement plans in fiscal year 2016.

Based on information provided by its independent actuaries and other relevant sources, Adient believes that the assumptions used are reasonable; however, changes in these assumptions could impact Adient's financial position, results of operations or cash flows.

Income Taxes

Adient accounts for income taxes in accordance with ASC 740, "Income Taxes." Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and other loss carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Adient records a valuation allowance that primarily represents non-U.S. operating and other loss carryforwards for which realization is uncertain. Management judgment is required in determining Adient's provision for income taxes, deferred tax assets and liabilities, and the valuation allowance recorded against Adient's net deferred tax assets.

Adient reviews the realizability of its deferred tax asset valuation allowances on a quarterly basis, or whenever events or changes in circumstances indicate that a review is required. In determining the requirement for a valuation allowance, the historical and projected financial results of the legal entity or consolidated group recording the net deferred tax asset are considered, along with any other positive or negative evidence. Since future financial results may differ from previous estimates, periodic adjustments to Adient's valuation allowances may be necessary.

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Adient is subject to income taxes in the United States and numerous non-U.S. jurisdictions. Judgment is required in determining its worldwide provision for income taxes and recording the related assets and liabilities. In the ordinary course of Adient's business, there are many transactions and calculations where the ultimate tax determination is uncertain. Adient is regularly under audit by tax authorities. At September 30, 2015, Adient had unrecognized tax benefits of \$393 million.

The unrecognized tax benefits reflected in Adient's combined financial statements have been determined using a separate-return by legal entity basis. As a result of the final separation from Johnson Controls, Adient's unrecognized tax benefits could be different from those reflected in the combined financial statements. Adient is subject to income taxes in the United States and numerous foreign jurisdictions. Judgment is required in determining its worldwide provision for income taxes and recording the related assets and liabilities. In the ordinary course of Adient's business, there are many transactions and calculations where the ultimate tax determination is uncertain.

Adient's federal income tax returns and certain non-U.S. income tax returns for various fiscal years remain under various stages of audit by the Internal Revenue Service and respective non-U.S. tax authorities. Although the outcome of tax audits is always uncertain, management believes that it has appropriate support for the positions taken on its tax returns and that its annual tax provisions included amounts sufficient to pay assessments, if any, which may be proposed by the taxing authorities. At September 30, 2015, Adient had recorded a liability for its best estimate of the probable loss on certain of its tax positions, the majority of which is included in other noncurrent liabilities in the combined statements of financial position. Nonetheless, the amounts ultimately paid, if any, upon resolution of the issues raised by the taxing authorities may differ materially from the amounts accrued for each year.

Adient does not generally provide additional U.S. income taxes on undistributed earnings of non-U.S. consolidated subsidiaries included in invested equity attributable to Adient. Such earnings could become taxable upon the sale or liquidation of these non-U.S. subsidiaries or upon dividend repatriation. Adient's intent is for such earnings to be reinvested by the subsidiaries or to be repatriated only when it would be tax effective through the utilization of foreign tax credits.

The "look-through rule," under Section 954(c)(6) of the Code, expired for Adient on September 30, 2015. The "look-through rule" had provided an exception to the U.S. taxation of certain income generated by foreign subsidiaries. The rule was extended in December 2015 retroactive to the beginning of Adient's 2016 fiscal year. The retroactive extension was signed into legislation and was made permanent through Adient's 2020 fiscal year.

During the first quarter of fiscal 2016, other tax legislation was adopted in various jurisdictions. These law changes did not have a material impact on Adient's combined financial statements.

Refer to Note 17, "Income Taxes," of the notes to the combined audited financial statements and to Note 9, "Income Taxes," of the notes to the combined unaudited interim financial statements for Adient's income tax disclosures.

New Accounting Pronouncements

In March 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-09, "Compensation-Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting." ASU No. 2016-09 changes the accounting for certain aspects of share-based payments to employees, including the income tax consequences, classification of awards as either equity or liabilities, and classification on the statement of cash flows. In addition, the guidance allows for a policy election to account for forfeitures as they occur rather than on an estimated basis. ASU No. 2016-09 will be effective for Adient for the quarter ending December 31,

2017, with early adoption permitted. Adient is currently assessing the impact adoption of this guidance will have on its combined financial statements.

In March 2016, the FASB issued ASU No. 2016-07, "Investments-Equity Method and Joint Ventures (Topic 323): Simplifying the Transition to the Equity Method of Accounting." ASU No. 2016-07 eliminates the requirement that when an investment qualifies for use of the equity method as a result of an increase in the level of ownership interest or degree of influence, an investor must adjust the investment, results of operations, and retained earnings retrospectively. ASU No. 2016-07 will be effective prospectively for Adient for increases in the level of ownership interest or degree of influence that result in the adoption of the equity method that occur during or after the quarter ending December 31, 2017, with early adoption permitted. The impact of this guidance for Adient is dependent on any future increases in the level of ownership interest or degree of influence that result in the adoption of the equity method.

In February 2016, the FASB issued ASU No. 2016-02, "Leases (Topic 842)." ASU No. 2016-02 requires recognition of operating leases as lease assets and lease liabilities on the balance sheet and disclosure of key information about leasing arrangements. ASU No. 2016-02 will be effective retrospectively for Adient for the quarter ending December 31, 2019, with early adoption permitted. Adient is currently assessing the impact adoption of this guidance will have on its combined financial statements.

In January 2016, the FASB issued ASU No. 2016-01, "Financial Instruments-Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Liabilities." ASU No. 2016-01 amends certain aspects of recognition, measurement, presentation and disclosure of financial instruments. ASU No. 2016-01 will be effective prospectively for Adient for the quarter ending December 31, 2018, with early adoption permitted. Adient is currently assessing the impact adoption of this guidance will have on its combined financial statements.

In November 2015, the FASB issued ASU No. 2015-17, "Income Taxes (Topic 740): Balance Sheet Classification of Deferred Taxes." ASU No. 2015-17 requires that deferred tax liabilities and assets be classified as noncurrent in the combined statements of financial position. ASU No. 2015-17 was early adopted by Adient for the quarter ended December 31, 2015 and was applied retrospectively to all periods presented.

In September 2015, the FASB issued ASU No. 2015-16, "Business Combinations (Topic 805): Simplifying the Accounting for Measurement-Period Adjustments." ASU No. 2015-16 requires that the cumulative impact of a measurement period adjustment (including the impact on prior periods) be recognized in the reporting period in which the adjustment is identified. ASU No. 2015-16 was early adopted by Adient in the quarter ended September 30, 2015. The adoption of this guidance did not have an impact on Adient's combined financial condition or results from operations.

In July 2015, the FASB issued ASU No. 2015-11, "Simplifying the Measurement of Inventory." ASU No. 2015-11 requires inventory that is recorded using the first-in, first-out method to be measured at the lower of cost or net realizable value. ASU No. 2015-11 will be effective retrospectively for Adient for the quarter ending December 31, 2017, with early adoption permitted. The adoption of this guidance is not expected to have a significant impact on Adient's combined financial statements.

In May 2015, the FASB issued ASU No. 2015-07, "Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent)." ASU No. 2015-07 removes the requirement to categorize within the fair value hierarchy all investments for which fair value is measured using the net asset value per share practical expedient. Such investments should be disclosed separate from the fair value hierarchy. ASU No. 2015-07 will be effective retrospectively for Adient for the quarter ending December 31, 2016, with early adoption permitted. The adoption of this guidance is

not expected to have an impact on Adient's combined financial statements but will impact pension asset disclosures.

In April 2015, the FASB issued ASU No. 2015-03, "Interest—Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs." ASU No. 2015-03 requires that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of the debt liability. ASU No. 2015-03 will be effective retrospectively for Adient for the quarter ending December 31, 2016, with early adoption permitted. The adoption of this guidance is not expected to have a significant impact on Adient's historical combined financial statements. Any future impact will depend on future debt issuances.

In February 2015, the FASB issued ASU No. 2015-02, "Consolidation (Topic 810): Amendments to the Consolidation Analysis." ASU No. 2015-02 amends the analysis performed to determine whether a reporting entity should combine certain types of legal entities. ASU No. 2015-02 will be effective retrospectively for Adient for the quarter ending December 31, 2016, with early adoption permitted. Adient is currently assessing the impact adoption of this guidance will have on its combined financial statements.

In May 2014, the FASB issued ASU No. 2014-09, "Revenue from Contracts with Customers (Topic 606)." ASU No. 2014-09 clarifies the principles for recognizing revenue when an entity either enters into a contract with customers to transfer goods or services or enters into a contract for the transfer of non-financial assets. The original standard was effective retrospectively for Adient for the quarter ending December 31, 2017; however in August 2015, the FASB issued ASU No. 2015-14, "Revenue from Contracts with Customers (Topic 606): Deferral of the Effective Date," which defers the effective date of ASU 2014-09 by one-year for all entities. The new standard will become effective retrospectively for Adient for the quarter ending December 31, 2018, with early adoption permitted, but not before the original effective date. Additionally, in March 2016 the FASB issued ASU No. 2016-08, "Revenue from Contracts with Customers (Topic 606): Principal versus Agent Considerations (Reporting Revenue Gross versus Net)," in April 2016 the FASB issued ASU No. 2016-10, "Revenue from Contracts with Customers (Topic 606): Identifying Performance Obligations and Licensing," and in May 2016 the FASB issued ASU No. 2016-12, "Revenue from Contracts with Customers (Topic 606): Narrow-Scope Improvements and Practical Expedients," which provide additional clarification on certain topics addressed in ASU 2014-09. ASU 2016-08, ASU 2016-10 and ASU 2016-12 follow the same implementation guidelines as ASU 2014-09. Adient is currently assessing the impact adoption of this guidance will have on its combined financial statements.

In April 2014, the FASB issued ASU No. 2014-08, "Presentation of Financial Statements (Topic 205) and Property, Plant and Equipment (Topic 360): Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity." ASU No. 2014-08 limits discontinued operations reporting to situations where the disposal represents a strategic shift that has (or will have) a major effect on an entity's operations and financial results, and requires expanded disclosures for discontinued operations. ASU No. 2014-08 was effective for Adient for the quarter ended December 31, 2015. The adoption of this guidance has not had any impact on Adient's combined financial statements.

Risk Management

Johnson Controls selectively uses derivative instruments to reduce market risk associated with changes in foreign currency within Adient. All hedging transactions are authorized and executed pursuant to clearly defined policies and procedures, which strictly prohibit the use of financial instruments for speculative purposes. At the inception of the hedge, Johnson Controls assesses the effectiveness of the hedge instrument and designates the hedge instrument as either (1) a hedge of a recognized asset or liability or of a recognized firm commitment (a fair value hedge), (2) a hedge of a forecasted transaction or of the variability of cash flows to be received or paid related to an

unrecognized asset or liability (a cash flow hedge) or (3) a hedge of a net investment in a non-U.S. operation (a net investment hedge). Johnson Controls performs hedge effectiveness testing on an ongoing basis depending on the type of hedging instrument used. All other derivatives not designated as hedging instruments under ASC 815, "Derivatives and Hedging," are revalued in the combined statements of income.

For all foreign currency derivative instruments designated as cash flow hedges, retrospective effectiveness is tested on a monthly basis using a cumulative dollar offset test. The fair value of the hedged exposures and the fair value of the hedge instruments are revalued, and the ratio of the cumulative sum of the periodic changes in the value of the hedge instruments to the cumulative sum of the periodic changes in the value of the hedge is calculated. The hedge is deemed as highly effective if the ratio is between 80% and 125%.

For net investment hedges, Johnson Controls assesses its net investment positions in the non-U.S. operations and compares it with the outstanding net investment hedges on a quarterly basis. The hedge is deemed effective if the aggregate outstanding principal of the hedge instruments designated as the net investment hedge in a non-U.S. operation does not exceed its net investment positions in the respective non-U.S. operation.

A discussion of Adient's accounting policies for derivative financial instruments is included in Note 1, "Basis of Presentation and Summary of Significant Accounting Policies," of the notes to the combined financial statements, and further disclosure relating to derivatives and hedging activities is included in Note 10, "Derivative Instruments and Hedging Activities," and Note 11, "Fair Value Measurements," of the notes to the combined financial statements.

Foreign Exchange

Adient has manufacturing, sales and distribution facilities around the world and thus makes investments and enters into transactions denominated in various foreign currencies. In order to maintain strict control and achieve the benefits of Adient's global diversification, foreign exchange exposures for each currency are netted internally so that only its net foreign exchange exposures are, as appropriate, hedged with financial instruments.

Johnson Controls hedges 70% to 90% of the nominal amount of each of its known foreign exchange transactional exposures. Johnson Controls primarily enters into foreign currency exchange contracts to reduce the earnings and cash flow impact of the variation of non-functional currency denominated receivables and payables. Gains and losses resulting from hedging instruments offset the foreign exchange gains or losses on the underlying assets and liabilities being hedged. The maturities of the forward exchange contracts generally coincide with the settlement dates of the related transactions. Realized and unrealized gains and losses on these contracts are recognized in the same period as gains and losses on the hedged items. On an ongoing basis, Adient has hedge contracts outstanding with Johnson Controls with the aim of hedging balance sheet items, or with the aim of hedging forecasted commitments. Foreign exchange contracts hedging balance sheet items are marked-to-market through the income statement, while foreign exchange contracts to hedge forecasted commitments are designated in a hedge relationship as a cash flow hedge. These are marked-to-market through other comprehensive income when effective.

Johnson Controls has entered into cross-currency interest rate swaps to selectively hedge portions of Adient's net investment in Japan. The currency effects of the cross-currency interest rate swaps are reflected in the accumulated other comprehensive income account within invested equity attributable to Adient where they offset gains and losses recorded on Adient's net investment in Japan.

At September 30, 2015 and 2014, Adient estimates that an unfavorable 10% change in the exchange rates would have decreased net unrealized gains by approximately \$58 million and \$113 million, respectively.

Environmental, Health and Safety and Other Matters

Adient is involved in various lawsuits, claims and proceedings incident to the operation of its businesses, including those pertaining to product liability, environmental, safety and health, intellectual property, employment, commercial and contractual matters, and various other matters. Although the outcome of such lawsuits, claims and proceedings cannot be predicted with certainty and some may be disposed of unfavorably to Adient, it is management's opinion that none of these will have a material adverse effect on Adient's financial position, results of operations or cash flows. Costs related to such matters were not material to the periods presented. Refer to Note 20, "Commitments and Contingencies," of the notes to the combined audited financial statements and to Note 17, "Commitments and Contingencies," of the notes to the combined unaudited interim financial statements for additional information.

MANAGEMENT

Executive Officers Following the Distribution

The following table sets forth information as of July 28, 2016 regarding the individuals who are expected to serve as executive officers of Adient following the distribution. While some of Adient's executive officers are currently officers and employees of Johnson Controls, after the distribution, none of these individuals will be employees or executive officers of Johnson Controls.

Name	Age	Position
R. Bruce McDonald	56	Chairman and Chief Executive Officer
Cathleen A. Ebacher	53	Vice President, General Counsel and Secretary
Byron S. Foster	47	Executive Vice President
Neil E. Marchuk	59	Executive Vice President and Chief Human Resources Officer
Eric S. Mitchell	45	Executive Vice President
Mark A. Skonieczny Jr.	47	Vice President and Corporate Controller
Jeffrey M. Stafeil	46	Executive Vice President and Chief Financial Officer

R. Bruce McDonald. Mr. McDonald will be the Chairman and Chief Executive Officer of Adient. Mr. McDonald is currently the Executive Vice President, Vice Chairman of Johnson Controls and has served in that role since 2014. He was Chief Financial Officer of Johnson Controls from 2005 to 2014 and Executive Vice President since 2006. Mr. McDonald joined Johnson Controls in 2001 as Vice President, Corporate Controller. Prior to joining Johnson Controls, Mr. McDonald held a variety of operational and financial positions at TRW, LucasVarity Automotive and Varity Corporation. Mr. McDonald is a Chartered Accountant and a Certified Public Accountant. Mr. McDonald has served on the board of Dana Holding Corporation since 2014 and is also a member of the board of directors of Milwaukee World Festival and treasurer and a member of the board for the United Way of Greater Milwaukee & Waukesha County.

Cathleen A. Ebacher. Ms. Ebacher will be the Vice President, General Counsel and Secretary of Adient. Ms. Ebacher is currently the Vice President and Global General Counsel—Centers of Excellence of Johnson Controls and has served in that role since 2012. She was Vice President and General Counsel—Enterprise Legal Services from 2011 to 2012. Prior to that, Ms. Ebacher was the Vice President—Global Business Lines and Operations, or GBL&O, and Director—GBL&O for Johnson Controls from 2009 to 2011. Prior to joining Johnson Controls, Ms. Ebacher served for more than 20 years in a variety of senior management and legal positions for Metavante Corporation, Fiserv, Inc., Strong Capital Management, Inc. and Reinhart Boerner Van Deuren s.c. (a large law firm). Ms. Ebacher has been a director of the United Community Center/Centro de la Comunidad Unida since 2014.

Byron S. Foster. Mr. Foster will be an Executive Vice President of Adient. Mr. Foster is currently the Group Vice President & General Manager—Complete Seat and Strategy of Johnson Controls' Automotive Experience business and has served in that role since 2015. He was Group Vice President & General Manager—Customer Groups & Strategy, Automotive from 2012 to 2015. Mr. Foster held a variety of other operational positions of increasing responsibility since joining Johnson Controls in 1997. Prior to joining Johnson Controls, Mr. Foster began his career at Westinghouse Electric Company.

Neil E. Marchuk. Mr. Marchuk will be the Executive Vice President and Chief Human Resources Officer of Adient. Mr. Marchuk joined Johnson Controls in 2016 as Chief Human Resources Officer—Adient. Prior to joining Johnson Controls, Mr. Marchuk served as Executive Vice President, Human Resources of TRW Automotive from 2006 to 2015. Prior to 2006, Mr. Marchuk held a variety of management positions at TRW Automotive and E. I. du Pont de Nemours and Company. Mr. Marchuk

is a member of the Overseas Schools Advisory Council for the United States Department of State, as well as a member of the board of directors of the American Society of Employers and Michigan Virtual University.

Eric S. Mitchell. Mr. Mitchell will be an Executive Vice President of Adient. Mr. Mitchell is currently the Vice President & General Manager, North America of Johnson Controls' Building Efficiency business and has served in that role since 2015. He was Vice President and General Manager—Aftermarket, Power Solutions from 2013 to 2014 and Group Vice President and General Manager—Components & Sourcing, Power Solutions from 2012 to 2013. Mr. Mitchell held a variety of other operational positions of increasing responsibility since joining Johnson Controls in 2003. Mr. Mitchell started his career with Varsity Corporation in 1991 and held a variety of financial and business positions of increasing responsibility at Varsity Corporation, the Kelsey Hayes Group of Companies, LucasVarsity and TRW Automotive.

Mark A. Skonieczny Jr. Mr. Skonieczny will be the Vice President and Corporate Controller of Adient. Mr. Skonieczny is currently the Vice President of Corporate Development of Johnson Controls and has served in that role since 2014. He was Vice President of Finance, Global Aftermarket of Johnson Controls' Power Solutions segment from 2012 to 2014 and Vice President of Finance for North America Systems, Latin America and the Middle East for Johnson Controls' Building Efficiency segment from 2007 to 2012. Mr. Skonieczny joined Johnson Controls in 1999 as an international accounting manager for the Automotive Group and held a variety of financial positions of increasing responsibility. Mr. Skonieczny began his career at Coopers & Lybrand in 1992 and also held internal audit roles at Meritor Automotive. Mr. Skonieczny is a Certified Public Accountant.

Jeffrey M. Stafeil. Mr. Stafeil will be the Executive Vice President and Chief Financial Officer of Adient. Mr. Stafeil joined Johnson Controls in 2016 as Chief Financial Officer—Adient. Mr. Stafeil was Executive Vice President, Chief Financial Officer of Visteon Corporation from 2012 to 2016. He also served as Chief Executive Officer of DURA Automotive Systems from 2010 to 2012 and as DURA's Executive Vice President, Chief Financial Officer from 2008 to 2012. Mr. Stafeil has served in a variety of management positions at Klöckner Pentaplast Group, Metaldyne Corporation, Booz Allen Hamilton, Peterson Consulting and Ernst & Young. Mr. Stafeil currently serves on the board of directors, and as Audit Committee Chairman, of Mentor Graphics Corporation and Metaldyne Performance Group. Mr. Stafeil is also a member of the board of trustees for the Autism Alliance of Michigan.

DIRECTORS

Board of Directors Following the Distribution

The following table sets forth information as of July 28, 2016 regarding those persons who are expected to serve on Adient's board of directors following the distribution. After the distribution, none of these individuals will be employees or directors of Johnson Controls.

Name	Age	Position
R. Bruce McDonald	56	Chairman and Chief Executive Officer
John M. Barth	70	Lead Independent Director
Julie L. Bushman	55	Director
Raymond L. Conner	61	Director
Richard Goodman	67	Director
Frederick A. Henderson	57	Director
Barb J. Samardzich	57	Director

R. Bruce McDonald. Mr. McDonald's extensive experience and knowledge of Adient and its products and services, gained from more than fifteen years of service in a wide range of Johnson Controls' leadership positions, will enable him to provide meaningful input and guidance to Adient's board of directors and management team. Mr. McDonald will bring to the board a broad strategic vision for Adient, and, as the only Adient executive serving on the board, will be able to offer valuable insights into Adient's day-to-day operations and business affairs.

John M. Barth. Mr. Barth has extensive experience in the automotive industry and leading public companies as the Chairman of Johnson Controls from 2004 to 2007 and Chief Executive Officer from 2002 to 2007. Mr. Barth joined Johnson Controls in 1969 and held a number of leadership roles in the company prior to his appointment as Chief Executive Officer, including service as Chief Operating Officer from 1998 to 2002 and head of the automotive business from 1992 to 1998. Mr. Barth will bring to the board his extensive business and leadership experience and global customer knowledge and relationships in the automotive industry, which will enable him to provide guidance to Adient's management and contribute insights into Adient's strategy and operations.

Julie L. Bushman. Ms. Bushman has served as a director of Johnson Controls since 2012. Ms. Bushman is currently the Senior Vice President, Business Transformation and Information Technology of 3M Company and has served in that role since 2013. Ms. Bushman served as Executive Vice President Safety & Graphics Business of 3M from 2012 to 2013, as Executive Vice President Safety, Security and Protection Services Business of 3M from 2011 to 2012, as Vice President and General Manager, Occupational Health and Environmental Safety Division of 3M from 2007 to 2011, and as Division Vice President, Occupational Health and Environmental Safety Division of 3M from 2006 to 2007. Ms. Bushman will bring to the board manufacturing and technical expertise, management and information technology experience, and leadership in product safety initiatives from her roles in the management of different 3M Company departments and divisions.

Raymond L. Conner. Mr. Conner has served as a director of Johnson Controls since 2013. Mr. Conner is currently the Vice Chairman of The Boeing Company and President and Chief Executive Officer of Boeing Commercial Airplanes and has served in those roles since 2013 and 2012, respectively. From 2012 to 2013, Mr. Conner was Executive Vice President of The Boeing Company, and from 2011 to 2012, he led Sales, Marketing and Commercial Aviation Services for Boeing Commercial Airplanes. From 2008 to 2011, Mr. Conner was vice president and general manager of Supply Chain Management and Operations for Boeing Commercial Airplanes. Mr. Conner served as vice president of Sales for Commercial Airplanes for Boeing Commercial Airplanes from 2007 to 2008 and as vice president of Sales for the Americas for Boeing from 2003 to 2007. Mr. Conner held other positions of increasing responsibility since joining The Boeing Company in 1977. Mr. Conner will bring

to the board his extensive manufacturing and technical expertise, global leadership experience, and insight into government affairs from his executive roles at Boeing.

Richard Goodman. Mr. Goodman has served as a director of Johnson Controls since 2008. He also serves as a director and as the chair of the Audit Committee and member of the Nominating and Governance Committee of Kindred Healthcare, chair of the Audit Committee and member of the Compensation and Benefits Committee of The Western Union Company and chair of the Audit Committee of Toys "R" Us. Mr. Goodman served as Executive Vice President of Global Operations, PepsiCo from 2010 through 2011 and as Chief Financial Officer of PepsiCo from 2006 to 2010. Prior to 2006, he served in a variety of senior financial positions at that company, including CFO of PepsiCo International, CFO of PepsiCo Beverages International, and General Auditor. Mr. Goodman joined PepsiCo in 1992, having previously worked with W.R. Grace in a variety of global senior financial roles. Mr. Goodman will bring to the board years of financial management, risk management, and auditing expertise from his various positions at PepsiCo and W.R. Grace as well as valuable experience in mergers and acquisitions, investment, and corporate finance he possesses from his many years of service at large, international corporations. Mr. Goodman will also bring to the board his experience of serving as a director of other global public companies.

Frederick A. Henderson. Mr. Henderson is currently the Chairman and Chief Executive Officer of SunCoke Energy and of SunCoke Energy Partners GP, and has served in those roles since 2011 and 2013, respectively. He also served as a Senior Vice President of Sunoco, Inc. from 2010 until SunCoke's initial public offering in July 2011. During 2010, Mr. Henderson was also a consultant for General Motors and AlixPartners. He was President and Chief Executive Officer of General Motors during 2009 and President and Chief Operating Officer of General Motors from 2008 to 2009. He was previously Vice Chairman and Chief Financial Officer of General Motors from 2006 to 2008. Mr. Henderson is a director of Marriott International, where he serves as chair of the Audit Committee and a trustee of the Alfred P. Sloan Foundation and member of its Audit Committee. Mr. Henderson previously served as a director of Compuware Corp. (a technology performance company), where he served as chair of its Audit Committee, and was a member of its Nominating/Governance and Advisory Committees. Mr. Henderson will bring to the board his extensive global senior management experience in the automotive and other manufacturing industries. In addition, he is an experienced senior-level executive, with general operations, manufacturing and marketing experience, as well as senior-level strategic planning, business development, financial expertise, managerial, management development and compensation and health, environment and safety experience.

Barb J. Samardzich. Ms. Samardzich is currently the Vice President and Chief Operating Officer, Ford of Europe GmbH and has served in those roles since 2013. Ms. Samardzich is retiring from Ford effective October 1, 2016. She served as Vice President, Product Development, Ford of Europe GmbH from 2011 to 2013. She also served as Vice President, Global Product Programs, Ford of Europe GmbH in 2011 and Vice President, Powertrain Engineering, Ford of Europe GmbH from 2005 to 2010. Before 2010, she held several key leadership roles in Ford's Product Development organization and served in a variety of positions in Ford's Powertrain Engineering organization. Prior to joining Ford in 1990, Ms. Samardzich worked as a thermal design engineer in Westinghouse Electric's nuclear fuels division. Ms. Samardzich is a director of MTS Systems Corporation, where she serves on the Compensation Committee. Ms. Samardzich will bring to the board her extensive experience and knowledge of global automotive company operations issues, including manufacturing, quality, product development, purchasing, sustainability, environmental and safety engineering. In addition, she is an experienced senior leader in the automotive industry.

Committees of the Board of Directors

Effective upon the completion of the distribution, Adient's board of directors, which we also refer to as the Board, is expected to have the following standing committees: an Executive Committee, an Audit Committee, a Compensation Committee and a Corporate Governance Committee.

Executive Committee. The primary function of the Executive Committee will be to exercise all of the powers of the Board when the Board is not in session, as the law permits and subject to certain limitations specified in the Executive Committee Charter.

Audit Committee. The Board will have a separately-designated standing Audit Committee established in accordance with Section 3(a)(58) (A) of the Exchange Act. The Audit Committee is expected to consist of Julie L. Bushman, Richard Goodman and Barb J. Samardzich, each of whom is expected to be independent in accordance with the rules and regulations of the New York Stock Exchange and the SEC. Richard Goodman is expected to be the Audit Committee Chairman. It is expected that Richard Goodman will be determined to be an "audit committee financial expert" as defined by the SEC. The primary responsibilities of the Audit Committee will be to:

- Review and discuss the audited consolidated financial statements with management and Adient's independent registered public accounting firm for inclusion of the financial statements and related disclosures in Adient's Annual Report on Form 10-K;
- Review and discuss with management and Adient's independent registered public accounting firm Adient's quarterly consolidated financial statements and disclosures and earnings press releases;
- Review and advise the Board with respect to the effectiveness of Adient's system for monitoring compliance with laws and regulations;
- Review with Adient's general counsel legal matters that may have a material impact on the consolidated financial statements and any material reports or inquiries received from regulators or governmental agencies regarding compliance;
- Review the activities of Adient's Internal Audit department, the significant findings from completed audits and the actions Adient's management is taking in response to those audits;
- Review major financial risk exposures and management's plans to monitor and control such exposures; and
- Review Adient's significant capital appropriations matters.

Compensation Committee. John M. Barth, Julie L. Bushman and Raymond L. Conner are expected to be the members of the Board's Compensation Committee. John M. Barth is expected to be the Compensation Committee Chairman. The primary responsibilities of the Compensation Committee will be to:

- Evaluate and recommend the CEO to the Board;
- Recommend to the Board the selection and retention of officers and key employees;
- Review and recommend to the Board the overall compensation program for directors, including committee member and chair retainers;
- Review and approve compensation and compensation-related objectives for senior executives;
- Administer and approve amendments to the executive compensation plans except for such amendments that require Board approval.

Additionally, the Compensation Committee will assess on an annual basis the independence of its compensation consultants, outside legal counsel, and other compensation advisers. The Compensation

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Committee Charter to be adopted by the Board will permit the committee to, in its discretion, delegate all or a portion of its duties and responsibilities to a subcommittee of the committee.

Corporate Governance Committee. Raymond L. Conner, Frederick A. Henderson and Barb J. Samardzich are expected to be the members of the Board's Corporate Governance Committee. Frederick A. Henderson is expected to be the Corporate Governance Committee Chairman.

The primary responsibilities of the Corporate Governance Committee will be to:

- Develop guidelines and criteria for the qualifications of directors and make related recommendations to the Board for approval;
- Select, and recommend to the Board, qualified director candidates, including consideration of any candidates submitted by shareholders in accordance with Adient's organizational documents;
- Consider, and recommend to the Board, the size and composition of the Board;
- Develop, and recommend to the Board, standards for director independence and financial expertise.

The committee will consider nominee recommendations from a variety of sources, including nominees recommended by shareholders. The committee might, from time to time, retain an executive search firm to help facilitate the screening and interview process of director nominees. The committee expects that qualified candidates will have high-level managerial experience in a relatively complex organization or be accustomed to dealing with complex problems, and will be able to represent the interests of the shareholders as a whole rather than special interest groups or constituencies.

The committee will also consider the interplay of a candidate's background and expertise with that of other board members, and the extent to which a candidate may be a desirable addition to any committee of the board. The committee will value diversity as a factor in selecting nominees to serve on the board. Although the committee will not have a specific policy on diversity, the committee will consider the criteria noted above in selecting nominees for directors, including members from diverse backgrounds and perspectives who combine a broad spectrum of experience and expertise.

In addition to recommending director candidates, the Corporate Governance Committee will establish procedures for the oversight and evaluation of the board, will review correspondence received from shareholders, and will review on an annual basis Adient's Corporate Governance Guidelines to be adopted by the board.

Compensation Committee Interlocks and Insider Participation

During Adient's year ended September 30, 2015, Adient was not an independent company, and did not have a compensation committee or any other committee serving a similar function. Decisions as to the compensation of those who are expected to serve as Adient's executive officers were made by Johnson Controls, as described in the section of this information statement entitled "Compensation Discussion and Analysis."

Corporate Governance Guidelines

The Board is expected to adopt Corporate Governance Guidelines that will provide a framework for the effective governance of Adient. These guidelines will address matters such as the Board's duties, director independence, director responsibilities, Board structure and operation, director criteria and qualifications, Board succession planning, Board compensation, management evaluation and development, Board orientation and training, Lead Director responsibilities and Adient's Ethics Policy. The Corporate Governance Committee will regularly review developments in corporate governance and update the Corporate Governance Guidelines and other governance materials as it deems necessary and appropriate.

Board Leadership Structure

The Board's leadership structure is expected to include a combined Chairman and Chief Executive Officer role with a strong, independent nonexecutive lead director.

It is expected that the Board will benefit from combining the roles of Chairman and CEO because of the importance of in-depth, industry-specific knowledge and a thorough understanding of Adient's business environment and risk management practices in setting agendas and leading the Board's discussions. Combining the roles also will provide a clear leadership structure for the management team and will serve as a vital link between management and the Board. This is expected to allow the Board to perform its oversight role with the benefit of management's perspective on Adient's business strategy and all other aspects of the business.

The Board periodically reviews its determination to have a single individual act both as Chairman and CEO.

Lead Independent Director

Adient's Corporate Governance Guidelines are expected to provide for an independent nonexecutive director to act as Lead Director. The Lead Director will be elected by the independent, non-management members of the Board, upon the recommendation of the Corporate Governance Committee. The Lead Director Charter is expected to provide that the Lead Director's responsibilities will include, among other things:

- Approving the Board meeting schedules to ensure there is sufficient time for discussion of all Board agenda items;
- Approving the Board meeting agendas to ensure that topics deemed important by Adient's independent directors are included in Board discussions and sufficient executive sessions are scheduled as needed;
- Calling meetings of the Board's independent directors;
- Developing the agenda for and serving as chairman of the Board's executive sessions;
- Serving as principal liaison between the Board's independent directors and the Board Chairman and CEO;
- Serving as chair of Board meetings when the Board Chairman is not present;
- Approving information sent to the Board; and
- If requested by Adient's major shareholders, ensuring that he or she is available for consultation and direct communication.

The Lead Director will also perform other duties as the Board may determine. The Lead Director will provide feedback after each Board meeting to the Chairman on the substance of the items presented and may make suggestions for enhancing management's and the Board's effectiveness.

The Board is expected to require executive sessions of the independent directors at least twice annually. During these executive sessions, the Lead Director will have the responsibility, among other things, to lead and facilitate the meeting and discussion of matters on the agenda.

Board Oversight of Risk

Adient's Board, as a whole or through its committees, will oversee an enterprise-wide approach to risk management that is intended to achieve Adient's long-term strategic and organizational objectives and enhance shareholder value. Management will be responsible for the day-to-day management of the risks that Adient will face, while the Board, as a whole and through its committees, will have the responsibility for the oversight of risk management. In this risk oversight role, the Board will be

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responsible for ensuring that the risk management framework, and any supporting processes implemented by management, are adequate and functioning as designed.

Although the Board will have the ultimate oversight responsibility for the risk management process, various committees of the Board also will have responsibility for risk management. The Board and its committees are expected to exercise their risk oversight function by carefully evaluating the reports they receive from management and by engaging in discussions with management regarding areas of particular interest or significance. Each of the Board committees will be responsible for oversight of risk management practices for categories of top risks relevant to committee functions, which are set forth below. The Board will also consider the significant risks to Adient in the course of its reviews of corporate strategy and business plans.

The following table summarizes the primary areas of risk oversight of the Board and its committees:

Board/Committee	Primary Areas of Risk Oversight
Full Board	The Board will oversee matters that may present a material risk to Adient's operations, plans, prospects or reputation, including the risks and exposures associated with significant capital expenditures, acquisitions and divestitures, management succession planning, major litigation and regulatory exposures, as well as the strategic, financial and execution risks and exposures associated with the annual operating plan and strategic plan.
Audit Committee	The Audit Committee will be primarily responsible for overseeing the risks and exposures associated with Adient's businesses. The Audit Committee Charter is expected to provide that the Audit Committee will discuss major risk exposures, including financial, operational, privacy, security, competition, and legal and regulatory risks, and the steps Adient will take and will have taken to detect, monitor and actively manage such exposures. The Audit Committee will also conduct a review with Adient's General Counsel of any material legal, compliance, and regulatory matters that could have a material impact on Adient's financial statements or Adient's business, including material notices to or inquiries received from governmental agencies.
Corporate Governance Committee	The Corporate Governance Committee will review the risks and exposures relating to Adient's corporate governance, director independence, conflicts of interest, ethics and compliance, and director candidate and succession planning programs and policies.
Compensation Committee	The Compensation Committee will oversee the risks and exposures associated with leadership assessment, management succession planning, recruiting, retention and director and executive compensation programs and arrangements, including Adient's incentive plans.

Management's Role in Risk Oversight. Adient's management will support the Board and its committees in Adient's enterprise-wide approach to risk management. Adient expects to have embedded an enterprise risk management, or ERM, program across its core business, which will be

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aligned with initiatives that involve the Audit Committee, executive management and other personnel. The ERM framework will be designed to identify, assess, prioritize, and manage major risk exposures that could affect Adient's ability to execute on its corporate strategy and fulfill its business objectives. The ERM program will be designed to enable the Audit Committee and management to collectively review the effectiveness of Adient's risk management practices and capabilities and Adient's risk exposure and risk tolerance and also to elevate key risks to the Board.

Adient's Vice President of Internal Audit will be responsible for Adient's internal audit function and will support Adient's enterprise-wide risk management framework through risk assessment, monitoring, and reporting. The Vice President of Internal Audit will report directly to the Audit Committee, and the Audit Committee will review and evaluate the Vice President of Internal Audit's appointment, compensation, and performance. The Vice President of Internal Audit will facilitate the Audit Committee's review and approval of the internal audit plan and will provide regular reporting on audit activities. In addition, through consultation with management, the Vice President of Internal Audit will periodically assess the major risks facing Adient and coordinate with the members of management responsible for such risks.

The executive responsible for managing a particular risk may also be required to report to the Audit Committee on how the risk is being managed and the progress towards any agreed-upon risk mitigation goals.

Board Independence

The Board will annually determine the independence of each director and nominee for election as a director based on a review of the information provided by the directors and the executive officers as well as a survey by Adient's legal and finance departments. The Board will make these determinations under the NYSE Listed Company Manual's independence standards and Adient's Corporate Governance Guidelines. In addition, the Board is expected to establish categorical standards of independence to assist it in making determinations of director independence, which will be set forth in Adient's Corporate Governance Guidelines and will be posted on Adient's website.

Following such evaluation, the Board is expected to affirmatively determine by resolution that the following directors are independent: John M. Barth, Julie L. Bushman, Raymond L. Conner, Richard Goodman and Frederick A. Henderson.

Board Succession Plan

The Board succession plan is expected to be generally outlined in the Corporate Governance Committee Charter and Corporate Governance Guidelines to maintain effective shareholder representation. As part of the Board's succession planning, the Board regularly reviews the composition of the Board and assesses the balance of knowledge, experience, skills, expertise, tenure and diversity that is appropriate for the Board as a whole.

Board, Committee and Director Evaluations

Each year, the Board will conduct an evaluation of itself, the Board committees, and, as discussed below, each director to determine their respective effectiveness. The Corporate Governance Committee will determine annually the manner of these evaluations to ensure that the Board receives accurate and insightful information.

Attendance at Annual Meetings

The Board will expect all directors to attend the annual meetings of shareholders. Directors may attend the meeting by any means permitted under applicable law.

Shareholder / Other Interested Party Communication with the Board

Adient expects to adopt a policy enabling shareholders and other interested parties to communicate with directors. The policy will provide for general communications to the Board or any individual Board member to be sent to c/o Adient, Attn: Corporate Secretary, 833 East Michigan Street, Milwaukee, Wisconsin 53202. The Adient Secretary's office will open and screen these communications for security purposes and for relevance in the directors' capacities as directors.

Adient also expects to adopt a policy enabling communications to be sent directly to the Lead Director, who is expected to be John M. Barth. Shareholders will be able to send communications to his attention at c/o Adient, Attn: Lead Director, 833 East Michigan Street, Milwaukee, Wisconsin 53202. In addition, Adient expects that the Corporate Governance Guidelines will provide that at the request of a major shareholder, Adient's Lead Director will make himself reasonably available for consultation and direct communication.

Director Nominee Selection and Evaluation

The Corporate Governance Committee will develop criteria and qualifications for directors and director candidates that the Board reviews and approves annually. The Corporate Governance Committee is expected to have a process under which it will identify and evaluate all director candidates properly nominated as required by Adient's Corporate Governance Guidelines. To identify director candidates, the Corporate Governance Committee will maintain a file of potential director nominees (including those recommended by shareholders), will solicit candidates from current directors, will evaluate recommendations and nominations by shareholders, and will have retained for a fee recruiting professionals to identify and evaluate director candidates. The Corporate Governance Committee uses the following criteria, among others, to evaluate any director candidate's capabilities to serve as a member of the Board: board attendance and engagement, independence, other time demands (including service on other boards), and potential or apparent conflicts (such as relationships with one of Adient's competitors, key suppliers or key customers). In addition, the Corporate Governance Committee will examine the following qualifications, among others, to identify and evaluate director candidates: industry experience and expertise (such as automotive, industrial manufacturing, technology or engineering); functional experience and expertise (such as whether the director candidate is a current chief executive officer or chief financial officer or possesses financial acumen, has operational experience, has international exposure, has experience or expertise in mergers and acquisitions, information technology strategy or engineering/product development); and the diversity of the director candidate. The Corporate Governance Committee will also review the qualifications of any candidate with those of current directors to determine coverage and gaps in experience in related industries and functional areas.

The Board Chairman and the Chair of the Corporate Governance Committee also will lead an evaluation of each director whose term is expiring at the upcoming annual meeting of shareholders based upon the preceding criteria and input from the other directors before nominating and recommending such director for reelection.

Clawback Provision

Adient is expected to adopt an Executive Compensation Incentive Recoupment (Clawback) Policy. Under the policy, the Committee will require all executive officers elected by the Board to reimburse any incentive awards if:

- The awards were based on that performance period's financial results and became the subject of a material restatement, other than a restatement due to changes in accounting policy;
- The Committee believes the elected executive officer engaged in conduct that caused, or even partially caused, the need for the restatement; and

- A lower payment could have been made to the elected executive officer based upon the restated financial results.

If there is a material restatement of financial statements, the Committee will also have to seek to recover any compensation from the Chief Executive Officer and Chief Financial Officer, to the extent required under Section 304 of the Sarbanes-Oxley Act of 2002.

Stock Ownership Policy

Adient is expected to adopt an Executive Stock Ownership Policy that will require executive officers to hold significant amounts of Adient stock. These guidelines will tie the compensation of Adient's named executive officers to Adient's share performance, since the increase or decrease in Adient's share price will impact their personal holdings. The policy is expected to provide that if an executive officer does not meet the minimum ownership guidelines, the executive officer will not be permitted to sell Adient ordinary shares until his or her equity holdings meet the requirements.

Ethics Policy

Adient is expected to adopt an Ethics Policy that will require all its business activities to be conducted in compliance with laws, regulations, and ethical principles and values. All directors, officers, and employees of Adient will be required to read, understand, and abide by the requirements of the Ethics Policy. The Ethics Policy will be accessible on Adient's website. Any waiver of the Ethics Policy for directors or executive officers may be made only by Adient's board of directors. Adient will disclose any amendment to, or waiver from, a provision of the Ethics Policy for the principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions, on Adient's website.

COMPENSATION DISCUSSION AND ANALYSIS

Introduction

As discussed above, the automotive seating and interiors businesses are currently part of Johnson Controls, and Adient's compensation committee has not yet been formed. This Compensation Discussion and Analysis describes the historical compensation practices of Johnson Controls and attempts to outline certain aspects of Adient's anticipated compensation structure for its senior executive officers following the separation. While Adient has discussed its anticipated programs and policies with the Compensation Committee of Johnson Controls' board of directors (which we refer to as the "Johnson Controls Compensation Committee"), they remain subject to the review and approval of Adient's own compensation committee (which we refer to as the "Adient Compensation Committee").

The employees who are expected to be appointed to serve as Adient's Chief Executive Officer, Executive Vice President and Chief Human Resources Officer, and Executive Vice President and Chief Financial Officer are identified below. For purposes of the following Compensation Discussion and Analysis and executive compensation disclosures, the individuals listed below are collectively referred to as Adient's "named executive officers."

- R. Bruce McDonald, Chief Executive Officer. Prior to the separation, Mr. McDonald served as Executive Vice President and Vice Chairman of Johnson Controls.
- Jeffrey M. Stafeil, Executive Vice President and Chief Financial Officer. Mr. Stafeil commenced employment with Johnson Controls on April 1, 2016.
- Neil E. Marchuk, Executive Vice President and Chief Human Resources Officer. Mr. Marchuk commenced employment with Johnson Controls on January 1, 2016.
- Byron S. Foster, Executive Vice President.
- Cathleen A. Ebacher, Vice President, General Counsel and Secretary.

The historical decisions relating to the compensation of Mr. McDonald, who served as an executive officer of Johnson Controls in fiscal year 2015 and prior years, were made by the Johnson Controls Compensation Committee. The historical decisions for Mr. Foster and Ms. Ebacher were established by Johnson Controls through its processes for non-executive employee compensation. As noted above, Messrs. Stafeil and Marchuk were not employed by Johnson Controls during fiscal year 2015 and thus did not receive any compensation during that year. Following the separation, the compensation of Adient's executive officers will be determined by the Adient Compensation Committee consistent with the compensation and benefit plans, programs, and policies adopted by Adient. Additional information about Adient's expected senior executive team following the separation is set forth in the section of this information statement entitled "Management—Executive Officers Following the Distribution."

While the primary focus of the following disclosure is on the compensation for Messrs. McDonald and Foster and Ms. Ebacher, the types of compensation and benefits provided to them are generally similar to those that will likely be provided to any other individuals who are identified to serve as executive officers of Adient upon the separation.

It is anticipated that Adient's compensation policies will initially be similar to those employed by Johnson Controls. The Adient Compensation Committee will review these policies and practices, and, it is expected, will make adjustments to support Adient's strategies and to remain market competitive. The following sections of this Compensation Discussion and Analysis describe Johnson Controls' compensation philosophy, policies, and practices as they applied to the one Adient named executive officer identified above who served as an executive officer of Johnson Controls during fiscal year 2015.

Executive Compensation Objectives

Historically

Three long-term objectives drive the Johnson Controls Compensation Committee's decisions regarding the executive compensation elements, incentive plan design, and award levels. The Johnson Controls Compensation Committee uses multiple compensation elements to reach these objectives and drive Johnson Controls executives to deliver sustained results for Johnson Controls shareholders.

1. *Building Shareholder Value Over the Long Term.* Long-term incentive compensation and stock-based opportunities comprise the largest component of Johnson Controls executive officers' total direct compensation (consisting of base salary, annual incentives, and long-term incentives), as the Johnson Controls Compensation Committee emphasizes compensation that it believes is directly linked with the creation of shareholder value over the long term.
2. *Delivering Sustained, Strong Business and Financial Results.* When determining total direct compensation for each named executive officer, the Johnson Controls Compensation Committee considers Johnson Controls' financial performance and the progress Johnson Controls has made towards successfully executing the long-term strategic plan of the business.
3. *Attracting, Motivating and Retaining a Highly Qualified and Effective Executive Team.* The attraction, motivation, and retention of top executive talent are critical to Johnson Controls' continued success. Therefore, the Johnson Controls Compensation Committee considers executive compensation levels for similar positions at companies within Johnson Controls' Compensation Peer Group.

Going Forward

As noted above, because the Adient Compensation Committee has not yet been formed, the executive compensation objectives at Adient will be developed and established by the Adient Compensation Committee after the separation. It is, however, currently expected that after the separation, the framework of Adient's executive compensation program will initially be similar to the framework used by Johnson Controls.

Executive Compensation Philosophy

Historically

In the Johnson Controls Compensation Committee's pursuit of Johnson Controls' long-term objectives, a philosophy built on five principles guides the Johnson Controls Compensation Committee. These principles underlie all decisions that the Johnson Controls Compensation Committee makes regarding the executive compensation elements, incentive plan design, and award levels.

1. *Shareholder Alignment and Risk Mitigation.* To avoid hindering delivery of strong, sustainable financial results and the delivery of long-term value to Johnson Controls shareholders, compensation should be structured to align the interests of executive officers with the interests of shareholders and in a manner that does not encourage excessive risk-taking. To discourage excessive risk-taking, the Johnson Controls Compensation Committee conducts an annual risk assessment of Johnson Controls' compensation plans and places great emphasis on equity-based incentive compensation and stock ownership by executive officers.
2. *Pay for Performance.* A substantial portion of compensation should be variable to reward named executive officers for the achievement of strategic, financial, and leadership objectives.
3. *Long-Term Focus.* Long-term incentive compensation and stock-based awards should be designed to drive the achievement of strategic business objectives and increase shareholder value in the long run.

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4. *Aligned to Market.* Total direct compensation should be competitive to attract, motivate, and retain a highly qualified and effective global executive team that will continue to drive Johnson Controls' success.
5. *Incentive Pay Alignment and Responsibility.* As an executive officer's level of responsibility increases, the target percentage of total direct compensation that is at risk and oriented toward long-term performance should increase accordingly.

Going Forward

As noted above, because the Adient Compensation Committee has not yet been formed, the executive compensation philosophy of Adient will be developed and established by the Adient Compensation Committee after the separation. It is, however, currently expected that after the separation, the framework of Adient's executive compensation program will initially be similar to Johnson Controls' framework, and will be principally comprised of base salaries, annual performance-based bonuses, and long-term incentive awards in respect of Adient ordinary shares.

Determining Compensation Levels

Historically

The objectives of Johnson Controls' executive compensation program to build long-term shareholder value, deliver sustained, strong business and financial results, and attract, motivate, and retain a highly qualified and effective executive team guide its executive compensation decisions, including the determination of compensation levels.

In addition to the executive compensation program's objectives, the Johnson Controls Compensation Committee also considers, in a subjective manner, the following factors:

- Each executive officer's experience, knowledge, skills, level of responsibility, and potential to influence Johnson Controls' performance and future success;
- Each executive officer's prior salary levels, annual incentive awards, and long-term incentive awards;
- The business environment and Johnson Controls' business objectives and strategy;
- The need to retain and motivate executive officers;
- Corporate governance and regulatory factors related to executive compensation;
- Marketplace compensation levels and practices; and
- Shareholder perspectives.

To gauge marketplace compensation levels and practices, the Johnson Controls Compensation Committee works with Willis Towers Watson, an independent executive compensation consultant, to conduct a marketplace analysis of executive compensation practices and pay levels against a group of publicly traded companies that we refer to as the "Compensation Peer Group." The Compensation Peer Group, which the Johnson Controls Compensation Committee annually reviews and updates, consists of a group of companies that:

- Johnson Controls competes against for talent;
- Are in Johnson Controls' industry or a similar industry;
- Have broadly similar revenues and market capitalization; or
- Participate in Willis Towers Watson's executive compensation surveys.

Johnson Controls relies upon the compensation data gathered from the Compensation Peer Group to represent the competitive market for executive talent for executive positions. For a few positions

where data from the peer group is not available, the Johnson Controls Compensation Committee reviews Willis Towers Watson data for general industry companies of similar revenue size. When determining fiscal year 2015 compensation, the Committee did not, however, require the use of general industry data to make any specific compensation decisions for the Johnson Controls named executive officers. Given that Johnson Controls' revenue is at nearly the 80th percentile relative to the Compensation Peer Group companies, data are regressed to provide compensation data that represents the revenue responsibility of each of the executive officer positions that Johnson Controls benchmarks. The median revenue (as of the latest fiscal year end) of the Compensation Peer Group is \$24.5 billion, and the median net income is \$2.5 billion. No changes were made to the peer group for fiscal year 2015.

The Compensation Peer Group for fiscal year 2015 consisted of the following companies:

- 3M Company
- Alcoa Inc.
- Caterpillar Inc.
- Deere & Company
- The Dow Chemical Company
- Eaton Corporation
- E. I. du Pont de Nemours and Company
- Emerson Electric Co.
- General Dynamics Corporation
- The Goodyear Tire & Rubber Company
- Honeywell International Inc.
- Illinois Tool Works Inc.
- International Paper Company
- Lear Corporation
- Lockheed Martin Corporation
- Northrop Grumman Corporation
- Raytheon Company
- United Technologies Corporation
- Whirlpool Corporation

Going Forward

After the separation, the Adient Compensation Committee will establish and develop practices and procedures with respect to establishing compensation levels and may determine an Adient peer group for compensation purposes.

Role of the Compensation Committee

Historically

The Johnson Controls Compensation Committee is comprised of non-employee independent directors who develop, amend, and approve Johnson Controls' executive compensation program.

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Each year, the Johnson Controls Compensation Committee determines the appropriate level of compensation for all executive officers, including the named executive officers. As an initial guideline, the Johnson Controls Compensation Committee sets the total direct compensation opportunity (base salary, annual incentive target, and long-term incentive target) for each of the executive officers within a range (+/- 15%) around the 50th percentile of the Compensation Peer Group or, where data from the peer group are not available, general industry survey data. The variation of actual pay relative to the market data is dependent on the executive officer's performance, experience, knowledge, skills, level of responsibility, potential to impact performance and future success, and the need to retain and motivate strategic talent. The total target direct compensation opportunity for the named executive officers in fiscal year 2015 ranged from the 50th to the 60th percentile of the Compensation Peer Group data.

The Johnson Controls Compensation Committee generally determines an executive officer's compensation based upon a desire to link compensation to the objectives of the executive compensation programs that are described above under "—Executive Compensation Philosophy—Historically." In addition, when determining the overall compensation of named executive officers, including base salaries and annual and long-term incentive amounts, the Johnson Controls Compensation Committee considers, in a subjective manner, a number of factors it deems important, as outlined above under "—Determining Compensation Levels—Historically."

The Johnson Controls Compensation Committee makes the compensation decisions for the named executive officers after careful review and analysis of appropriate performance information and market compensation data. While the Johnson Controls Chairman and Chief Executive Officer makes recommendations to the Johnson Controls Compensation Committee regarding the compensation of the other named executive officers, the Johnson Controls Compensation Committee alone determines the compensation for the Johnson Controls Chairman and Chief Executive Officer.

Beyond determining specific compensation for the named executive officers, the Johnson Controls Compensation Committee works with executive management to review and adjust compensation policies and practices to remain consistent with the company's values and philosophy, support the recruitment and retention of executive talent, and help the company achieve its business objectives.

Going Forward

After the separation, the Adient Compensation Committee will adopt and develop practices and procedures with respect to compensation decisions relating to base salary, annual incentives, and long-term incentives within the framework of the compensation plans adopted by Adient. It is currently expected that, at least initially, these compensation plans will be substantially similar to Johnson Controls' compensation plans. In addition, the Adient Compensation Committee will need to evaluate the relevance of peer data and, as noted, determine the appropriate peer group, if any, for Adient following the separation.

Role of the Chief Executive Officer

Historically

The Johnson Controls Chief Executive Officer provides recommendations to the Johnson Controls Compensation Committee on the total direct compensation for each executive officer other than himself. The Chief Executive Officer does not make recommendations with respect to his own compensation.

The Johnson Controls Chief Executive Officer's recommendations for the other executive officers are based on his personal review of their performance, job responsibilities, importance to the overall business strategy, and Johnson Controls' compensation philosophy. Although the Chief Executive Officer's recommendations are given significant weight, the Johnson Controls Compensation Committee

retains full discretion when determining compensation. The Johnson Controls Compensation Committee has delegated to the Chief Executive Officer its discretion to decrease the size of bonus payouts to executive officers other than the Chief Executive Officer based in part on an assessment of the executive officer's individual performance, as described below under "—Annual Incentive Performance Program (AIPP)—Historically."

Going Forward

After the separation, the Adient Compensation Committee will adopt and develop practices and procedures with respect to the role of executive officers in making compensation decisions.

Role of the Compensation Consultant

Historically

The Johnson Controls Compensation Committee retains the authority to approve and monitor all compensation and benefit programs (other than broad-based welfare benefit programs). However, to add rigor in the review process and to inform the Johnson Controls Compensation Committee of market trends, the Johnson Controls Compensation Committee engages the services of Willis Towers Watson, an independent executive compensation consultant, to analyze Johnson Controls' executive compensation structure and plan designs, and to assess whether the compensation program is competitive and supports the Johnson Controls Compensation Committee's goal to align shareholders' interests with those of the executive officers. Willis Towers Watson also directly provides the Johnson Controls Compensation Committee with the Compensation Peer Group and other market data discussed above, which the Johnson Controls Compensation Committee references when determining compensation for executive officers.

The Johnson Controls Compensation Committee has the sole authority to approve the independent compensation consultant's fees and terms of the engagement. Thus, the Johnson Controls Compensation Committee annually reviews its relationship with Willis Towers Watson to ensure executive compensation consulting independence. The process includes a review of the services Willis Towers Watson provides, the quality of those services, and fees associated with the services during the fiscal year as well as consideration of the factors impacting independence that New York Stock Exchange rules require. In addition to providing executive compensation consulting, other one-time professional services provided by Towers Watson (now Willis Towers Watson) totaling \$434,000 included actuarial work that was conducted relative to the acquisition of ADT of which it was the existing vendor (these services have not continued after fiscal year 2015).

Going Forward

After the separation, the Adient Compensation Committee will adopt and develop practices and procedures with respect to the role of a compensation consultant, if any, in making compensation decisions.

Key Elements of Executive Officer Compensation Program

Historically

There are eight principal elements of the Johnson Controls' executive compensation program. Collectively, these elements deliver an executive compensation package that achieves the program's three objectives: build long-term shareholder value; drive sustained, strong business and financial

results; and attract, motivate and retain a highly-qualified and effective management team to drive financial and operational performance.

Element	Link to Program Objectives	Type of Compensation	Key Features
Base Salary	The Johnson Controls Compensation Committee considers base salaries paid by companies in the Compensation Peer Group and survey data and uses the 50th percentile as a guideline.	Cash	Provides a stable source of income and is a standard compensation element in executive compensation packages.
Annual Incentive Performance Program	A cash-based award that encourages named executive officers to focus on the business and financial objectives for each fiscal year. Target incentive opportunity is set as a percentage of base salary.	Cash	Payout is based on profitability, growth, and operational performance during the fiscal year and occurs only if minimum performance levels are met. For the financial portion of the AIPP, SINC is weighted at 70%, ROS is weighted at 20%, and ROA is weighted at 10%. The Johnson Controls Compensation Committee also has limited discretion available (described below).
Long-Term Incentive Performance Program	Ensures that a named executive officer's pay is directly linked to the achievement of long-term objectives.	Performance-based Share Units or long-term cash as a percentage of base salary (for non-executive officer employees)	Payouts are based on long-term pre-tax earnings growth (weighted 60% for fiscal year 2015) and pre-tax return on invested capital (weighted 40% for fiscal year 2015) over a 3-year performance cycle. The value of long-term incentives that Johnson Controls delivers through performance-based share units is approximately 50% of total long-term incentive value.

Element	Link to Program Objectives	Type of Compensation	Key Features
Stock Options	Links compensation of named executive officers to the building of long-term shareholder value. Keeps the program competitive and helps retain talent.	Long-Term Equity	Aligns executive officers' compensation with the creation of shareholder value. The value of long-term incentives delivered through stock options is approximately 25% of total long-term incentive value. Johnson Controls considers both stock options and performance-based share units to be performance-based equity.
Restricted Stock	Helps the long-term retention of talent through an extended vesting period. Links compensation of named executive officers to the building of long-term shareholder value.	Long-Term Equity	Vesting of 100% after three years promotes retention, and named executive officers holding restricted stock will receive greater value if the stock price rises. The long-term incentive value that Johnson Controls delivers through restricted stock is approximately 25% of total long-term incentive value.
Retirement	Critical element of a total rewards program and thus, helps attract, maintain, and retain executive talent.	Benefit	Named executive officers receive retirement benefits through four plans: <ul style="list-style-type: none"> • 401(k) Plan • Frozen Defined Benefit Pension Plan (frozen on December 31, 2014) • Retirement Restoration Plan • Executive Deferred Compensation Plan

Element	Link to Program Objectives	Type of Compensation	Key Features
Other Benefits	Delivers modest benefits to supplement total direct compensation and provides protection for named executive officers, where warranted.	Benefit	Benefits help named executive officers be more productive and efficient, and they provide protection from business risks and threats. Perquisites are limited in amount and the Johnson Controls Compensation Committee maintains a strict policy regarding eligibility and use.
Employment and Change of Control Agreements	Ensures named executive officers remain focused on creating sustainable performance.	Benefit	<p>Agreements protect the company and the named executive officers from risks by providing:</p> <ul style="list-style-type: none"> • Economic stability • Death or disability payments • Payments and benefits in the event of a change of control • Agreements do not contain excise tax gross-ups in the event of a change of control • Equity awards under the Johnson Controls' 2012 Omnibus Incentive Plan ("Omnibus Incentive Plan") are subject to double-trigger vesting upon a change of control

Going Forward

After the separation, the Adient Compensation Committee will adopt and develop practices and procedures with respect to compensation decisions relating to base salary, annual incentives, long-term incentives, and other compensation and benefits within the framework of the compensation plans adopted by us. It is currently expected that these compensation plans will initially be substantially similar to Johnson Controls' compensation plans, except that Adient does not currently expect to use stock options to compensate Adient executives following the separation.

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In connection with the separation, Adient expects to adopt compensation and benefit plans, including the Adient 2016 Omnibus Incentive Plan (subject to the approval of Adient's shareholders prior to the distribution), which plans will initially be substantially similar to those in effect at Johnson Controls before the separation. Following the separation, the Adient Compensation Committee will administer and make determinations under the Adient compensation plans consistent with Adient's business needs and goals. Additional information about the Adient 2016 Omnibus Incentive Plan is set forth in the section of this information statement entitled "Executive Compensation—Adient 2016 Omnibus Incentive Plan."

Base Salaries

Historically

Base salary provides named executive officers with fixed compensation and a stable source of income. The Johnson Controls Compensation Committee considers base salary levels during each annual compensation review process or upon a promotion. When establishing base salaries for named executive officers, the Johnson Controls Compensation Committee considers the compensation for similar positions in the Compensation Peer Group and refers to the 50th percentile as a guideline. If peer group data is not available, the Johnson Controls Compensation Committee considers salaries that similarly sized companies (defined as similar in revenue size) in general industry pay for similar positions.

Salary changes for named executive officers are generally effective October 1st of each year. Salary changes may occur at other times if there is a promotion or job change.

The Johnson Controls Compensation Committee increased the base salary for Mr. McDonald in fiscal year 2015 based on the Johnson Controls Compensation Committee's review of each individual's performance, the targeted pay positioning applicable to each individual, and changes in competitive market data among the Compensation Peer Group companies. Mr. McDonald received a base salary increase in connection with his new position, in recognition of his performance and contributions, and to better align to the market median for his position. Mr. Foster received a base salary increase in recognition of his performance and contributions and to better align to the market median for his position. Ms. Ebacher received a base salary increase in connection with her new position, in recognition of her performance and contributions, and to better align to the market median for her position.

Named Executive Officer	Fiscal Year 2014 Base Salary (effective October 1, 2013)	Fiscal Year 2015 Base Salary (effective October 1, 2014)	% Increase
R. Bruce McDonald	\$ 881,000	\$ 1,000,000	13.5%
Byron S. Foster	\$ 466,000	\$ 507,000	8.8%
Cathleen A. Ebacher	\$ 287,000	\$ 325,000	13.2%

Going Forward

After the separation, the Adient Compensation Committee will adopt and develop practices and procedures with respect to compensation decisions relating to base salary within the framework of the compensation plans adopted by Adient, which initially will be substantially similar to Johnson Controls' compensation plans.

Annual Incentive Performance Program (AIPP)

Historically

Johnson Controls' AIPP is a one-year cash award that encourages Johnson Controls named executive officers to focus on financial objectives that translate into stock price performance and value

creation for shareholders. At the beginning of each fiscal year, the Johnson Controls Compensation Committee approves performance objectives and sets the annual performance incentive target opportunity for each executive officer, which is expressed as a percentage of base salary for each individual.

For fiscal 2015, 80% of the targeted AIPP award for Mr. McDonald, Mr. Foster, and Ms. Ebacher was based on financial metrics, as described below. The remaining 20% of the targeted award for Mr. McDonald was based on a discretionary assessment of individual performance, as assessed by the Johnson Controls Compensation Committee. The remaining 20% of the targeted award for Mr. Foster and Ms. Ebacher was based on specified non-financial strategic objectives established by the Johnson Controls Chief Executive Officer. The Johnson Controls Compensation Committee has the discretion to decrease the size of the overall bonus payout for each named executive officer based in part on an assessment of the named executive officer's individual performance, and has delegated this discretion to the Johnson Controls Chief Executive Officer with respect to named executive officers other than the Chief Executive Officer. The Johnson Controls Compensation Committee makes this assessment for the Johnson Controls Chief Executive Officer based on its subjective evaluation of performance relative to strategic, financial and leadership objectives that the Johnson Controls Compensation Committee or the Johnson Controls board of directors has approved and has discretion to decrease the amount of the incentive award that the Chief Executive Officer would otherwise receive. The Johnson Controls Chief Executive Officer makes this assessment for the other named executive officers based on his subjective evaluation of performance relative to strategic, financial, and leadership objectives he has approved and has discretion to decrease the amount of the incentive award that the executive officers would otherwise receive.

For the 80% of the AIPP award that is based on financial metrics, Johnson Controls uses SINC, ROS, and ROA as the measures, based upon the Johnson Controls Compensation Committee's belief that providing incentives to focus on those measures links to Johnson Controls' strategic plan and will create long-term shareholder value. Additionally, the Johnson Controls Compensation Committee believes SINC growth continues to be the most critical measure of Johnson Controls' business when supported by an increase in ROS and reasonable rates of ROA.

Johnson Controls uses simple weightings for the performance measures by placing specific weighting on each metric for purposes of determining the amounts of the awards earned. In fiscal year 2015, the financial portion of the annual incentive measures had the following weights: 70% SINC, 20% ROS, and 10% ROA. Each weighting reflects the Committee's view of the importance of the respective measures to Johnson Controls' overall strategic plan and shareholder value creation. Additionally, the Johnson Controls Compensation Committee sets the percentage for threshold (minimum), target, and maximum performance levels that will determine the amounts of the award earned. An executive officer would not have received a payout under an award if Johnson Controls did not meet threshold performance levels.

The performance measures for the Johnson Controls AIPP are defined as follows:

- *Year-over-Year SINC Growth.* SINC is defined as net income attributable to each business unit (corporate is the aggregate of the three business units and Corporate) adjusted for income tax expense, financing costs, non-controlling interests, and certain significant non-recurring items, such as acquisitions and divestitures, impairment charges, restructuring costs, mark-to-market pension gains/losses, and the adoption of new accounting pronouncements, all as reflected in the audited financial statements that appear in Johnson Controls' Annual Report on Form 10-K.

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- **ROS.** ROS is defined as an internal financial measure that relates SINC to the sales of the business unit. Corporate is the aggregate of the three business units and Corporate.
- **ROA.** ROA is defined as an internal financial measure that relates SINC on a pre-tax basis to the average net operating assets of the business unit. Corporate is the aggregate of the three business units and corporate. Net Operating Assets are defined as (+) Total Assets; (-) Cash; (-) Income Tax Assets; (-) Post-Employment Assets; (-) Derivative Assets; (-) Total Liabilities; (+) Debt; (+) Income Tax Liabilities; (+) Post-Employment Liabilities; (+) Restructuring Liabilities; (+) Derivative Liabilities; (+) Dividends Payable.

For Mr. McDonald and Ms. Ebacher, 100% of the financial portion of the annual incentive was based on performance relative to Corporate results. For Mr. Foster, 50% of the financial portion of the annual incentive was based on performance relative to Automotive Experience results, and 50% of the financial portion of the annual incentive was based on performance relative to Corporate results.

The table below summarizes the fiscal year 2015 AIPP target and actual award for Mr. McDonald, Mr. Foster, and Ms. Ebacher. During the process for establishing targets for fiscal year 2015, the Johnson Controls Compensation Committee with the assistance of its independent compensation consultant, Towers Watson (now Willis Towers Watson), reviewed the following data:

- Johnson Controls' strategic and financial plans;
- The global macroeconomic environment for fiscal year 2015 compared to fiscal year 2014, including global Gross Domestic Product growth as well as growth estimates in those countries where Johnson Controls has significant business operations;
- Growth estimates for automotive production and construction spending on a regional basis;
- Company specific factors including capital expenditure levels, restructuring, and other investment initiatives;
- Analyst consensus growth expectations for Johnson Controls versus those of the Compensation Peer Group;
- Movement of analyst consensus earnings estimates over time; and
- Projected earnings growth estimates from the Compensation Peer Group and the broader S&P 500 Stock Index.

Based on its review of the above information and the advice of Towers Watson (now Willis Towers Watson), the Johnson Controls Compensation Committee chose to set the SINC growth thresholds, targets, and maximums for fiscal year 2015 using analyst consensus earnings estimates for the S&P 500 and the S&P 500 Industrials. The Committee chose to set the thresholds, targets, and maximums for ROS and ROA relative to Johnson Controls' financial strategic plans. This approach ensures that

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Johnson Controls provides competitive incentive compensation based on market competitive performance while continuing to focus on its strategic deliverables.

Performance Measures	2015 Goals			2015 Actual Performance	2015 Actual Awards (Non-Discretionary Portion)
	Threshold	Target	Maximum	Actual	
Corporate					
Year-Over-Year SINC Growth	3.0%	8.0%	14.0%	13.0%	188.5%
Return on Sales (ROS)	7.4%	7.8%	8.2%	8.5%	
Pre-Tax ROA	17.2%	18.2%	19.1%	20.1%	
Automotive Experience					
Year-Over-Year SINC Growth	-2.0%	4.0%	10.0%	14.2%	200.0%
Return on Sales (ROS)	5.2%	5.6%	5.8%	6.2%	
Pre-Tax ROA	16.3%	17.2%	18.1%	20.6%	
Building Efficiency					
Year-Over-Year SINC Growth	10.0%	17.0%	27.0%	13.7%	101.0%
Return on Sales (ROS)	9.4%	9.9%	10.4%	10.3%	
Pre-Tax ROA	15.9%	16.8%	17.6%	16.9%	

For fiscal year 2015, the target incentive opportunity percentages for the named executive officers ranged from 40% to 125% of base salaries. When establishing target annual incentives for named executive officers, the Johnson Controls Compensation Committee considers the annual incentive targets for similar positions in the Compensation Peer Group and refers to the 50th percentile as a guideline.

For each named executive officer, the actual payout potentially could range from zero to two times the target payout percentage for the financial portion of the AIPP, depending on the achievement of goals, with the potential payments increasing as performance improved (though not above two times the target payout percentage). For the discretionary portion of the award based on individual performance, a payout for Mr. McDonald was authorized only if the minimum threshold performance levels under the financial portion were achieved, and Johnson Controls used negative discretion to deliver the intended award amount. In no event could payments under the discretionary portion of the award exceed the target.

The table below summarizes the threshold, target, and maximum award potential, actual payout as a percent of target, and actual payout amounts for each named executive officer for fiscal year 2015 after reflecting the exercise of discretion that we discuss above.

Named Executive Officer	Award Targets			2015 Actual Payout As a % of Target	2015 Actual Payout Amount (\$)
	Threshold (\$)(1)	Target (\$)(2)	Maximum (\$)(3)		
R. Bruce McDonald	600,000	1,500,000	3,000,000	181.0%	2,714,400
Byron S. Foster	152,752	305,505	611,006	200.0%	611,006
Cathleen A. Ebacher	65,520	131,040	262,082	200.0%	262,082

- (1) Assumes threshold payout from financial portion of AIPP, and zero payout from discretionary portion.
- (2) Assumes target payout from financial portion of AIPP, and target payout from discretionary portion.
- (3) Assumes 200% payout from financial portion of AIPP, and full payout from discretionary portion.

Going Forward

After the separation, the Adient Compensation Committee will adopt and develop practices and procedures with respect to compensation decisions relating to annual incentives within the framework of the compensation plans adopted by us. It is currently expected that these compensation plans will initially be substantially similar to Johnson Controls' compensation plans.

Performance Share Units—Long-Term Incentive Performance Program (LTIPP)

Historically

With regards to Mr. McDonald, for fiscal year 2015, the LTIPP was a performance-based share unit award tied to Johnson Controls' long-term overall performance to ensure that an executive's pay was directly linked to the achievement of strong, sustained long-term operating performance. The Johnson Controls Compensation Committee approved the award values and terms of the awards for Johnson Controls' executive officers, including named executive officers, in November 2014. Mr. Foster and Ms. Ebacher did not participate in the Performance Share Units LTIPP program during fiscal year 2015.

Grants were based upon a three-year performance cycle from fiscal year 2015 through fiscal year 2017. The number of performance-based share units granted is equal to the performance-based share units award value divided by the closing price of Johnson Controls' common stock on November 18, 2014.

During fiscal year 2015, the Johnson Controls Compensation Committee reviewed the performance measures that the plan uses and determined that pre-tax earnings growth and pre-tax ROIC are the measures that most directly align with the creation of long-term shareholder value. Specifically, the Johnson Controls Compensation Committee considered the use of TSR and relative TSR as a long-term incentive performance measure. Given Johnson Controls' focus on earnings growth and unavailability of a peer group of companies engaged in businesses similar to Johnson Controls for purposes of a comparator group for relative TSR, however, the Johnson Controls Compensation Committee instead chose to maintain the longstanding focus on operating metrics—pre-tax earnings growth and pre-tax ROIC—which are fundamental to long-term value creation for Johnson Controls. These financial performance measures tie to the results reflected in Johnson Controls' audited annual financial statements that appear in Johnson Controls' Annual Report on Form 10-K.

For fiscal year 2015, the Johnson Controls Compensation Committee increased the focus on pre-tax ROIC for the long-term incentive performance program based on market data and input from shareholders. The fiscal year 2015 awards for LTIPP weight pre-tax earnings growth and pre-tax ROIC 60% and 40% respectively (compared to 80% and 20%, respectively, for the fiscal year 2014 awards), reflecting the Johnson Controls Compensation Committee's emphasis on long-term earnings growth as a key driver of performance.

Furthermore, to emphasize the long-term nature of the program, the Johnson Controls Compensation Committee set fixed annual goals for each year of the three-year performance cycles of the LTIPP at the start of the cycle. The performance of each year within the three-year performance cycle is equally weighted in determining overall performance.

The performance measures for the LTIPP are defined as follows:

- *Return on Invested Capital (ROIC)*. ROIC is defined as income before income taxes adjusted by total financing costs, non-controlling interests, and certain significant non-recurring items such as acquisitions and divestitures, impairment charges, restructuring costs, mark-to-market pension gains/losses, and the adoption of new accounting pronouncements, divided by pre-tax invested capital. Pre-tax invested capital is defined as the monthly weighted average sum of shareholders

equity plus total debt, less cash and income tax accounts, adjusted for acquisitions and divestitures.

- *Year-over-Year Pre-Tax Earnings.* Pre-tax earnings is defined as income before income taxes, adjusted for certain significant non-recurring items, such as acquisitions and divestitures, impairment charges, restructuring costs, mark-to-market pension gains/losses, and the adoption of new accounting pronouncements, all as reflected in the audited financial statements that appear in Johnson Controls' Annual Report on Form 10-K.

The table below summarizes the fiscal years 2015-2017 LTIPP targets for executives. Following Johnson Controls' performance incentive target setting philosophy, during the process for establishing targets for fiscal years 2015-2017, the Johnson Controls Compensation Committee reviewed the following data:

- Johnson Controls' financial strategic plan;
- Analyst growth expectations for the company versus those of the Compensation Peer Group; and
- Projected earnings data from the Compensation Peer Group and the broader S&P's 500 Stock Index.

Based on its review of the above information, the Johnson Controls Compensation Committee chose to set the earnings growth thresholds, targets, and maximums for the LTIPP performance period from fiscal years 2015 through 2017 using guidance from the projected earnings data.

The Johnson Controls Compensation Committee chose to set the ROIC thresholds, targets, and maximum relative to Johnson Controls' strategic plan. This approach ensures that Johnson Controls provides competitive incentive compensation based on market competitive performance while continuing to focus on strategic long-term deliverables.

FISCAL YEAR 2015 LTIPP GRANT (Fiscal Years 2015-2017)

Measure		Weighting	Threshold	Target	Maximum
Year-over-Year Pre-Tax Earnings Growth	FY2015		3.0%	8.0%	14.0%
	FY2016	60%	2.5%	6.5%	13.5%
	FY2017		2.5%	6.5%	13.5%
Pre-Tax ROIC	FY2015		17.7%	18.6%	19.5%
	FY2016	40%	19.1%	20.1%	21.1%
	FY2017		19.3%	20.3%	21.3%

For fiscal year 2015, named executive officers were eligible for a payout under LTIPP cash awards that were made in fiscal year 2013 that reflected performance over the three-year performance cycle of fiscal years 2013 to 2015. Based on performance relative to the goals that were established for fiscal year 2015, the payout specific to fiscal year 2015 performance was 196.1% of target based on pre-tax earnings growth and pre-tax ROIC that fell above target for the year. For fiscal year 2015, the objectives and actual results based on pre-tax earnings growth and pre-tax ROIC are shown in the chart below.

Long-Term Incentive Performance Program—Fiscal Year 2015 Goals and Payout Factor

Award	Pre-Tax Earnings Growth	Pre-Tax ROIC
Threshold	3.0%	17.9%
Target	7.0%	18.8%
Maximum	15.0%	19.7%
Fiscal Year 2015 Results	14.6%	24.2%

As shown in the table below, the payouts relating to fiscal years 2013 to 2015 were 182.5%, 200.0%, and 196.1% of target, respectively. Applying the annual weighting for each year produced an aggregate payout for the LTIPP for the fiscal years 2013 to 2015 performance cycle of 192.9% of target.

Fiscal Year	Pre-Tax Earnings Growth Target	Pre-Tax Earnings Growth Actual	ROIC Target	ROIC Actual	Performance Factor (percentage of target)	Annual Weighting	Annual Weighted Performance
2015	7.0%	14.6%	18.8%	24.2%	196.1%	1/3	65.4%
2014	7.0%	15.2%	18.2%	20.7%	200.0%	1/3	66.7%
2013	7.0%	13.3%	17.4%	18.6%	182.5%	1/3	60.8%
Actual LTIPP Payout for 2013 - 2015 Performance Cycle (paid upon completion of 2015 fiscal year)							192.9%

Going Forward

After the separation, the Adient Compensation Committee will adopt and develop practices and procedures with respect to compensation decisions relating to long-term incentives within the framework of the compensation plans adopted by us. It is currently expected that these compensation plans will initially be substantially similar to Johnson Controls' compensation plans.

Stock Options and Restricted Stock

Historically

Awarding stock options and restricted stock reflects Johnson Controls' executive compensation philosophy and the principle of pay for performance. By awarding stock options and restricted stock, Johnson Controls links long-term incentives directly to stock price. If Johnson Controls' stock price decreases, so does the value of the executive officer's compensation. Stock options and restricted stock also help Johnson Controls maintain competitive compensation levels in the market and retain high-performing employees through multi-year vesting requirements.

Johnson Controls granted stock options under its Omnibus Incentive Plan and valued them using a Black-Scholes valuation. The exercise price of fiscal year 2015 stock options is equal to the closing price of Johnson Controls' common stock on the date of the grant. Fifty percent of each stock option award vests two years after the date of grant, and the other 50% vests three years after the date of grant. Stock option vesting is subject to continued employment, with earlier vesting upon retirement, and stock options have a ten-year exercise term. The Johnson Controls Compensation Committee does not engage in, or permit, "backdating," repricing, or cash buyouts of stock options, all of which are strictly prohibited.

Johnson Controls values restricted stock based on the price of Johnson Controls' common stock at the date of grant. Beginning in fiscal year 2014, vesting of restricted stock occurs 100% after three

years. For grants prior to fiscal year 2014, 50% of each restricted stock award vested two years after the date of grant, and the other 50% four years after the date of grant. If an executive officer holds unvested restricted stock at retirement, that stock continues to vest following retirement.

Johnson Controls also infrequently uses other types of equity-based awards such as restricted stock units for purposes of recruitment, retention, or recognition. Vesting for these awards typically occurs after five years and in all cases the awards are forfeited if the participant voluntarily terminates employment prior to vesting. The Johnson Controls Compensation Committee did not grant any special equity-based awards in fiscal year 2015.

Going Forward

After the separation, the Adient Compensation Committee will adopt and develop practices and procedures with respect to compensation decisions relating to long-term incentives within the framework of the compensation plans adopted by us. It is currently expected that these compensation plans will initially be substantially similar to Johnson Controls' compensation plans, except that Adient does not currently expect to use stock options to compensate Adient executives following the separation. As discussed in the section titled "The Separation and Distribution—Treatment of Equity Based Compensation," equity compensation awards granted prior to the separation to Adient allocated employees will be equitably adjusted into two separate awards, one at Johnson Controls and one at Adient.

Retirement

Historically

Grounded in the market practices of the Compensation Peer Group and general industry data, retirement benefits are also a critical element to the competitiveness of an executive compensation program. Johnson Controls provides three retirement benefit plans to eligible U.S. salaried employees; named executive officers are eligible for an additional plan.

Retirement Plans. All U.S. employees are eligible for the 401(k) plan, including named executive officers. Participants can contribute up to 25% of their compensation on a pre-tax basis; however, executive officers can contribute only up to 6% of their compensation. Based on company performance, Johnson Controls matches 75-100% of each dollar an employee contributes, up to 6% of the employee's eligible compensation.

In addition, the company makes a varied annual retirement contribution for eligible employees. This group of employees includes all named executive officers. The contribution for this group of employees is between 1% and 7% of the participant's eligible compensation and is based on the participant's age and service. Both the matching contribution and the annual retirement contribution are subject to vesting requirements.

The company also maintains a pension plan, which covered all U.S. salaried employees hired before January 1, 2006. This plan was frozen on December 31, 2014, and employees, including Mr. McDonald, no longer accrue future pension benefits under this plan.

Retirement Restoration Plan. The Code limits the benefits Johnson Controls can provide to employees under the pension plan and the 401(k) plan, including the annual retirement contribution. Thus, Johnson Controls sponsors the Retirement Restoration Plan, which allows all employees who are affected by these limits to obtain the full intended benefit from the pension and 401(k) plans without regard to such limits. Because benefits under the pension plan were frozen on December 31, 2014, the pension portion of the Retirement Restoration Plan likewise was frozen on December 31, 2014, such that no additional pension restoration benefits will accrue after that date.

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All employees whose benefits under the pension plan and 401(k) plan, as applicable, are affected by the limits, including named executive officers, are eligible for the Retirement Restoration Plan.

Executive Deferred Compensation Plan. The Executive Deferred Compensation Plan assists all senior leaders, including named executive officers, with personal financial planning by allowing participants to defer compensation and associated taxes until retirement or termination of employment. It also assists senior leaders in the management of their executive stock ownership requirements. Investment options in the Executive Deferred Compensation Plan mirror investment options available in the 401(k) plan.

Going Forward

After the separation, the Adient Compensation Committee will adopt and develop practices and procedures with respect to compensation decisions relating to retirement plans within the framework of the compensation plans adopted by us. It is currently expected that these compensation plans will initially be similar to Johnson Controls' compensation plans.

Other Benefits

Historically

Johnson Controls provides perquisites to help executive officers be more productive and efficient, and to provide protection from potential business risks. Perquisites are limited in amount, and Johnson Controls maintains a strict policy regarding eligibility and use of these benefits. There are no exceptions outside of this policy. For fiscal year 2015, named executive officers received personal financial planning, club dues, and personal use of a company airplane. Executive officers are also eligible for three additional perquisites: (1) the company vehicle policy, which is offered to all senior leadership and provides for personal use of a vehicle (the type of vehicle varies by leadership level and is limited to vehicles that use Johnson Controls' automotive seating and interiors products), (2) the executive physical examination program that offers executive officers an annual comprehensive physical examination within a compressed time period, and (3) the executive security policy, which is offered to all senior leadership and provides a risk-based mitigation strategy and security program that recognizes exposure to potential personal security threats due to local/geographic conditions and the nature of their positions as executives of the company.

The Johnson Controls Compensation Committee periodically reviews competitive market data to ensure that perquisites in the executive compensation program are standard and within market practice. Additionally, the Johnson Controls Compensation Committee annually reviews the use of perquisites to ensure adherence to the applicable policy.

Executive Survivor Benefits Plan. Named executive officers hired before September 15, 2009 are eligible for the Executive Survivor Benefits Plan. Under this plan, if a participating executive officer dies while he or she is an employee, Johnson Controls will make certain payments to his or her beneficiary. This benefit is offered to executive officers in place of regular group life insurance coverage and any other executive life insurance policy. All benefits under the Executive Survivor Benefits Plan cease upon retirement or other termination. Named executive officers hired after September 15, 2009 participate in regular group life insurance coverage.

Employment and Change of Control Agreements. The employment agreements with senior executive officers do not include excise tax gross-up payments and include a double-trigger in the event of a change of control of the company, which means that an executive will not receive termination payments under the employment agreement following a change of control unless the executive's employment is terminated without cause or the executive terminates with good reason. Under the Omnibus Incentive Plan, equity awards are subject to double-trigger equity vesting in the event of a

change of control. Double-trigger equity vesting requires both a change of control and executive's termination to vest the equity awards. The employment agreements with named executive officers help retain key individuals after a change of control and encourage the named executive officers to maximize the value of the transaction for shareholders in the long term.

Going Forward

After the separation, the Adient Compensation Committee will adopt and develop practices and procedures with respect to compensation decisions relating to other compensation and benefits within the framework of the compensation plans adopted by us. It is currently expected that these compensation plans will initially be substantially similar to Johnson Controls' compensation plans.

Risk Assessment

Historically

To discourage excessive risk-taking, the Johnson Controls Compensation Committee conducts an annual risk assessment of Johnson Controls' compensation plans.

After reviewing the compensation program, the Johnson Controls Compensation Committee has determined that the program (including each individual element) is unlikely to place the company at material risk. The review indicated several of Johnson Controls' current practices effectively mitigate risk and promote performance, including:

- A balanced mix of pay elements that ties pay to performance;
- Appropriate caps on incentives;
- Use of multiple performance measures in the annual and long-term incentive plans;
- Use of performance measures that are based on the Annual Report and Form 10-K filing;
- Compensation Committee discretion and oversight;
- Significant stock ownership guidelines;
- Appropriate use and provisions of severance and change of control agreements;
- Limited and appropriate perquisites;
- Provisions of the clawback policy; and
- No excise tax gross-up payments.

Going Forward

After the separation, the Adient Compensation Committee will adopt and develop practices and procedures with respect to risk assessment of compensation practices within the framework of the compensation plans adopted by us. It is currently expected that these compensation plans will initially be substantially similar to Johnson Controls' compensation plans.

Clawback Provisions

Historically

Johnson Controls maintains an Executive Compensation Incentive Recoupment (Clawback) Policy. Under the policy, the Johnson Controls Compensation Committee requires all executive officers elected by the Johnson Controls board of directors to reimburse any incentive awards if:

- The awards were based on that performance period's financial results and became the subject of a material restatement, other than a restatement due to changes in accounting policy (including performance share units);
- The Johnson Controls Compensation Committee believes the elected officer engaged in conduct that caused, or even partially caused, the need for the restatement; and
- A lower payment could have been made to the elected executive officer based upon the restated financial results.

If there is a material restatement of financial statements, the Johnson Controls Compensation Committee must also seek to recover any compensation from the Chief Executive Officer and Chief Financial Officer, to the extent required under Section 304 of the Sarbanes-Oxley Act of 2002.

Johnson Controls will continue to monitor developments under the Dodd-Frank Act, including with respect to mandatory recoupment of incentive compensation.

Going Forward

After the separation, the Adient Compensation Committee will adopt and develop practices and procedures with respect to compensation decisions relating to clawbacks within the framework of the compensation plans adopted by us and applicable law. It is currently expected that these compensation plans will initially be substantially similar to Johnson Controls' compensation plans.

Tax and Accounting Rules and Regulations

Historically

When determining total direct compensation packages, the Johnson Controls Compensation Committee considers all factors that may have an impact on financial performance, including tax and accounting rules and regulations under Section 162(m) of the Code. The Code limits us from deducting compensation in excess of \$1 million awarded to the principal executive officer or to the other three highest-paid executive officers. One exception to the Code is if compensation meets the requirements to qualify as performance-based compensation.

Johnson Controls' compensation philosophy strongly emphasizes performance-based compensation for executive officers, thus minimizing the consequences of the Section 162(m) limitation. However, the Johnson Controls Compensation Committee retains full discretion to award compensation packages that will best attract, retain, and reward successful executive officers. Therefore, the Johnson Controls Compensation Committee may award compensation that is not fully deductible under Section 162(m) if the Johnson Controls Compensation Committee believes it will contribute to the achievement of Johnson Controls' business objectives.

Going Forward

After the separation, the Adient Compensation Committee will adopt and develop practices and procedures with respect to compensation decisions relating to deductibility of compensation within the framework of the compensation plans adopted by us. It is currently expected that these compensation plans will initially be substantially similar to Johnson Controls' compensation plans.

EXECUTIVE COMPENSATION

Historical Compensation of Executive Officers Prior to the Separation

Messrs. McDonald and Foster and Ms. Ebacher were employed by Johnson Controls during fiscal year 2015; therefore, the information provided below reflects compensation earned by them at Johnson Controls and the design and objectives of the Johnson Controls compensation programs in place prior to the separation. Mr. McDonald is currently, and was as of September 30, 2015, an executive officer of Johnson Controls. Accordingly, the compensation decisions regarding this named executive officer were made by the Johnson Controls Compensation Committee. Mr. Foster and Ms. Ebacher were not executive officers of Johnson Controls during fiscal year 2015, and thus the historical decisions for these individuals were established by Johnson Controls through its processes for non-executive employee compensation. Messrs. Marchuk and Stafeil were not employed by Johnson Controls during fiscal year 2015. Executive compensation decisions following the separation will be made by the Adient Compensation Committee. All references in the following tables to stock options, restricted stock, and performance units relate to awards granted by Johnson Controls in respect of shares of Johnson Controls common stock.

The amounts and forms of compensation reported below are not necessarily indicative of the compensation that Adient executive officers will receive following the separation, which could be higher or lower, because historical compensation was determined by the Johnson Controls Compensation Committee based on Johnson Controls' performance and because future compensation levels at Adient will be determined based on the compensation policies, programs, and procedures to be established by the Adient Compensation Committee for those individuals who will be employed by Adient following the separation.

Summary Compensation Table for Fiscal Years 2015, 2014 and 2013

The following table summarizes the compensation earned from Johnson Controls in the fiscal years noted by our named executive officers.

Name and Principal Position	Year	Salary (\$)	Stock Awards(1)(2) (\$)	Option Awards(2) (\$)	Non-Equity Incentive Plan Compensation(1)(3) (\$)	Change in Pension Value and Nonqualified Deferred Compensation Earnings(4) (\$)	All Other Compensation(5) (\$)	Total (\$)
R. Bruce McDonald	2015	1,000,000	3,749,971	1,247,578	2,714,400	1,179,536	300,185	10,191,670
Chief Executive Officer, Adient	2014	881,000	2,173,942	724,989	2,972,000	750,796	190,701	7,693,428
	2013	855,000	4,739,119	641,784	2,592,000	—	113,783	8,941,686
Byron S. Foster	2015	520,008	199,966	199,614	911,938	286,867	27,127	2,145,520
Executive Vice President, Adient								
Cathleen A. Ebacher	2015	327,600	149,987	—	445,063	—	44,473	967,123
Vice President, General Counsel and Secretary, Adient								

- (1) We have not reduced amounts that we show to reflect a named executive officer's election, if any, to defer the receipt of compensation into qualified and nonqualified deferral plans.
- (2) Amounts reflect the aggregate grant date fair value of restricted stock awards and performance-based share unit awards (in the "Stock Awards" column) and option awards (in the "Option Awards" column), in each case computed in accordance with FASB ASC Topic 718. In the case of performance-based share units, the amounts shown in the Stock Awards column are based on the probable outcome of performance conditions, consistent with the estimate of aggregate compensation cost to be recognized over the service period determined as of the grant date under FASB ASC Topic 718, excluding the effect of estimated forfeitures, as follows: Mr. McDonald—\$2,499,997. The values of the performance-based share unit awards at the grant date if the highest level of performance conditions were to be achieved would be as follows: Mr. McDonald—\$4,999,994. The fair value of each option award is estimated on the date of grant using the Black-Scholes option-pricing model. Note 12 to Adient's audited combined financial

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statements for the fiscal year ended September 30, 2015, which appear in the "Index to Financial Statements" section of this information statement, includes assumptions similar to those used in the calculation of these amounts.

- (3) With regards to Mr. McDonald, amounts reflect the cash awards that we discuss in further detail under the heading "Compensation Discussion and Analysis—Annual Incentive Performance Program." With regards to Mr. Foster and Ms. Ebacher, amounts reflect the cash awards that we discuss in further detail under the headings "Compensation Discussion and Analysis—Annual Incentive Performance Program" and "Compensation Discussion and Analysis—Long-Term Incentive Performance Program—Fiscal Year 2015 Goals and Payout Factor."
- (4) Amounts reflect the actuarial increase in the present value of the named executive officer's benefits under all defined benefit pension plans, determined as of the measurement dates used for financial statement reporting purposes for fiscal year 2015 and using interest rate and mortality rate assumptions consistent with those used in Johnson Controls' financial statements. The amounts include benefits that the named executive officer may not currently be entitled to receive because the executive is not vested in such benefits. The value that an executive will actually receive under these benefits will differ to the extent facts and circumstances vary from what these calculations assume. Changes in the present value of the named executive officer's benefits are the result of the assumptions applied (and discussed in footnote 1 to the pension table) and the value of executive compensation received over the previous five-year period. No named executive officer received preferential or above market earnings on nonqualified deferred compensation.
- (5) Amounts reflect reimbursements with respect to financial planning, personal use of a vehicle, relocation expenses, executive physicals, executive security, personal use of aircraft and club dues. (We discuss these benefits further under the heading "Compensation Discussion and Analysis—Other Benefits—Historically" above.) Amounts for fiscal year 2015 also reflect matching contributions under qualified and nonqualified retirement plans, as follows: Mr. McDonald—\$148,647. The amount shown for Mr. McDonald includes \$20,000 for financial planning and \$97,468 for club memberships.

Grants of Plan Based Awards During Fiscal Year 2015

The following table contains information concerning the plan-based equity and non-equity awards that were granted to named executive officers in fiscal year 2015.

Name	Grant Date	Estimated Future Payouts under Non-Equity Incentive Plan Awards			Estimated Future Payouts under Equity Incentive Plan Awards			All Other Stock Awards: Number of Shares of Stock(3) (#)	All Other Option Awards: Number of Securities Underlying Options(4)	Exercise or Base Price of Option Awards(5) (\$/Sh.)	Grant Date Fair Value of Stock and Option Awards(6) (\$)
		Threshold(1) (\$)	Target(1) (\$)	Maximum(1) (\$)	Threshold(2) (\$)	Target(2) (\$)	Maximum(2) (\$)				
R. Bruce McDonald	11/18/2014								80,437	50.23	1,247,578
	11/18/2014							24,885			1,249,974
	(7)	600,000	1,500,000	3,000,000							
	11/18/2014				24,885	49,771	99,542				2,499,997
Byron S. Foster	11/18/2014								12,870	50.23	199,614
	11/18/2014							3,981			199,966
	(7)	152,752	305,505	611,006							
	(8)	117,002	234,004	468,004							
Cathleen A. Ebacher	11/18/2014							2,986			149,987
	(7)	65,520	131,040	262,080							
	(8)	40,950	81,900	162,082							

- (1) These columns show the range of potential payouts for annual incentive performance awards that we describe in the section titled "Compensation Discussion and Analysis—Annual Incentive Performance Program (AIPP)—Historically." The annual incentive awards for fiscal year 2015 were granted at the beginning of fiscal year 2015 as described in the Compensation Discussion and Analysis. The threshold amount assumes zero payout from the discretionary portion of the award, while both target and maximum amounts assume full payout from the discretionary portion of the award.
- (2) These columns show the range of potential payouts for the performance-based share units that we describe in the section titled "Compensation Discussion and Analysis—Performance Share Units—Long-Term Incentive Performance Program (LTIPP)—Historically." The number of performance-based share units that are earned, if any, will be based on performance for fiscal years 2015 to 2017 and will be determined after the close of fiscal year 2017.
- (3) The amounts shown in this column reflect the number of shares of restricted stock granted to each named executive officer pursuant to the Johnson Controls 2012 Omnibus Incentive Plan. The grant vests 100% on the third anniversary of the grant, contingent on the executive's continued employment.
- (4) The amounts shown in this column reflect the number of stock options granted to each named executive officer pursuant to the Johnson Controls 2012 Omnibus Incentive Plan. The stock options vest 50% on the second anniversary of the grant date and 50% on the third anniversary of the grant date, contingent on the executive's continued employment, and expire, at the latest, on the tenth anniversary of the grant date.
- (5) Fiscal year 2015 stock option grants were awarded to the named executive officers with an exercise price per share equal to the closing stock price of Johnson Controls common stock on the date of grant.

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- (6) Amounts reflect the grant date fair value determined in accordance with FASB ASC Topic 718. Note 12 to Adient's audited combined financial statements for the fiscal year ended September 30, 2015, which appear in the "Index to Financial Statements" section of this information statement, includes assumptions similar to those used in the calculation of these amounts.
- (7) The award reflected in this row is an annual incentive performance award that Johnson Controls granted for the performance period of fiscal year 2015, the material terms of which are described in the section titled "Compensation Discussion and Analysis—Annual Incentive Performance Program (AIPP)—Historically."
- (8) With regards to Mr. Foster and Ms. Ebacher, the award reflected in this row is a long-term incentive cash-based performance award that we granted for the performance period of fiscal years 2013-2015, the material terms of which we describe in the section titled "Compensation Discussion and Analysis—Long-Term Incentive Performance Program—Fiscal Year 2015 Goals and Payout Factor."

Outstanding Equity Awards at Fiscal Year 2015 Year-End

The following table contains information concerning equity awards held by named executive officers that were outstanding as of September 30, 2015.

Name	Number of Securities Underlying Unexercised Options (#) exercisable	Number of Securities Underlying Unexercised Options(1) (#) unexercisable	Option Exercise Price (\$)	Option Expiration Date	Number of Shares of Stock That Have Not Vested(2) (#)	Market Value of Shares of Stock That Have Not Vested(3) (\$)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested(4) (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested(3) (\$)
R. Bruce McDonald					123,623	5,113,047	250,054	10,342,232
	47,248	—	40.21	10/1/2017				
	160,000	—	28.79	10/1/2018				
	170,000	—	24.87	10/1/2019				
	150,000	—	30.54	10/1/2020				
	140,000	—	28.54	10/7/2021				
	37,400	37,400	27.85	10/5/2022				
	—	49,319	48.37	11/19/2023				
	—	80,437	50.23	11/18/2024				
Byron S. Foster					31,100	1,286,296		
	13,500	—	40.21	10/1/2017				
	6,150	—	30.54	10/1/2020				
	6,875	—	28.54	10/7/2021				
	—	10,750	27.85	10/5/2022				
	—	10,204	48.37	11/19/2023				
	—	12,870	50.23	11/18/2024				
Cathleen A. Ebacher					5,466	226,074		
	3,600	—	30.54	10/1/2020				
	10,000	—	28.54	10/7/2021				
	6,450	6,450	27.85	10/5/2022				

- (1) Johnson Controls granted options listed in this column ten years prior to their respective expiration dates. The options vest 50% on the second anniversary date of the grant date and 50% on the third anniversary of the grant date, contingent on continuous employment.
- (2) Restricted stock and restricted stock unit vesting dates are as follows: Mr. McDonald—11,250 shares vested on October 7, 2015; 12,500 shares will vest on October 5, 2016; 14,988 shares will vest on November 19, 2016; 24,885 shares will vest on November 18, 2017; and 60,000 shares will vest on September 24, 2018; Mr. Foster—1,300 shares vested on October 7, 2015; 1,450 shares will vest on October 5, 2016; 3,101 shares will vest on November 19, 2016; 21,268 shares will vest on July 24, 2017; and 3,981 shares will vest on November 18, 2017; and Ms. Ebacher—2,480 shares will vest on November 19, 2016; and 2,986 shares will vest on November 18, 2017.
- (3) We calculated the market value of shares of stock that have not vested and performance-based share units that have not been earned based on the September 30, 2015 closing market price for a share of Johnson Controls common stock, which was \$41.36. Performance for fiscal years 2014 and 2015 was above target; therefore, the maximum amounts are shown.

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- (4) The performance-based share units will be earned or forfeited based on performance for fiscal years 2014 through 2017. Performance for fiscal years 2014 and 2015 was above target; therefore, the maximum amounts are shown.

Option Exercises and Stock Vested During Fiscal Year 2015

The following table provides information about stock options that named executive officers exercised and restricted stock that vested in fiscal year 2015.

Name	Option Awards		Stock Awards	
	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise (\$)	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting(1) (\$)
R. Bruce McDonald	489,752	13,335,074	24,500	1,197,945
Byron S. Foster	10,750	250,527	2,950	144,496
Cathleen A. Ebacher	—	—	—	—

- (1) Amounts represent the product of the number of shares an officer acquired on vesting and the closing market price of the shares on the vesting date, plus the value of dividend equivalents released.

Pension Benefits as of September 30, 2015

The following table sets forth certain information with respect to the potential benefits to named executive officers under Johnson Controls' qualified pension plan and the pension component of Johnson Controls' retirement restoration plan as of September 30, 2015.

Name	Plan Name	Number of Years Credited Service (#)	Present Value of Accumulated Benefit(1) (\$)	Payments During Last Fiscal Year (\$)
R. Bruce McDonald	Johnson Controls Pension Plan	13.17	465,937	—
	Retirement Restoration Plan	13.17	4,301,112	—
Byron S. Foster	Johnson Controls Pension Plan	17.42	421,634	—
	Retirement Restoration Plan	17.42	738,344	—

- (1) We calculated the amounts reflected in this column for Mr. McDonald using the following assumptions: A calculation date of September 30, 2015, a 4.42% discount rate for the qualified plan, and a 4.50% discount rate for the nonqualified plan, retirement occurring at normal retirement age based on Social Security Normal Retirement Age minus three years, and applicability of the 2009 Static Mortality Table for Annuitants per Treasury Regulation 1.430(h)(3)-1(e), that was used for financial reporting purposes as of September 30, 2015. The value that an executive will actually receive under these benefits will differ to the extent facts and circumstances vary from what these calculations assume.

Johnson Controls Pension Plan. The Johnson Controls Pension Plan is a frozen defined benefit pension plan that provides benefits for most of non-union U.S. employees, including Mr. McDonald and Mr. Foster, who were hired prior to January 1, 2006.

Subject to certain limitations that the Code imposes, the monthly retirement benefit payable under the Pension Plan to participants, at normal retirement age in a single life annuity, is determined as follows:

- 1.15% of final average monthly compensation times years of benefit service, plus

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- 0.55% of final average monthly compensation in excess of Social Security covered compensation times years of benefit service (up to 30 years).

Service after December 31, 2014 does not count as benefit service in this formula. For purposes of this formula, "final average monthly compensation" means a participant's gross compensation, excluding certain unusual or non-recurring items of compensation, such as severance or moving expenses, for the highest five consecutive years of the last ten consecutive years of employment occurring prior to January 1, 2015. "Social Security covered compensation" means the average of the Social Security wage base for the 35 years preceding a participant's normal retirement age. Normal retirement age for Johnson Controls participants is age 65.

Participants in the Pension Plan generally become vested in their pension benefits upon completion of five years of service. The Pension Plan does not pay full pension benefits until after a participant terminates employment and reaches normal retirement age. However, a participant who terminates employment may elect to receive benefits at a reduced level at any time after age 55, as follows: If a participant terminates employment prior to age 55 then the reduction is 5% of each year that benefits begin before the participant's Social Security retirement age, if a participant terminates employment on or after age 55 and after completing ten years of service, then the reduction is 5% for each year that benefits begin before the three years preceding the participant's Social Security retirement age. Mr. McDonald is currently eligible for early retirement under the Pension Plan.

Retirement Restoration Plan. The Retirement Restoration Plan is an unfunded, nonqualified plan that provides retirement benefits above the payments that an employee will receive from the Pension Plan in those cases in which the Code's qualified plan limits restrict the employee's benefits. The Retirement Restoration Plan provides a benefit equal to the difference between the actual pension benefit payable under the Pension Plan and what such pension benefit would have been without regard to any Code limitation on either the amount of benefits or the amount of compensation that the benefit formula can take into account.

A participant is vested in his or her Retirement Restoration Plan benefits only if vested in his or her benefits under the Pension Plan. Benefits under the Retirement Restoration Plan are payable as an annuity at the later of the participant's termination of employment or attainment of age 55.

Nonqualified Deferred Compensation During Fiscal Year 2015

The following table sets forth certain information with respect to participation in the Johnson Controls' nonqualified Executive Deferred Compensation Plan by named executive officers during the fiscal year ended September 30, 2015.

Name	Executive Contributions in Last FY(1) (\$)	Registrant Contributions in Last FY(2) (\$)	Aggregate Earnings in Last FY(3) (\$)	Aggregate Withdrawals/Distributions (\$)	Aggregate Balance at Last FYE(4) (\$)
R. Bruce McDonald	1,301,702	148,647	32,412	—	20,217,526
Byron S. Foster	—	—	—	—	—
Cathleen A. Ebacher	—	10,522	(982)	—	21,944

- (1) Certain amounts that appear in the Nonqualified Deferred Compensation table also appear in the Summary Compensation Table as compensation that a named executive officer earned in fiscal year 2015. Mr. McDonald's Executive Contributions include \$44,262 that is also reported in the Salary column in the Summary Compensation Table for fiscal year 2015. Additionally, Mr. McDonald's Executive Contributions include \$109,440 that is reported in the Non-Equity Incentive Plan Compensation column in the Summary Compensation Table for fiscal year 2015.

Mr. McDonald's Registrant Contributions include \$148,647 that is also reported in the All Other Compensation column of the Summary Compensation Table.

- (2) Amounts shown include the company matching contributions that Johnson Controls makes under its Retirement Restoration Plan because the Code limits such contributions under the Johnson Controls' 401(k) plan.
- (3) The Aggregate Earnings are not "above-market or preferential earnings" and therefore we do not need to report them in the Summary Compensation Table. The Aggregate Earnings represent all investment earnings, net of fees, on amounts that a named executive officer has deferred. Investment earnings include amounts relating to appreciation in the price of Johnson Controls common stock, and negative amounts relating to depreciation in the price of Johnson Controls common stock, because the deferred amounts include deferred stock units, the value of which is tied to the value of Johnson Controls common stock. Aggregate Earnings also include dividends paid on restricted stock that has not yet vested, which were credited to a named executive officer's deferred compensation account subject to vesting.
- (4) Amounts included in this column that have been reported in the Salary and Non-Equity Incentive Plan Compensation columns in Summary Compensation Table since fiscal year 2007 for each named executive officer are: Mr. McDonald—\$3,881,996.

Johnson Controls maintains the following two nonqualified deferred compensation plans under which executives, including named executive officers, may elect to defer their compensation.

- The Executive Deferred Compensation Plan allows participants to defer up to 100% of their annual and long-term performance share units and restricted stock awards.
- The Retirement Restoration Plan allows executive officers to defer up to 6% of their compensation that is not eligible to be deferred into the Johnson Controls 401(k) plan because of qualified plan limits that the Code imposes. The Retirement Restoration Plan also credits participants with a matching contribution equal to the difference between the amount of matching contribution made under the 401(k) plan and what such matching contribution would have been without regard to any limitation that the Code imposes on either the amount of matching contribution or the amount of compensation that can be considered, and determined as if the amount the participant deferred under the Retirement Restoration Plan had been deferred into the 401(k) plan. The Retirement Restoration Plan also credits participants with an amount equal to the difference between the amount of retirement contribution made under the 401(k) plan and what such retirement contribution would have been without regard to the Code limits.

Under both plans, a participant may elect to have his or her cash deferrals credited to a common stock unit account or one or more investment accounts that are the same as those available under the Johnson Controls 401(k) plan, which serve to measure the earnings that are credited on the participant's deferrals. Restricted stock deferrals under the Executive Deferred Compensation Plan are automatically credited to the common stock unit account until vested, after which the participant may reallocate deferrals to another investment account. Amounts allocated to the common stock unit account are credited with dividend equivalents, which are treated as if reinvested in additional common stock units.

Under both plans, deferred amounts are paid upon a participant's termination of employment in a lump sum or up to ten-year annual installments, as the participant elects.

Dividends paid on restricted stock awards prior to fiscal year 2014 that a participant has elected not to defer are also accumulated within the Executive Deferred Compensation Plan, deemed reinvested in common stock units, and paid to a participant in a lump sum when the related shares of restricted stock vest.

Potential Payments and Benefits upon Termination or a Change of Control

The following is a discussion of the nature and estimated value of payments and benefits that each of the named executive officers would receive in the event of termination of the executive's employment or upon a change of control. The estimated value of the payments and benefits is based on an assumption that the termination of employment or the change of control, or both, as applicable, occurred on September 30, 2015, the last business day of fiscal year 2015. We can only determine the actual amounts of payments and benefits that an executive officer would receive upon his termination or upon a change of control at the actual time of such event.

Employment Agreements

Johnson Controls has entered into an employment agreement with Mr. McDonald. Mr. Foster and Ms. Ebacher do not have employment agreements.

The employment agreement contains substantially similar terms except for individual salary amounts and benefits. In addition to setting forth the terms and conditions of Mr. McDonald's employment and the amounts payable upon the executive's termination of employment, the employment agreement contains terms that protect the company from certain business risks, including:

- an agreement by the executive officer to perform his/her assigned duties by devoting full time, due care, loyalty and best efforts to the duties and complying with all applicable laws and the requirements of Johnson Controls' policies and procedures on employee conduct;
- a prohibition on the executive officer's competition with Johnson Controls, both during employment and for a period of one year after employment;
- a prohibition on the executive officer's ownership of a 5% or greater interest in any competitors;
- a prohibition on the executive officer's ability to share confidential information and trade secrets, both during employment and for two years after employment; and
- a requirement that disputes related to the employment agreement be settled through arbitration instead of potentially costly litigation.

Summary of the Payments and Benefits upon Each Termination Scenario

The following summarizes the types of payments and benefits to which Mr. McDonald would have been entitled if he had terminated employment on September 30, 2015, under various scenarios. These payments and benefits are generally based on the terms of the employment agreements and the relevant compensation and benefit plans, such as the Omnibus Incentive Plan, Retirement Restoration Plan, Executive Deferred Compensation Plan, Executive Survivor Benefits Plan, and the severance plan for U.S. salaried employees.

For each termination scenario, we have not separately quantified any amounts that Mr. McDonald would receive under plans generally available to all management employees that do not discriminate in favor of the named executive officers. These include distributions under the pension plan and 401(k) plan, disability benefits, vesting of stock option and restricted stock awards under equity plans, any salary or bonus awards due to the employee through the date of termination, prorated bonus awards relating to outstanding bonus awards, and accrued vacation.

Voluntary Termination. Mr. McDonald may terminate his employment with Johnson Controls at any time. In general, upon the executive's voluntary termination:

- Johnson Controls is not obligated to provide any severance pay;

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- all of the executive's annual and long-term bonus awards outstanding under the Johnson Controls Omnibus Incentive Plan for which the performance period has not ended will terminate (although the executive will receive a payment of the amounts he earned under his annual and long-term bonus awards for which the performance period has ended on or prior to his date of termination);
- the executive will forfeit all unvested stock options;
- the executive will forfeit all unvested restricted stock and restricted stock units and all unearned performance-based share units; and
- all benefits and perquisites will cease.

The executive will be entitled to a distribution of his vested benefits under the Retirement Restoration Plan and the Executive Deferred Compensation Plan.

Retirement and Early Retirement. None of the named executive officers were eligible for full retirement as of September 30, 2015, although Mr. McDonald was eligible for early retirement (defined as reaching age 55 and having 10 or more years of service). For an estimate of the value of the pension benefit for a named executive officer upon retirement, please see "—Pension Benefits as of September 30, 2015." In addition to such pension benefit, upon the executive's full or early retirement:

- Johnson Controls is not obligated to pay any severance;
- the executive will receive, at the end of the applicable performance period for each of his annual and long-term bonus awards outstanding under the Omnibus Incentive Plan, a pro rata portion of the award amount he would have earned had he remained employed through the end of each such performance period, based on the company's actual performance;
- with respect to stock options, the vesting of any unvested stock options that were granted to the executive under the Johnson Controls Omnibus Incentive Plan that have been outstanding for at least one full calendar year after the year of grant will accelerate so that all of the options are exercisable in full (and the executive will forfeit all other options that have not been outstanding for at least one full calendar year after the date of grant);
- the executive will retain his shares of restricted stock and restricted stock units that had not vested at the time of retirement, and they will continue to vest on the normal vesting schedule (however, the award agreement provides that the executive will not earn the award if he engages in conduct harmful to the best interests of the company after his retirement);
- the executive will earn performance-based share units that he held at retirement based on actual performance at the end of the performance period, but the amount will be prorated based on the number of days of employment during the performance period (in the case of known retirements, the proration of shares occurs at grant based on the number of days of employment during the performance period);
- if the executive is age 65 or older, his accounts under the Retirement Restoration Plan will vest in full; and
- all benefits and perquisites Johnson Controls provides will cease.

The executive also will be entitled to a distribution of any vested benefits under the Retirement Restoration Plan and the Executive Deferred Compensation Plan.

Termination for "Cause." Johnson Controls may terminate Mr. McDonald's employment for "cause" under the terms of the employment agreements. A termination for "cause" generally means a termination for theft, dishonesty, fraudulent misconduct, violation of certain provisions of the employment agreement, gross dereliction of duty, grave misconduct injurious to Johnson Controls, and

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serious violation of the law or company policies on employee conduct. Mr. McDonald will not receive any special payments or benefits if his employment is terminated for "cause." On the executive's termination date, all of his outstanding stock options will immediately terminate, and Johnson Controls will cancel any pending option exercises. In addition, the executive will forfeit all unvested shares of restricted stock and restricted stock units and all unearned performance-based share units. The executive will be entitled to a distribution of his vested benefits under the Retirement Restoration Plan and the Executive Deferred Compensation Plan.

Termination without "Cause." If Johnson Controls terminates Mr. McDonald's employment and the termination is not for "cause," then:

- the executive officer will receive a cash severance benefit in an amount equal to the greater of one year of the executive's base salary as of the termination date or twice the amount payable under the severance plan for U.S. salaried employees (the severance benefit under the salaried severance plan depends upon the employee's years of service with Johnson Controls, with severance starting at two weeks of base salary for an employee who has only one year of service and increasing to a maximum of 52 weeks of base salary for an employee who has 30 or more years of service);
- all of the executive's annual and long-term bonus awards outstanding under the Johnson Controls Omnibus Incentive Plan for which the performance period has not ended will terminate (although the executive will receive a payment of the amounts he earned under his annual and long-term bonus awards for which the performance period has ended on or prior to his date of termination);
- the executive will forfeit all unvested stock options;
- the executive will forfeit all unvested restricted stock or restricted stock units and all unearned performance-based share units; and
- all benefits and perquisites Johnson Controls provides will cease.

The executive also will be entitled to a distribution of any vested benefits under the Retirement Restoration Plan and the Executive Deferred Compensation Plan.

The following is an estimate of the severance that each named executive officer would receive assuming the termination without "cause" occurred on September 30, 2015:

	R. Bruce McDonald
Severance	\$ 1,000,000

Termination Due to Disability. If a total and permanent disability causes a named executive officer's termination, then:

- Johnson Controls is not obligated to pay severance. Rather, the executive may be entitled to disability pay under the short- and long-term disability plans for U.S. salaried employees;
- the executive will receive, at the end of the applicable performance period for each of his annual and long-term bonus awards outstanding under the Omnibus Incentive Plan, a pro rata portion of the award amount he would have earned had he remained employed through the end of each such performance period, based on the company's actual performance;
- the vesting of the executive's stock options will accelerate so that all of the options are exercisable in full;
- all of the executive's unvested shares of restricted stock and restricted stock units will vest;

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- the executive will earn performance-based share units he held at the time of termination due to disability based on actual performance at the end of the performance period, but the amount will be prorated based on the number of days of employment during the performance period;
- the executive will immediately vest in his accounts under the Retirement Restoration Plan;
- if the executive is younger than age 65, then the executive will continue to be covered under the Executive Survivor Benefits Plan, the benefits of which we describe below; and
- all benefits and perquisites Johnson Controls provides will cease.

In the case of termination as a result of total and permanent disability, the executive also will be entitled to distribution of any vested benefits under the Retirement Restoration Plan and the Executive Deferred Compensation Plan.

The following is an estimate of the Retirement Restoration Plan benefit that arises from vesting that accelerates due to disability that each named executive officer would receive assuming the disability termination occurred on September 30, 2015:

	<u>R. Bruce McDonald</u>
Retirement Restoration Plan	\$ —

Termination Due to Death. If a named executive officer dies while he or she is an employee, then:

- The executive is eligible for benefits under Johnson Controls Executive Survivor Benefits Plan if the Johnson Controls board of directors elected him or her as an officer prior to September 15, 2009. Under the terms of the plan that were in effect at September 30, 2015, the beneficiaries of a named executive officer would receive a lump sum death benefit in an amount equal to three times the executive's final base salary if the executive dies prior to age 55, or two times the executive's base salary if the executive dies on or after age 55, plus an additional "gross-up" amount. As of September 30, 2015, the applicable multiples for Mr. McDonald (the only named executive officer who was eligible for benefits under the Johnson Controls Executive Survivor Benefits Plan) was two times. In addition, the beneficiaries of the executive officer would receive a continuation of the executive's base salary for a period of six months after the executive officer's death. During fiscal year 2009, the Executive Survivor Benefits Plan was frozen to limit participation to current elected officers. Officers elected after September 15, 2009, participate in regular group life insurance coverage.
- The executive's beneficiaries will receive, at the end of the applicable performance period for each of the executive's annual and long-term bonus awards outstanding under the Omnibus Incentive Plan, a pro rata portion of the award amount the executive would have earned had he remained employed through the end of each such performance period, based on the company's actual performance.
- The vesting of the executive's stock options will accelerate such that the options become immediately exercisable to the extent they would have vested during the one-year period after the date of death.
- All of the executive's unvested shares of restricted stock and restricted stock units will vest.
- The executive will earn performance-based share units that he held at prior to death based on actual performance at the end of the performance period, but will be prorated based on the number of days of employment during the performance period.
- All benefits and perquisites Johnson Controls provides will cease.

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In the case of termination as a result of death, the executive or the executive's beneficiaries also will be entitled to a distribution of the executive's vested benefits under the Retirement Restoration Plan and the Executive Deferred Compensation Plan.

The following is an estimate of the Executive Survivor Benefits Plan value that each applicable named executive officer would receive assuming the death occurred on September 30, 2015:

	R. Bruce McDonald
Executive Survivor Benefits Plan(1)	\$ 4,291,000

- (1) In determining the amount of the gross-up to include in the table above, we made the following material assumptions: a tax rate of 47.25% for Wisconsin residents. During fiscal year 2009, the Committee froze this plan to limit participation to current elected officers. No new participants are allowed.

Change of Control Agreements

Johnson Controls has entered into a change of control agreement with Mr. McDonald. Upon a change of control, the change of control agreement supersedes the employment agreement. The change of control agreement generally entitles Mr. McDonald to continued employment with the company or its successor for two years following the change of control, with a base salary, bonus, and other benefits at least equal to the base salary, bonus, and benefits paid or provided prior to the change of control. The change of control agreement requires the executive officer to comply with confidential information covenant provisions during employment and for two years following termination of employment. The change of control agreements also provide for a severance payment and continued welfare and medical benefits upon termination of the executive's employment under certain circumstances during the two-year employment period that begins on the date of the change of control, as explained in more detail under "—Termination Upon or Following a Change of Control" below. The agreement defines a change of control as:

- the acquisition by a person or group of 35% or more of Johnson Controls' outstanding common stock;
- a change in a majority of the Johnson Controls board of directors without the endorsement of the new board members by the existing board members;
- a reorganization, merger, share exchange, or other corporate reorganization or a sale of all or substantially all of Johnson Controls' assets, except if it would result in continuity of Johnson Controls' shareholders of at least 50%, if no person owns 35% or more of the outstanding shares of the entity resulting from the transaction, and if at least a majority of the Johnson Controls board of directors remains; or
- approval by Johnson Controls' shareholders of a liquidation or dissolution.

Mr. Foster and Ms. Ebacher are not parties to a change of control employment agreement with Johnson Controls.

Summary of the Payments and Benefits Upon a Change of Control

The following summarizes the types of payments and benefits to which Mr. McDonald would have been entitled if a change of control of Johnson Controls had occurred or if both a change of control and a termination of employment had occurred, on September 30, 2015. These payments and benefits are generally based on the terms of Johnson Controls' change of control agreement and relevant compensation and benefit plans, such as the Omnibus Incentive Plan, Retirement Restoration Plan, and

nonqualified Executive Deferred Compensation Plan that were in place on September 30, 2015. The separation and distribution will not constitute a change of control.

For each change of control scenario, we have not separately quantified any amounts that Mr. McDonald would receive under plans generally available to all management employees that do not discriminate in favor of the named executive officers (such as vesting of stock option and restricted stock awards under equity plans and payments of prorated bonus awards relating to outstanding bonus awards).

Change of Control. In the event of a change of control, which each relevant compensation and bonus plan generally defines in the same manner as under the change of control employment agreement we discuss above, on September 30, 2015, the following would have occurred as of the time of the change of control whether or not Mr. McDonald's employment terminated: all amounts that the executive officer accrued under the Executive Deferred Compensation Plan and Retirement Restoration Plan would have vested immediately and Johnson Controls would have paid these amounts in full in a lump sum.

Under the Omnibus Incentive Plan, a "double trigger" is required for accelerated vesting of equity awards in a change of control in which the awards are assumed or replaced, meaning that, in addition to the change of control occurring, the employee's employment must be terminated by the company without cause or by the employee with good reason (if the employee has an agreement providing for good reason termination) for his or her unvested equity to become vested on an accelerated basis.

Termination Upon or Following a Change of Control. As discussed above, Johnson Controls has a change of control agreement with Mr. McDonald. This agreement provides for a two-year employment period that begins on the date of the change of control. Under the agreement,

- if Johnson Controls terminates the executive officer's employment (or its successor terminates the executive officer's employment) other than for cause;
- if the executive officer terminates his employment for good reason; or
- if the executive officer's employment ceases as a result of the executive officer's death or disability;

in each case, within the two-year period, then the executive officer or the executive officer's beneficiary will receive:

- a lump sum severance payment equal to three times the executive officer's annual cash compensation, which includes the executive officer's annual base salary and the greater of:
 - the average of the executive officer's annualized annual and long-term cash bonuses for the three fiscal years preceding the change of control, or
 - the sum of the annual and long-term cash bonuses for the most recently completed fiscal year;
- payment of a pro rata portion of the greater of the following:
 - the average of the executive officer's annualized annual and long-term cash bonuses for the three fiscal years preceding the change of control, or
 - the sum of the annual and long-term cash bonuses for the most recently completed fiscal year;

however, if (and only if) the executive officer's termination occurs on the change of control date, then Johnson Controls will reduce this amount by the amount paid under the Omnibus Incentive Plan as a result of the change of control;

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- a cash payment equal to the lump sum value of the additional benefits the executive officer would have accrued for the remainder of the employment period under the pension plan and the Retirement Restoration Plan, assuming the executive officer is fully vested in such benefits at the time of termination; and
- continued medical and welfare benefits for the remainder of the employment period.

For Mr. McDonald, the merger will not constitute a change of control under the change of control agreement.

The following is an estimate of the severance and continued medical and welfare benefit value that Mr. McDonald would receive assuming the change of control and termination occurred on September 30, 2015:

	R. Bruce McDonald
Severance(1)	\$ 21,178,000
Continued Medical & Welfare Benefits(2)	\$ 22,000

- (1) The amount reported reflects the amounts actually earned under the short- and long-term bonus awards for the performance period ending in fiscal year 2015.
- (2) The amount reflects an estimate of the cost to the company of providing medical and welfare benefits for the employment period, including medical, prescription, dental, disability and life, accidental death and travel and accident insurance. The amount also includes the lump sum value of the additional benefits the named executive officer would have accrued during the employment period under the pension plan and the Retirement Restoration Plan.

If the executive officer terminates his employment during the employment period for other than good reason, the executive officer will receive only a payment of a pro rata portion of the greater of the average of the executive officer's annualized annual and long-term cash bonuses for the three fiscal years preceding the change of control, or the sum of the annual and long-term cash bonuses for the most recently completed fiscal year.

If Johnson Controls terminates Mr. McDonald's employment for cause, no additional pay or benefits are due.

Johnson Controls would have "cause" to terminate Mr. McDonald's employment under the change of control agreement if the executive repeatedly and deliberately fails to perform the duties of his position and does not correct such failure after notice, or if the executive officer is convicted of a felony involving moral misconduct.

The executive officer would have "good reason" to terminate employment under the change of control agreement if:

- the company assigns the executive officer duties inconsistent with his position or takes other actions to reduce the executive officer's authority or responsibilities;
- the company breaches any provision of the change of control agreement relating to salary, bonus, and benefits payable following the change of control;
- the company requires the executive officer to relocate;
- the company terminates the executive officer's employment other than as the agreement permits;
- the company fails to require the successor in the change of control transaction to expressly assume the agreement; or

- the company requests that the executive perform an illegal or wrongful act in violation of Johnson Controls' code of conduct.

Director Compensation

Following the separation, the compensation of Adient non-employee directors will be determined by Adient's board of directors with the assistance of its Compensation Committee. It is anticipated that such compensation will consist of the following:

- a cash retainer in an amount equal to \$120,000 per year; and
- an initial equity award of Adient ordinary shares with a grant date fair value of approximately \$145,000.

In addition, Adient anticipates that its Lead Director will receive an annual cash retainer of \$30,000. Adient expects that each of the chairs of the Audit Committee, Compensation Committee and Corporate Governance Committee will receive an additional cash retainer in the amount of \$10,000. Adient will not provide directors who are also Adient employees any additional compensation for serving as a director.

Adient also expects to reimburse non-employee directors for any expenses relating to their service as directors.

Adient 2016 Omnibus Incentive Plan

Prior to the effectiveness of the registration statement of which this information statement is a part, Adient expects to adopt the Adient 2016 Omnibus Incentive Plan. The Adient 2016 Omnibus Incentive Plan will be described in a subsequent amendment to this information statement.

CERTAIN RELATIONSHIPS AND RELATED PERSON TRANSACTIONS

Agreements with Johnson Controls

Following the separation and distribution, Adient and Johnson Controls will operate separately, each as an independent public company. Adient will enter into a separation and distribution agreement with Johnson Controls, which is referred to in this information statement as the separation agreement or the separation and distribution agreement. In connection with the separation, Adient will also enter into various other agreements to effect the separation and provide a framework for its relationship with Johnson Controls after the separation, such as a transition services agreement, a tax matters agreement, an employee matters agreement and a transitional trademark license agreement. These agreements will provide for the allocation between Adient and Johnson Controls of Johnson Controls' assets, employees, liabilities and obligations (including its investments, property and employee benefits and tax-related assets and liabilities) attributable to periods prior to, at and after the distribution of Adient shares and will govern certain relationships between Adient and Johnson Controls after the separation and distribution. The agreements listed above will be filed as exhibits to the registration statement on Form 10 of which this information statement is a part.

The summaries of each of the agreements listed above are qualified in their entireties by reference to the full text of the applicable agreements, which are incorporated by reference into this information statement. When used in this section, "distribution date" refers to the date of the distribution of Adient ordinary shares to the holders of Johnson Controls shares.

Separation Agreement

The following discussion summarizes the material provisions of the separation agreement that will be entered into between Adient and Johnson Controls. The separation agreement sets forth, among other things, Adient's agreements with Johnson Controls regarding the principal transactions necessary to separate Adient from Johnson Controls. It also sets forth other agreements that govern certain aspects of Adient's relationship with Johnson Controls after the distribution date.

Transfer of Assets and Assumption of Liabilities

The separation agreement will identify the assets to be transferred, the liabilities to be assumed and the contracts to be assigned to each of Adient and Johnson Controls as part of the separation of Johnson Controls into two companies, and it will provide for when and how these transfers, assumptions and assignments will occur. In particular, the separation agreement will provide, among other things, that, subject to the terms and conditions contained therein:

- certain assets related to the Adient business, referred to as the Adient Assets, will be transferred to Adient or one of Adient's subsidiaries, including:
 - equity interests of certain Johnson Controls subsidiaries and partially-owned affiliates that hold assets and liabilities related to the Adient business;
 - contracts (or portions thereof) that relate to the Adient business;
 - information technology that is located at certain locations or is used exclusively in the Adient business;
 - the intellectual property used exclusively in the Adient business, and a non-exclusive right to the intellectual property that is used (but not exclusively used) in the Adient business;
 - permits that are used primarily in the Adient business;
 - certain facilities, as described elsewhere in this information statement;

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- other real property, including distribution and warehouse facilities and office space;
 - information to the extent related to the Adient Assets, the Adient Liabilities or the Adient business;
 - rights and assets expressly allocated to Adient or one of Adient's subsidiaries pursuant to the terms of the separation agreement or certain other agreements entered into in connection with the separation; and
 - other assets that are included in the Adient pro forma balance sheet, which appears in the section entitled "Unaudited Pro Forma Condensed Combined Financial Statements."
- certain liabilities related to the Adient business or the Adient Assets, referred to as the Adient Liabilities, will be retained by or transferred to Adient or one of Adient's subsidiaries, including:
 - liabilities to the extent arising out of actions, inactions, events, omissions, conditions, facts, or circumstances occurring or existing prior to the completion of the separation to the extent related to the Adient business or the Adient Assets, except for certain employee retirement liabilities that will be retained by Johnson Controls;
 - liabilities to the extent relating to, arising out of or resulting from the Adient Assets;
 - liabilities for claims made by third parties, or directors, officers, employees, agents of Johnson Controls or Adient or their subsidiaries or affiliates against either Johnson Controls or Adient or any of their respective subsidiaries to the extent relating to, arising out of, or resulting from the Adient business or the Adient Assets;
 - liabilities and obligations expressly allocated to Adient or one of Adient's subsidiaries pursuant to the terms of the separation agreement or certain other agreements entered into in connection with the separation;
 - liabilities relating to the financing arrangements that Adient will enter into in connection with the separation, other than interest on such financing arrangements accruing prior to the distribution date; and
 - other liabilities that are included in the Adient pro forma balance sheet, which appears in the section entitled "Unaudited Pro Forma Condensed Combined Financial Statements."

Except as expressly set forth in the separation agreement or any ancillary agreement, neither Adient nor Johnson Controls will make any representation or warranty as to the assets, business or liabilities transferred or assumed as part of the separation, as to any approvals or notifications required in connection with the transfers, as to the value of or the freedom from any security interests of any of the assets transferred, as to the absence or presence of any defenses or right of setoff or freedom from counterclaim with respect to any claim or other asset of either Adient or Johnson Controls, or as to the legal sufficiency of any assignment, document or instrument delivered to convey title to any asset or thing of value to be transferred in connection with the separation. All assets will be transferred on an "as is," "where is" basis and the respective transferees will bear the economic and legal risks that any conveyance will prove to be insufficient to vest in the transferee good and marketable title, free and clear of all security interests. The respective transferees will also generally bear the risk that any necessary consents or governmental approvals are not obtained or that any requirements of laws, agreements, security interests, or judgments are not complied with, except that the party transferring an asset or assuming a liability will be required to make one commercially reasonable payment, if required by a third party, to obtain the consent or approval to assign the asset, novate the liability or release a guaranty.

Information in this information statement with respect to the assets and liabilities of the parties following the distribution is presented based on the allocation of such assets and liabilities pursuant to

the separation agreement, unless the context otherwise requires. The separation agreement will provide that, in the event that the transfer or assignment of certain assets and liabilities to Johnson Controls or Adient, as applicable, does not occur prior to the separation, then until such assets or liabilities are able to be transferred or assigned, Johnson Controls or Adient, as applicable, will hold such assets on behalf of and for the benefit of the other party and will pay, perform, and discharge such liabilities, for which the other party will reimburse Johnson Controls or Adient, as applicable, for costs and expenses in connection with the performance and discharge of such liabilities.

The Distribution

The separation agreement will govern the rights and obligations of the parties regarding the distribution. On the distribution date, Adient will issue its ordinary shares to Johnson Controls shareholders, pro rata to their respective holdings, on the basis of one Adient ordinary share for every ten shares of Johnson Controls held as of the close of business on the record date of , 2016. Shareholders will receive cash in lieu of any fractional shares.

Conditions to the Distribution

The separation agreement will provide that the distribution is subject to satisfaction (or waiver by Johnson Controls) of certain conditions described under "The Separation and Distribution—Conditions to the Distribution." Johnson Controls has the sole and absolute discretion to determine (and change) the terms of, and to determine whether to proceed with, the distribution and, to the extent it determines to so proceed, to determine the record date for the distribution, the distribution date and the distribution ratio.

Post-Distribution True-Up

The separation agreement will also provide for an adjustment payment to potentially be made following the distribution from Johnson Controls to Adient, or from Adient to Johnson Controls, as applicable, to the extent that Adient's net cash position deviates from a target. The target is intended to provide Adient with approximately \$500 million of available cash as of the distribution date, adjusted for certain separation expenses, and incorporates additional adjustments for cash that is restricted or held by consolidated but non-wholly owned subsidiaries. The actual amount of available cash that Adient has after giving effect to any adjustment payment may be more or less than \$500 million. The separation agreement will also provide for an adjustment payment to potentially be made following the distribution if Adient's trade working capital deviates significantly from past practices.

Settlement of Accounts between Adient and Johnson Controls

The separation agreement provides that all agreements as to which there are no third parties and that are between Johnson Controls and Adient as of the distribution, will be terminated as of the distribution, except for the separation agreement and the ancillary agreements, certain contracts to which a third party or joint venture is party and other arrangements specified in the separation agreement. The separation agreement provides that all intercompany receivables owed and intercompany payables due solely between Johnson Controls and Adient that are outstanding as of the effective time of the distribution will be settled (and net amounts paid) within 90 days of the distribution.

Financing

In connection with the separation and distribution, Adient anticipates having approximately \$3.5 billion of indebtedness upon completion of the distribution. The \$3.5 billion of indebtedness is expected to consist of \$1.5 billion in borrowings under AGH's term loan and revolving credit facilities,

also referred to as the credit facilities, and \$2.0 billion of corporate bonds issued by AGH. Prior to the distribution, Adient and its affiliates plan to make cash transfers totaling approximately \$3.0 billion to Johnson Controls as described in "The Separation and Distribution—Conditions to the Distribution."

The principal terms of the credit facilities are described in "Description of Material Indebtedness." Adient will describe the specific terms and covenants of any notes to be issued in an amendment to the registration statement of which this information statement is a part.

Claims

In general, each party to the separation agreement will assume liability for all pending, threatened and unasserted legal matters related to its own business or its assumed or retained liabilities and will indemnify the other party for any liability to the extent arising out of or resulting from such assumed or retained legal matters.

Releases

The separation agreement will provide that Adient and its affiliates will release and discharge Johnson Controls and its affiliates from all liabilities assumed by Adient as part of the separation, from all acts and events occurring or failing to occur, and all conditions existing, on or before the distribution date relating to Adient's business, and from all liabilities existing or arising in connection with the implementation of the separation, except as expressly set forth in the separation agreement. Johnson Controls and its affiliates will release and discharge Adient and its affiliates from all liabilities retained by Johnson Controls and its affiliates as part of the separation and from all liabilities existing or arising in connection with the implementation of the separation, except as expressly set forth in the separation agreement.

These releases will not extend to obligations or liabilities under any agreements between the parties that remain in effect following the separation, which agreements include, but are not limited to, the separation agreement, the transition services agreement, the tax matters agreement, the employee matters agreement, the transitional trademark license agreement and certain other agreements, including the transfer documents in connection with the separation.

Indemnification

In the separation agreement, Adient will agree to indemnify, defend and hold harmless Johnson Controls, each of its affiliates and each of their respective directors, officers and employees, from and against all liabilities relating to, arising out of or resulting from:

- the Adient Liabilities;
- the failure of Adient, any of its subsidiaries or any other person to pay, perform or otherwise promptly discharge any of the Adient Liabilities, in accordance with their respective terms, whether prior to, at or after the distribution;
- any breach by Adient or any of its subsidiaries of the separation agreement or any of the ancillary agreements, other than the transition services agreement;
- except to the extent relating to a Johnson Controls Liability, any guarantee, indemnification or contribution obligation or other credit support agreement or arrangement for the benefit of Adient by Johnson Controls that survives the distribution; and
- any untrue statement or alleged untrue statement of a material fact in the registration statement, this information statement or any similar disclosure document.

Johnson Controls will agree to indemnify, defend and hold harmless Adient, each of its affiliates and each of its respective directors, officers and employees from and against all liabilities relating to, arising out of or resulting from:

- the Johnson Controls Liabilities;
- the failure of Johnson Controls, any of its subsidiaries or any other person, other than Adient, to pay, perform or otherwise promptly discharge any of the Johnson Controls Liabilities, in accordance with their respective terms whether prior to, at or after the distribution;
- any breach by Johnson Controls or any of its subsidiaries, other than Adient, of the separation agreement or any of the ancillary agreements, other than the transition services agreement;
- except to the extent relating to an Adient Liability, any guarantee, indemnification or contribution obligation or other credit support agreement or arrangement for the benefit of Johnson Controls by Adient that survives the distribution; and
- any untrue statement or alleged untrue statement of a material fact made explicitly in Johnson Controls' name in the registration statement, this information statement or any similar disclosure document.

All such rights to indemnification will be in excess of available insurance. The separation agreement also will establish procedures with respect to claims subject to indemnification and related matters.

Insurance

The separation agreement will describe the parties' rights and obligations under existing insurance policies with respect to occurrences prior to the distribution and sets forth procedures for the administration of insured claims.

Intellectual Property; Data Privacy

The separation agreement will include limited covenants not to sue by each of Johnson Controls and Adient to the other for patents owned by it before the separation, which will generally continue until the expiration of the last valid claim of any such patents. The separation agreement will also provide for the parties to cooperate in connection with Adient's entry into data transfer agreements for purposes of complying with applicable data privacy regulations of the European Union.

Further Assurances

In addition to the actions specifically provided for in the separation and distribution agreement, except as otherwise set forth therein or in any ancillary agreement, both Johnson Controls and Adient will agree in the separation and distribution agreement to use reasonable best efforts, prior to, on and after the distribution date, to take, or cause to be taken, all actions, and to do, or cause to be done, all things reasonably necessary, proper or advisable under applicable laws, regulations and agreements to consummate and make effective the transactions contemplated by the separation agreement and the ancillary agreements.

Dispute Resolution

The separation agreement will contain provisions that govern, except as otherwise provided in any ancillary agreement, the resolution of disputes, controversies or claims that may arise between Adient and Johnson Controls related to the separation or distribution and that are unable to be resolved by the transition committee. These provisions will contemplate that efforts will be made to resolve disputes, controversies and claims by escalation of the matter to senior management or other mutually

agreed representatives of Adient and Johnson Controls and then to non-binding mediation. If such efforts are not successful, either Adient or Johnson Controls will be able to submit the dispute, controversy or claim to binding alternative dispute resolution, subject to the provisions of the separation agreement.

Termination

The separation agreement will provide that it may be terminated and the separation and distribution may be modified or abandoned at any time prior to the distribution date in the sole discretion of Johnson Controls without the approval of any person, including Adient's or Johnson Controls' shareholders. In the event of a termination of the separation agreement, no party, nor any of its directors, officers, or employees, will have any liability of any kind to the other party or any other person. After the distribution date, the separation agreement may not be terminated except by an agreement in writing signed by both Johnson Controls and Adient.

Expenses

Except as expressly set forth in the separation agreement or in any ancillary agreement, all costs and expenses incurred in connection with the separation and distribution incurred on or prior to the effective time of the distribution, including costs and expenses relating to legal and tax counsel, financial advisors and accounting advisory work related to the separation and distribution, will be paid by Johnson Controls, and all costs and expenses incurred following the distribution will be paid by the party incurring such cost or expense.

Other Provisions of the Agreement

Other matters governed by the separation agreement will include access to financial and other information, confidentiality, access to and provision of records and treatment of outstanding guarantees and similar credit support.

Transition Services Agreement

Adient and Johnson Controls will enter into a transition services agreement prior to the separation pursuant to which Adient and Johnson Controls will provide to the other, on an interim, transitional basis, various services, including information technologies, accounting administration, and human resource management services. The agreed-upon charges for such services are generally intended to allow the servicing party to recover all out-of-pocket costs and expenses. The services generally will commence on the distribution date, and they will terminate no later than 24 months following the distribution date. The receiving party may terminate the provision of such services upon prior written notice, subject to a minimum notice period of 30 days. Due to interdependencies between services, certain services may be terminated early only if the parties agree to modify the other services that will be adversely affected by the early termination. Either party may terminate the provision of a service if the other party has failed to perform any of its material obligations with respect to that service and has not cured the failure within thirty days, unless there is a good faith dispute between the parties as to whether the non-terminating party breached the agreement or cured its breach.

Adient has been preparing for the transition of the services to be provided by Johnson Controls under the transition services agreement from Johnson Controls, or third-party providers on behalf of Johnson Controls, to Adient. Adient anticipates that it will be in a position to complete the transition of those services on or before two years following the distribution date.

Subject to certain exceptions, any damages payable by either party under the transition services agreement will generally be limited to six months of charges paid or payable to such party by the other party pursuant to the transition services agreement. The transition services agreement also provides

that neither party shall generally be liable to the other for any special, indirect, incidental, punitive or consequential damages.

Tax Matters Agreement

Adient and Johnson Controls will enter into a tax matters agreement prior to the distribution which will generally govern Johnson Controls' and Adient's respective rights, responsibilities and obligations after the distribution with respect to taxes for any tax period ending on or before the distribution date, as well as tax periods beginning before and ending after the distribution date. Generally, Johnson Controls will be liable for all pre-distribution U.S. federal income taxes, foreign income taxes and certain non-income taxes attributable to Adient's business required to be reported on combined, consolidated, unitary or similar returns that include one or more members of the Johnson Controls group and one or more members of the Adient group. Adient generally will be liable for all other taxes attributable to its business. In addition, the tax matters agreement will address the allocation of liability for taxes that are incurred as a result of restructuring activities undertaken to effectuate the distribution. The tax matters agreement may also contain certain restrictions on certain Adient actions that may result in certain of the restructuring transactions undertaken in connection with the separation failing to qualify as transactions that are generally tax-free, for U.S. federal income tax purposes, under Sections 355 and 368(a)(1)(D) of the Code.

Employee Matters Agreement

Adient and Johnson Controls will enter into an employee matters agreement prior to the distribution to allocate liabilities and responsibilities relating to employment matters, employee compensation and benefits plans and programs, and other related matters. The employee matters agreement will govern Johnson Controls' and Adient's compensation and employee benefit obligations with respect to the current and former employees and non-employee directors of each company.

The employee matters agreement will provide that, unless otherwise specified, Johnson Controls will be responsible for liabilities associated with Johnson Controls allocated employees and liabilities associated with former employees whose last employment was not with the Adient businesses, and Adient will be responsible for liabilities associated with Adient allocated employees and liabilities associated with former employees whose last employment was with the Adient businesses. However, Johnson Controls will retain and continue to be responsible for certain post-retirement liabilities relating to plans sponsored by Johnson Controls and in which other wholly owned subsidiaries of Johnson Controls participate (excluding entities that will become subsidiaries of Adient).

Employee Benefits

Adient allocated employees will be eligible to participate in Adient benefit plans as of the separation in accordance with the terms and conditions of the Adient plans as in effect from time to time. Generally and subject to certain exceptions, Adient will create compensation and benefit plans that mirror the terms of corresponding Johnson Controls compensation and benefit plans, and Adient will credit each Adient allocated employee with his or her service with Johnson Controls prior to the separation for all purposes under the Adient benefit plans to the same extent such service was recognized by Johnson Controls for similar purposes and so long as such crediting does not result in a duplication of benefits.

Treatment of Equity Compensation

The employee matters agreement will generally provide for the conversion of the outstanding awards granted under the Johnson Controls equity compensation programs into adjusted awards relating to shares of Johnson Controls, or both shares of Johnson Controls and Adient ordinary shares.

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The adjusted awards generally will be subject to the same or equivalent vesting conditions and other terms that applied to the applicable original Johnson Controls award immediately before the separation.

Each Johnson Controls stock option and each Johnson Controls stock appreciation right that is held by a Johnson Controls allocated employee or a former employee will be converted into an adjusted Johnson Controls stock option or stock appreciation right, as applicable, with the exercise price and the number of shares subject to the stock option or stock appreciation right adjusted to preserve the aggregate intrinsic value of the original Johnson Controls stock option or stock appreciation right as measured immediately before and immediately after the separation, subject to rounding. Each Johnson Controls stock option and each Johnson Controls stock appreciation right that is held by an Adient allocated employee will be converted into an adjusted Johnson Controls stock option or stock appreciation right, as applicable, and an Adient stock option or stock appreciation right, as applicable. The exercise price and the number of shares subject to each such stock option and stock appreciation right will be adjusted in order to preserve the aggregate intrinsic value of the original Johnson Controls stock option or stock appreciation right, as measured immediately before and immediately after the separation, subject to rounding.

Holders of outstanding Johnson Controls restricted stock unit awards who are Johnson Controls allocated employees or former employees will receive corresponding adjusted Johnson Controls restricted stock unit awards, with the number of shares adjusted in each case to preserve the aggregate value of the original Johnson Controls award as measured immediately before and immediately after the separation, subject to rounding. Holders of outstanding Johnson Controls restricted stock unit awards who are Adient allocated employees will retain those awards and also receive a corresponding Adient restricted stock unit award covering a number of Adient ordinary shares that reflects the distribution to Johnson Controls shareholders, determined by applying the distribution ratio to the shares underlying the applicable Johnson Controls award as though they were actual shares of Johnson Controls, subject to rounding.

For purposes of vesting for all awards, continued employment with or service to Johnson Controls or Adient, as applicable, will be treated as continued employment with or service to either Johnson Controls or both Johnson Controls and Adient, as applicable.

Miscellaneous

The employee matters agreement will also address other employee-related issues and certain special circumstances and special rules for benefit arrangements in various non-U.S. jurisdictions.

Transitional Trademark License Agreement

Adient expects to enter into a trademark license agreement pursuant to which Johnson Controls will grant Adient and its affiliates a worldwide, non-exclusive, non-sublicenseable, fully paid-up license to use certain of Johnson Controls' trademarks, trade names and service marks used in Adient's business as of the separation to allow Adient a reasonable amount of time to rebrand or phase out of use of the licensed marks. Adient will not be able to assign its rights to the licensed marks, except in limited circumstances. Adient will be permitted to use the licensed marks on certain items existing at the time of the distribution, including engineering documents, packaging, heavy machinery, tooling, equipment and pallets, until such items are replaced in the ordinary course of business, but must cease other uses of the licensed marks within a specified period of time after the distribution that ranges from thirty days to 2 years depending on the type of materials and whether the licensed mark is visible to third parties. Adient's subsidiaries and affiliates must cease use of the licensed marks in their corporate or entity names within 180 days of the distribution, except that they may continue their use for up to 2 years if a longer period is required to obtain any regulatory or third party approvals

required for the name change. Johnson Controls may terminate the agreement if Adient commits a material breach of the agreement that materially harms the goodwill of the Johnson Controls trademarks and fails to cure such breach within thirty days, unless there is a good faith dispute between the parties as to whether Adient materially breached the agreement or cured its breach.

Procedures for Approval of Related Person Transactions

It is expected that Adient's board will adopt a written policy for the review of related person transactions. For purposes of the policy, a related person transaction will include transactions in which (1) the amount involved is more than \$120,000, (2) Adient is a participant, and (3) any related person has a direct or indirect material interest. The policy will define a "related person" to include directors, nominees for director, executive officers, and their respective immediate family members. Pursuant to the policy, all related person transactions must be approved by the Audit Committee or, in the event of an inadvertent failure to bring the transaction to the Audit Committee for pre-approval, ratified by the Audit Committee. In the event that a member of the Audit Committee has an interest in a related person transaction, the transaction must be approved or ratified by the disinterested members of the Audit Committee. In deciding whether to approve or ratify a related person transaction, the Audit Committee will consider the following factors:

- whether the terms of the transaction are (1) fair to Adient and (2) at least as favorable to Adient as would apply if the transaction did not involve a related person;
- whether there are demonstrable business reasons for Adient to enter into the transaction;
- whether the transaction would impair the independence of an outside director under Adient's director independence standards; and
- whether the transaction would present an improper conflict of interest for any director or executive officer, taking into account the size of the transaction, the overall financial position of the related person, the direct or indirect nature of the related person's interest in the transaction and the ongoing nature of any proposed relationship, and any other factors the committee deems relevant.

MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES

The following is a discussion of material U.S. federal income tax consequences of the separation and distribution of Adient ordinary shares to Adient and to "U.S. holders" and "non-U.S. holders" (each as defined below) of Johnson Controls shares. This summary is based on the Code, the Treasury Regulations promulgated thereunder, rulings and other administrative pronouncements issued by the IRS, judicial decisions, the Ireland-United States Tax Treaty, which we refer to as the Ireland Tax Treaty, all as in effect on the date of this information statement, and all of which are subject to differing interpretations and change at any time, possibly with retroactive effect. Johnson Controls has not sought and does not intend to seek a ruling from the IRS with respect to the treatment of the distribution and certain related transactions for U.S. federal income tax purposes, nor with respect to the application of Section 7874 to Adient and the separation and no assurance can be given that the IRS would not assert, or that a court would not sustain, a position contrary to any of the tax consequences described below.

This discussion applies only to U.S. holders and non-U.S. holders of shares of Johnson Controls who hold such shares as capital assets within the meaning of Section 1221 of the Code (generally, property held for investment). This discussion is based upon the assumption that the distribution, together with certain related transactions, will be consummated in accordance with the separation agreement and the other separation-related agreements and as described in this information statement. This summary is for general information only and is not tax advice. It does not discuss all aspects of U.S. federal income taxation that may be relevant to particular holders in light of their particular circumstances or to holders subject to special rules under the Code (including, but not limited to, insurance companies, tax-exempt organizations, financial institutions, broker-dealers, regulated investment companies or real estate investment trusts, partners in partnerships (or entities or arrangements treated as partnerships for U.S. federal income tax purposes) that hold Johnson Controls shares, pass-through entities (or investors therein), traders in securities who elect to apply a mark-to-market method of accounting, shareholders who hold Johnson Controls shares as part of a "hedge," "straddle," "conversion," "synthetic security," "integrated investment" or "constructive sale transaction," individuals who receive Johnson Controls or Adient shares upon the exercise of employee stock options or otherwise as compensation, holders who are liable for the alternative minimum tax or any holders that actually or constructively own 5% or more of Johnson Controls shares). This discussion also does not address any tax consequences arising under the unearned Medicare contribution tax pursuant to the Health Care and Education Reconciliation Act of 2010, nor does it address any tax considerations under state, local or foreign laws or U.S. federal laws other than those pertaining to the U.S. federal income tax. In addition, this discussion assumes that Johnson Controls is treated as a foreign corporation for U.S. federal tax purposes.

If a partnership, including for this purpose any entity or arrangement that is treated as a partnership for U.S. federal income tax purposes, holds Johnson Controls shares, the tax treatment of a partner in such partnership will generally depend upon the status of the partner and the activities of the partnership. An investor that is a partnership and the partners in such partnership should consult their own tax advisors regarding the U.S. federal income tax consequences of the distribution.

For purposes of this discussion, a "U.S. holder" is any beneficial owner of Johnson Controls shares that is, for U.S. federal income tax purposes:

- an individual who is a citizen or resident of the United States;
- a corporation (or entity treated as a corporation) created or organized in the United States or under the laws of the United States, any state thereof, or the District of Columbia;
- an estate, the income of which is includible in gross income for U.S. federal income tax purposes regardless of its source; and

- a trust if (1) a U.S. court is able to exercise primary supervision over the administration of such trust and one or more U.S. persons have the authority to control all substantial decisions of the trust or (2) it has a valid election in effect under applicable Treasury Regulations to be treated as a U.S. person.

For purposes of this discussion a "non-U.S. holder" is any beneficial owner of Johnson Controls shares that is neither a U.S. holder nor a partnership for U.S. federal income tax purposes.

THE FOLLOWING DISCUSSION IS A SUMMARY OF MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE SEPARATION AND DISTRIBUTION UNDER CURRENT LAW AND IS FOR GENERAL INFORMATION ONLY. ALL HOLDERS SHOULD CONSULT THEIR OWN TAX ADVISORS AS TO THE PARTICULAR TAX CONSEQUENCES OF THE SEPARATION AND DISTRIBUTION TO THEM, INCLUDING THE APPLICATION AND EFFECT OF U.S. FEDERAL, STATE, LOCAL AND FOREIGN TAX LAWS.

U.S. Federal Income Tax Consequences of the Separation to Adient

Tax Residence of Adient for U.S. Federal Tax Purposes

For U.S. federal tax purposes, a corporation is generally considered to be a tax resident of the jurisdiction of its organization or incorporation. Because Adient is a company incorporated under the laws of Ireland, it would be classified as a foreign corporation under these rules. Section 7874 of the Code provides an exception to this general rule under which a foreign incorporated entity may, in certain circumstances, be classified as a U.S. corporation for U.S. federal tax purposes. The rules under Section 7874 are relatively new and complex and there is limited guidance regarding their application.

Under Section 7874, a corporation created or organized outside the United States (*i.e.*, a foreign corporation) will nevertheless be treated as a U.S. corporation for U.S. federal tax purposes if (i) the foreign corporation directly or indirectly acquires substantially all of the properties held directly or indirectly by a U.S. corporation (including through an acquisition of the outstanding shares of the U.S. corporation), (ii) the former shareholders of the acquired U.S. corporation hold at least 80% (by either vote or value) of the shares of the foreign acquiring corporation after the acquisition by reason of holding shares in the acquired U.S. corporation (including the receipt of the foreign corporation's shares in exchange for the U.S. corporation's shares), which we refer to as the 80% Ownership Test, and (iii) the foreign corporation's "expanded affiliated group" does not have substantial business activities in the foreign corporation's country of organization or incorporation relative to such expanded affiliated group's worldwide activities. For purposes of Section 7874, acquisitions of multiple U.S. corporations (and/or substantially all of the assets of multiple U.S. corporations) by a foreign corporation, if treated as part of a plan or series of related transactions, may be treated as a single acquisition. If multiple acquisitions of U.S. corporations (and/or substantially all of the assets of U.S. corporations) are treated as a single acquisition, all shares of the foreign acquiring corporation received by the shareholders of the acquired U.S. corporations (and/or the U.S. corporations substantially all of the assets of which were acquired) would be aggregated for purposes of the 80% Ownership Test set forth above concerning such shareholders holding at least 80% (by either vote or value) of the shares of the foreign acquiring corporation after the acquisitions by reason of holding shares in such U.S. corporations. Where, pursuant to the same transaction, stock of the foreign acquiring corporation is received in exchange for stock of a U.S. corporation (or substantially all of the assets of a U.S. corporation) as well as other property, the portion of the stock of the foreign acquiring corporation received in exchange for the stock of the U.S. corporation is determined based on the relative value of the stock of the U.S. corporation compared with the aggregate value of such stock and such other property.

As part of the separation, Adient will indirectly acquire assets, including stock of U.S. subsidiaries, from Johnson Controls Inc., which is a U.S. corporation, and accordingly the rules of Section 7874 are

potentially implicated. Under current law, it is presently anticipated that Section 7874 will not cause Adient or any of its foreign affiliates to be treated as a U.S. corporation for U.S. federal tax purposes because, among other things, based on the rules for determining ownership under Section 7874 and the Treasury Regulations promulgated thereunder and certain factual assumptions, (i) the assets acquired from Johnson Controls, Inc. pursuant to the separation are not expected to constitute "substantially all" of the properties held directly or indirectly by Johnson Controls, Inc. and (ii) the shares received by reason of holding shares in U.S. subsidiaries of Johnson Controls, Inc. transferred in the separation are expected to represent less than 80% (by both vote and value) of the relevant shares outstanding after the separation (and prior to the distribution). Accordingly, under current law and certain factual assumptions, it is expected that Adient will be respected as a foreign corporation for U.S. federal tax purposes.

However, as described above under "Risk Factors—Risks Related to Adient Ordinary Shares," there can be no assurance that Adient or any of its foreign affiliates will be respected as a foreign corporation for U.S. federal tax purposes under Section 7874 following the distribution. Whether or not certain of the tests under Section 7874 are met must be finally determined at the completion of the separation, by which time there could be adverse changes in relevant facts and circumstances. Moreover, the law and the Treasury Regulations promulgated under Section 7874 are relatively new, complex and somewhat unclear, and there is limited guidance regarding the application of Section 7874 in circumstances similar to the separation. For example, there is currently no guidance that expressly defines what constitutes "substantially all" of the properties of a U.S. corporation for purposes of Section 7874 and it is possible that the IRS may assert that "substantially all" of the properties of Johnson Controls, Inc. (or of a U.S. subsidiary of Johnson Controls, Inc.) were acquired in the separation. In addition, there is limited guidance on the application of the 80% Ownership Test in circumstances similar to the separation and the IRS may not agree that the shares held by reason of holding shares in U.S. subsidiaries that (or substantially all of the assets of which) were transferred in the separation represent less than 80% (by either vote or value) of the relevant shares for purposes of Section 7874. Moreover, the application of Section 7874 to the separation will depend on the relative valuation of the various assets (including stock of subsidiaries) that are transferred in connection with the separation. Valuation matters can be subjective, and the IRS may seek to challenge the valuation of such assets. Accordingly, there can be no assurance that the IRS will not challenge the status of Adient or any of its foreign affiliates as a foreign corporation for U.S. federal tax purposes under current Section 7874 or that such challenge would not be sustained by a court.

In addition, temporary Regulations under Section 7874 issued by the U.S. Treasury and the IRS on April 4, 2016 (the "Temporary 7874 Regulations") generally increase the likelihood that the relevant ownership percentages under Section 7874 will be exceeded. However, it is presently not expected that the Temporary 7874 Regulations will adversely affect the U.S. federal tax status of Adient or any of its foreign affiliates as a foreign corporation.

In fact, the Temporary 7874 Regulations may further bolster the determination that Adient should be treated as a foreign corporation for U.S. federal tax purposes. Among other provisions, the Temporary 7874 Regulations provide additional guidance relating to certain exceptions to the application of Section 7874 with respect to restructuring transactions involving "foreign-parented groups." Based on such additional guidance and the fact that Johnson Controls is a corporation organized under the laws of Ireland, it is possible that under the Temporary 7874 Regulations, the 80% Ownership Test would not be met with respect to the separation even if "substantially all" of the properties of Johnson Controls, Inc. were found to have been acquired in the separation, or if the shares held by reason of holding shares in U.S. subsidiaries that (or substantially all of the assets of which) were transferred as part of the separation were found to represent 80% or more (by vote or value) of the relevant shares for purposes of Section 7874. However, the Temporary 7874 Regulations are new, complex and somewhat unclear, and there is limited guidance regarding their application.

Accordingly, there can be no assurance that these regulations would apply to cause the 80% Ownership Test not to be met with respect to the separation in these circumstances, or that the IRS would agree with such position.

Moreover, as discussed under "Risk Factors—Risks Related to Adient Ordinary Shares," changes to the rules in Section 7874 of the Code or the Treasury Regulations promulgated thereunder, or other changes in law, could adversely affect Adient's or any of its affiliates' status as a foreign corporation for U.S. federal tax purposes. Recent legislative and other proposals have aimed to expand the scope of U.S. corporate tax residence, including in such a way as could cause Adient and/or its affiliates to be treated as U.S. corporations if the management and control of Adient or such affiliates were determined to be located primarily in the United States. In addition, recent legislative and other proposals have aimed to expand the scope of Section 7874, or otherwise address certain perceived issues arising in connection with so-called inversion transactions. Some of these recent proposals, if enacted in their present form and if made retroactively effective to the period in which the separation occurs, could potentially cause Adient and/or its affiliates to be treated as U.S. corporations for U.S. federal tax purposes. It is presently uncertain whether any such legislative or other proposals or any other legislation relating to U.S. corporate residence, Section 7874 or so-called inversion transactions, which could be enacted on a retroactive basis, will be enacted into law and, if so, what impact such legislation would have on the U.S. federal tax status of Adient and its foreign affiliates as foreign corporations.

If Adient or any of its affiliates were to be treated as a U.S. corporation for U.S. federal tax purposes, Adient or any such affiliate could be subject to substantial additional U.S. tax liability. The remainder of this discussion assumes that neither Adient nor any of its affiliates will be treated as a U.S. corporation for U.S. federal tax purposes under Section 7874 of the Code.

Potential Limitation on the Utilization of Adient's (and its U.S. Affiliates') Tax Attributes or Other Increase in U.S. Taxable Income

Following the acquisition of a U.S. corporation by a foreign corporation, Section 7874 of the Code can limit the ability of the acquired U.S. corporation and its U.S. affiliates to use U.S. tax attributes (including net operating losses and certain tax credits) to offset U.S. taxable income resulting from certain transactions. Specifically, Section 7874 can apply in this manner if (i) the foreign corporation acquires, directly or indirectly, substantially all of the properties held directly or indirectly by a U.S. corporation (including through an acquisition of the outstanding shares of the U.S. corporation), (ii) after the acquisition, the former shareholders of the acquired U.S. corporation hold at least 60% (by either vote or value) but less than 80% (by vote and value) of the shares of the foreign acquiring corporation by reason of holding shares in the acquired U.S. corporation (including the receipt of the foreign corporation's shares in exchange for the U.S. corporation's shares), which we refer to as the 60% Ownership Test, and (iii) the foreign corporation's "expanded affiliated group" does not have substantial business activities in the foreign corporation's country of organization or incorporation relative to such expanded affiliated group's worldwide activities. For purposes of Section 7874, acquisitions of multiple U.S. corporations (and/or substantially all of the assets of multiple U.S. corporations) by a foreign corporation, if treated as part of a plan or series of related transactions, may be treated as a single acquisition, in which case, all shares of the foreign acquiring corporation received by the shareholders of such U.S. corporations would be aggregated for purposes of the 60% Ownership Test. Where, pursuant to the same transaction, stock of the foreign acquiring corporation is received in exchange for stock of a U.S. corporation as well as other property, the stock of the foreign acquiring corporation that was received in exchange for the stock of the U.S. corporation is determined based on the relative value of the stock of the U.S. corporation compared with the aggregate value of such stock and such other property.

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As discussed above under "Risk Factors—Risks Related to Adient Ordinary Shares," and "—U.S. Federal Income Tax Consequences of the Separation to Adient—Tax Residence of Adient for U.S. Federal Tax Purposes," as part of the separation, Adient will indirectly acquire assets, including stock of U.S. subsidiaries from Johnson Controls, Inc. It is currently not expected that the shares received by reason of holding stock in the U.S. subsidiaries transferred in the separation will represent at least 60% (by either vote or value) of the relevant shares. However, as discussed above, the percentage of shares so received for purposes of Section 7874 is generally determined at the closing of the transactions and there could be adverse changes to the relevant facts and circumstances between now and the time of determination. In addition, the Treasury Regulations promulgated under Section 7874 are relatively new, complex and somewhat unclear and there is limited guidance regarding the application of Section 7874 in circumstances similar to the separation. Moreover, the percentage of shares held by reason of holding stock of relevant U.S. subsidiaries of Johnson Controls, Inc. will depend on the relative valuation of the assets transferred pursuant to the separation and valuation matters can be subjective. Accordingly, there can be no assurance that the IRS would not assert that Section 7874 applies to limit the ability of the U.S. subsidiaries and affiliates of Adient to use certain U.S. tax attributes or cause Adient and/or its affiliates to be subject to certain other adverse U.S. federal income tax rules, or that such challenge would not be sustained by a court.

In addition, the Temporary 7874 Regulations generally increase the likelihood that the relevant ownership percentages under Section 7874 will be exceeded and limit or eliminate certain tax benefits to so-called inverted corporations and groups, including with respect to access to certain foreign earnings, post-inversion restructuring transactions and the ability to use certain attributes and deductions. However, it is presently not expected that the Temporary 7874 Regulations will materially adversely affect the benefits of the separation or the ability of Adient's U.S. affiliates to use certain U.S. tax attributes or deductions. As discussed above under "—U.S. Federal Income Tax Consequences of the Separation to Adient—Tax Residence of Adient for U.S. Federal Tax Purposes," among other provisions, the Temporary 7874 Regulations include additional guidance relating to certain exceptions to the application of Section 7874 with respect to restructuring transactions involving "foreign-parented groups." Based on the Temporary 7874 Regulations and the fact that Johnson Controls is a corporation organized under the laws of Ireland, it is possible that under these regulations the 60% Ownership Test would not be met with respect to the separation even if "substantially all" of the properties of Johnson Controls, Inc. were found to have been acquired in the separation, or if the shares held by reason of holding shares in U.S. subsidiaries that (or substantially all of the assets of which) were transferred as part of the separation were found to represent 60% or more (by vote or value) of the relevant shares for purposes of Section 7874. However, the Temporary 7874 Regulations are new, complex and somewhat unclear, and there is limited guidance regarding their application. Accordingly, there can be no assurance that the Temporary 7874 Regulations would apply to cause the 60% Ownership Test not to be met with respect to the separation in these circumstances, or that the IRS would agree with such position.

Moreover, and as discussed above under "Risk Factors—Risks Related to Adient Ordinary Shares," and "—U.S. Federal Income Tax Consequences of the Separation to Adient—Tax Residence of Adient for U.S. Federal Income Tax Purposes," changes to the rules in Section 7874 of the Code or the Treasury Regulations promulgated thereunder, or other changes in law, could adversely affect Adient's or any of its foreign affiliates' status as a foreign corporation for U.S. federal tax purposes, the ability of Adient's U.S. affiliates to use certain attributes or deductions, Adient's effective tax rate and/or future tax planning for the Adient group. Recent legislative proposals have aimed to expand the scope of Section 7874, or otherwise address certain perceived issues arising in connection with so-called inversion transactions. For example, recent legislative and regulatory proposals (including, most recently, proposed legislation introduced by Democratic members of the House of Representatives on February 23, 2016, which, if enacted in its present form, would be effective retroactively to any transactions completed on or after May 8, 2014; proposed legislation introduced by Democratic

members of the Senate on March 10, 2016, which, if enacted in its present form, would be effective with respect to taxable years beginning after the date of enactment; and proposed Treasury Regulations under Section 385 of the Code issued by the U.S. Treasury and the IRS on April 4, 2016), if enacted or finalized, could potentially cause Adient's U.S. affiliates to be subject to certain intercompany financing limitations, including with respect to their ability to deduct interest expense. It is presently uncertain whether any such legislative proposals or any other legislation relating to Section 7874 or so-called inversion transactions will be enacted into law or whether such proposed Treasury Regulations will be issued in final form and, if so, what impact such legislation or final Treasury Regulations would have on Adient and its affiliates.

If the relevant tests under Section 7874 are satisfied at the closing of the transactions for any reason, or, if changes in applicable law adversely affect the application of the above rules to Adient or any of its affiliates, Adient's U.S. affiliates could be limited in their ability to use their U.S. tax attributes, if any, to offset taxable income resulting from certain transactions, or could otherwise have their U.S. taxable income increased.

U.S. Federal Income Tax Consequences of the Distribution to U.S. Holders

For U.S. federal income tax purposes, the distribution will not be eligible for treatment as a tax-free distribution by Johnson Controls with respect to its stock. Accordingly, the distribution will be treated as a taxable distribution by Johnson Controls to each Johnson Controls shareholder in an amount equal to the fair market value of the Adient ordinary shares received by such shareholder (including any fractional shares deemed received and any Adient ordinary shares withheld on account of any Irish withholding taxes), determined as of the distribution date (such amount, the "Distribution Amount").

The Distribution Amount received by a U.S. holder will be treated as a taxable dividend to the extent of such U.S. holder's ratable share of current or accumulated earnings and profits of Johnson Controls for the taxable year of the distribution (as determined under U.S. federal income tax principles). Any portion of the Distribution Amount that is treated as a dividend will not be eligible for the dividends-received deduction allowed to corporations under the Code.

With respect to non-corporate U.S. holders, subject to the discussion below regarding special rules applicable to "passive foreign investment companies," or PFICs, dividends received from a "qualified foreign corporation" may be subject to reduced rates of U.S. federal income taxation, provided that certain holding period requirements and other conditions are satisfied. For these purposes, a foreign corporation will be treated as a qualified foreign corporation if it is eligible for the benefits of a comprehensive income tax treaty with the United States which is determined by the U.S. Treasury to be satisfactory for purposes of these rules and which includes an exchange of information provision. The U.S. Treasury has determined that the Ireland Tax Treaty meets these requirements. A foreign corporation is also treated as a qualified foreign corporation with respect to dividends paid by that corporation on shares that are readily tradable on an established securities market in the United States. We believe that Johnson Controls shares, which are listed on the NYSE, are considered to be readily tradable on an established securities market in the United States. Non-corporate U.S. holders that do not meet a minimum holding period requirement during which they are not protected from the risk of loss, or that elect to treat the dividend income as "investment income" pursuant to Section 163(d)(4) of the Code, will not be eligible for the reduced rates of taxation regardless of the status of Johnson Controls as a qualified foreign corporation. Because the merger of Johnson Controls Inc. and an indirect wholly owned subsidiary of Tyco will be a taxable transaction to the former shareholders of Johnson Controls Inc. for U.S. federal income tax purposes, the holding period of such a former shareholder in the ordinary shares of Johnson Controls received in the merger will begin on the day following the day on which the merger occurs. Accordingly, a non-corporate U.S. holder of ordinary shares of Johnson Controls that received such shares in the merger of Johnson Controls Inc. and an

indirect wholly owned subsidiary of Tyco will not meet the relevant minimum holding period requirement if the distribution occurs within 60 days of the merger (*i.e.*, if the distribution occurs on or before the 60th day after the merger). In addition, even if the minimum holding period requirement has been met, the rate reduction will not apply to dividends if the recipient of a dividend is obligated to make related payments with respect to positions in substantially similar or related property. U.S. holders should consult their own tax advisors regarding the application of these rules in light of their particular circumstances.

To the extent that the Distribution Amount received by a U.S. holder exceeds such U.S. holder's ratable share of Johnson Controls' current and accumulated earnings and profits for the taxable year of the distribution (as determined under U.S. federal income tax principles), any such excess will generally be treated as a return of capital and will not be taxable to a U.S. holder to the extent of such U.S. holder's adjusted tax basis in its Johnson Controls shares. Any portion of the Distribution Amount that is treated as a nontaxable return of capital will reduce the adjusted tax basis of the U.S. holder's Johnson Controls shares. To the extent that any such excess portion of the Distribution Amount received by a U.S. holder exceeds such U.S. holder's adjusted tax basis in its Johnson Controls shares, such excess will be treated as capital gain recognized on a sale or exchange of such Johnson Controls shares. Any such gain will be long-term capital gain if the U.S. holder's holding period for the Johnson Controls shares exceeds one year. Preferential tax rates may apply to long-term capital gains of non-corporate U.S. holders (including individuals). Because, as discussed above, the holding period of a U.S. holder that is a former shareholder of Johnson Controls Inc. in the ordinary shares of Johnson Controls received in the merger will begin on the day following the day on which the merger occurs, any such capital gain recognized by such U.S. holder with respect to such ordinary shares will not be long-term capital gain if the distribution occurs within one year of the merger (*i.e.*, if the distribution occurs on or before the day that is one year after the merger).

A U.S. holder's tax basis in Adient ordinary shares received in the distribution (including any fractional shares deemed to be received) generally will equal the fair market value of such shares on the distribution date, and the holding period for such shares will begin the day after the distribution date.

In the event that a U.S. holder is subject to Irish withholding taxes on the distribution, such U.S. holder may be eligible, subject to certain conditions and limitations, to claim a foreign tax credit for such Irish withholding taxes against the U.S. holder's U.S. federal income tax liability or alternatively deduct such Irish withholding taxes in computing such U.S. holder's U.S. federal income tax liability. For purposes of the foreign tax credit, the distribution is expected to generally constitute "foreign source income" and to generally be treated as "passive category income," except that a portion of the distribution may be treated as income from U.S. sources if (i) U.S. persons own, directly or indirectly, 50% or more of the Johnson Controls shares and (ii) Johnson Controls receives more than a *de minimis* amount of income from U.S. sources. The rules governing the foreign tax credit and ability to deduct foreign taxes are complex and involve the application of rules that depend upon a U.S. holder's particular circumstances. U.S. holders are urged to consult their own tax advisors regarding the availability of the foreign tax credit or deduction in light of their particular circumstances.

Cash in Lieu of Fractional Adient Ordinary Shares

Any cash received by a U.S. holder in lieu of a fractional Adient ordinary share should be treated as if such fractional ordinary share had been (i) received by the U.S. holder as part of the distribution and then (ii) sold by such U.S. holder for the amount of cash received. Because the basis of the fractional ordinary share deemed received by a U.S. holder in the distribution will equal the fair market value of such fractional ordinary share on the distribution date, a shareholder of Johnson Controls generally should not recognize additional gain or loss on the transaction described in (ii) of the

preceding sentence unless the fractional share is sold at a price different from its fair market value on the distribution date.

Passive Foreign Investment Company

Notwithstanding the foregoing, the U.S. federal income tax consequences of the distribution to U.S. holders could be materially different from those described above and certain adverse U.S. federal income tax consequences could apply if, at any relevant time, Johnson Controls is treated as a PFIC. A foreign corporation will be classified as a PFIC for U.S. federal income tax purposes for any taxable year in which, after the application of certain look-through rules, either (i) 75% or more of its gross income for such year is "passive income" (as defined in the relevant provisions of the Code) or (ii) 50% or more of the value of its assets (determined on the basis of a quarterly average) during such year produce or are held for the production of passive income. Passive income includes, among other things, dividends, interest, royalties, rents, annuities, net gains from the sale or exchange of property producing such income and net foreign currency gains.

Johnson Controls believes that it has not been a PFIC for any prior taxable year and that it will not be treated as a PFIC for the taxable year of the distribution. However, this conclusion is a factual determination made annually and cannot be completed until the close of a taxable year. It is difficult to accurately predict future income and assets relevant to this determination. Moreover, the determination of PFIC status depends, in part, on the application of complex U.S. federal income tax rules, which are subject to differing interpretations. As a result, there can be no assurance that Johnson Controls will not be treated as a PFIC for the taxable year of the distribution or any preceding taxable year.

If Johnson Controls were to be treated as a PFIC for any taxable year, U.S. holders generally would be subject to special tax rules that could result in materially adverse U.S. federal income tax consequences, including in connection with the distribution. More specifically, unless a U.S. holder elects to be taxed annually on a mark-to-market basis with respect to its Johnson Controls ordinary shares, a U.S. holder could be subject to U.S. federal income tax at the highest applicable ordinary income tax rates on (i) any "excess distribution" made by Johnson Controls to such U.S. holder (which generally means any distribution paid during a taxable year to a U.S. holder that is greater than 125% of the average annual distributions paid in the three preceding taxable years or, if shorter, the U.S. holder's holding period for the ordinary shares) or (ii) any gain realized on any sale or exchange of Johnson Controls ordinary shares. In addition, a U.S. holder could be subject to an interest charge on certain taxes treated as having been deferred under the PFIC rules. In addition, any portion of the Distribution Amount that is treated as a dividend would not constitute qualified dividend income eligible for preferential tax rates if Johnson Controls is treated as a PFIC for the taxable year of the distribution or for its preceding taxable year. U.S. holders should consult their own tax advisors regarding the application of the PFIC rules to Johnson Controls and the distribution.

Backup Withholding and Information Reporting

The distribution of Adient ordinary shares and any payment of cash to a U.S. holder of Johnson Controls shares in lieu of fractional Adient ordinary shares may be subject to information reporting and backup withholding (currently at a rate of 28%), unless such U.S. holder delivers a properly completed IRS Form W-9 certifying such U.S. holder's correct taxpayer identification number and certain other information, or otherwise establishes an exemption from backup withholding. Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules may be refunded or credited against a U.S. holder's U.S. federal income tax liability, if any, provided that the required information is timely supplied to the IRS.

U.S. Federal Income Tax Consequences to U.S. Holders of the Ownership and Disposition of Adient Ordinary Shares

The following discussion is a summary of certain material U.S. federal income tax consequences of the ownership and disposition of Adient ordinary shares to U.S. holders of Johnson Controls shares that receive Adient ordinary shares pursuant to the distribution.

Distributions on Adient Ordinary Shares

The gross amount of any distribution on Adient ordinary shares (including any foreign withholding taxes withheld with respect thereto) that is made out of Adient's current or accumulated earnings and profits (as determined for U.S. federal income tax purposes) will generally be taxable to a U.S. holder as ordinary dividend income on the date such distribution is actually or constructively received by such U.S. holder. Any such dividends paid to corporate U.S. holders generally will not qualify for the dividends-received deduction that may otherwise be allowed under the Code.

Dividends received by non-corporate U.S. holders (including individuals), subject to the discussion below under "—Passive Foreign Investment Company Status," from a "qualified foreign corporation" may be eligible for reduced rates of taxation, provided that certain holding period requirements and other conditions are satisfied. For these purposes, a foreign corporation will be treated as a qualified foreign corporation if it is eligible for the benefits of a comprehensive income tax treaty with the United States which is determined by the U.S. Treasury to be satisfactory for purposes of these rules and which includes an exchange of information provision. The U.S. Treasury has determined that the Ireland Tax Treaty meets these requirements. A foreign corporation is also treated as a qualified foreign corporation with respect to dividends paid by that corporation on shares that are readily tradable on an established securities market in the United States. U.S. Treasury guidance indicates that shares listed on the NYSE (which the Adient ordinary shares are expected to be listed) will be considered readily tradable on an established securities market in the United States. There can be no assurance that the Adient ordinary shares will be considered readily tradable on an established securities market in the United States in future years. Non-corporate U.S. holders that do not meet a minimum holding period requirement during which they are not protected from the risk of loss or that elect to treat the dividend income as "investment income" pursuant to Section 163(d)(4) of the Code (dealing with the deduction for investment interest expense) will not be eligible for the reduced rates of taxation regardless of Adient's status as a qualified foreign corporation. In addition, the rate reduction will not apply to dividends if the recipient of a dividend is obligated to make related payments with respect to positions in substantially similar or related property. This disallowance applies even if the minimum holding period has been met. Finally, Adient will not constitute a qualified foreign corporation for purposes of these rules if it is a passive foreign investment company, or "PFIC," for the taxable year in which it pays a dividend or for the preceding taxable year. See the discussion below under "—Passive Foreign Investment Company Status."

Subject to certain conditions and limitations, withholding taxes, if any, on dividends paid by Adient may be treated as foreign taxes eligible for credit against a U.S. holder's U.S. federal income tax liability under the U.S. foreign tax credit rules. For purposes of calculating the U.S. foreign tax credit, dividends received from a foreign corporation are generally foreign-source income and will generally constitute passive category income. However, if more than 25% of the gross income of the foreign corporation during the three-year period preceding the declaration of the dividend is U.S. source income that was effectively connected with the conduct of a trade or business in the United States, a portion of that dividend will be treated as U.S. source income. In addition, it is possible that Adient will be at the closing of the distribution or some time thereafter at least 50% owned by U.S. persons. Dividends paid by a foreign corporation that is at least 50% owned by U.S. persons may be treated as U.S. source income (rather than foreign source income) for U.S. foreign tax credit purposes to the extent that the foreign corporation has more than an insignificant amount of U.S. source income. The

effect of this rule may be to treat a portion of any dividends paid by Adient as U.S. source income. Treatment of Adient dividends as U.S. source income in whole or in part may limit a U.S. holder's ability to claim a foreign tax credit with respect to foreign taxes payable or deemed payable in respect of such dividends or on other items of foreign source, passive income for U.S. federal foreign tax credit limitation purposes. The rules governing the U.S. foreign tax credit are complex. U.S. holders should consult their tax advisors regarding the availability of the U.S. foreign tax credit under their particular circumstances.

The amount of any dividend paid by Adient in foreign currency will be the U.S. dollar value of the foreign currency distributed by Adient, calculated by reference to the exchange rate in effect on the date the dividend is includible in the U.S. holder's income, regardless of whether the payment is in fact converted into U.S. dollars on the date of receipt. Generally, a U.S. holder should not recognize any foreign currency gain or loss if the foreign currency is converted into U.S. dollars on the date the payment is received. However, any gain or loss resulting from currency exchange fluctuations during the period from the date the U.S. holder includes the dividend payment in income to the date such U.S. holder actually converts the payment into U.S. dollars will be treated as ordinary income or loss. That currency exchange income or loss (if any) generally will be income or loss from U.S. sources for foreign tax credit limitation purposes.

To the extent that the amount of any distribution made by Adient on the Adient ordinary shares exceeds Adient's current and accumulated earnings and profits for a taxable year (as determined under U.S. federal income tax principles), the distribution will first be treated as a tax-free return of capital, causing a reduction in the adjusted basis of the U.S. holder's Adient ordinary shares, and to the extent the amount of the distribution exceeds the U.S. Holder's tax basis, the excess will be taxed as capital gain recognized on a sale or exchange as described below under "—Sale, Exchange, Redemption or Other Taxable Disposition of Adient Ordinary Shares."

Sale, Exchange, Redemption or Other Taxable Disposition of Adient Ordinary Shares

Subject to the discussion below under "—Passive Foreign Investment Company Status," a U.S. holder will generally recognize gain or loss on any sale, exchange, redemption, or other taxable disposition of Adient ordinary shares in an amount equal to the difference between the amount realized on the disposition and such U.S. holder's adjusted tax basis in such shares. Any gain or loss recognized by a U.S. holder on a taxable disposition of Adient ordinary shares will generally be capital gain or loss and will be long-term capital gain or loss if the holder's holding period in such shares exceeds one year at the time of the disposition. Preferential tax rates may apply to long-term capital gains of non-corporate U.S. holders (including individuals). The deductibility of capital losses is subject to limitations. Any gain or loss recognized by a U.S. holder on the sale or exchange of Adient ordinary shares will generally be treated as U.S. source gain or loss.

Passive Foreign Investment Company Status

Notwithstanding the foregoing, certain adverse U.S. federal income tax consequences could apply to a U.S. holder if Adient is treated as a PFIC for any taxable year during which such U.S. holder holds Adient ordinary shares. A foreign corporation, such as Adient, will be classified as a PFIC for U.S. federal income tax purposes for any taxable year in which, after the application of certain look-through rules, either (i) 75% or more of its gross income for such year is "passive income" (as defined in the relevant provisions of the Code) or (ii) 50% or more of the value of its assets (determined on the basis of a quarterly average) during such year produce or are held for the production of passive income. Passive income includes, among other things, dividends, interest, royalties, rents, annuities, net gains from the sale or exchange of property producing such income and net foreign currency gains.

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Adient is not currently expected to be treated as a PFIC for U.S. federal income tax purposes, but this conclusion is a factual determination made annually and, thus, is subject to change. With certain exceptions, the Adient ordinary shares would be treated as stock in a PFIC if Adient were a PFIC at any time during a U.S. holder's holding period in such U.S. holder's Adient ordinary shares. There can be no assurance that Adient will not be treated as a PFIC for any taxable year or at any time during a U.S. holder's holding period.

If Adient were to be treated as a PFIC, unless a U.S. holder elects to be taxed annually on a mark-to-market basis with respect to its Adient ordinary shares, gain realized on any sale or exchange of such Adient ordinary shares and certain distributions received with respect to such shares could be subject to additional U.S. federal income taxes, plus an interest charge on certain taxes treated as having been deferred under the PFIC rules. In addition, dividends received with respect to Adient ordinary shares would not constitute qualified dividend income eligible for preferential tax rates if Adient is treated as a PFIC for the taxable year of the distribution or for its preceding taxable year. Adient does not expect to provide U.S. holders with the information that is necessary to make a qualified electing fund election, which can mitigate some of the adverse U.S. federal income tax consequences to U.S. holders in the event Adient were to be classified as a PFIC. U.S. holders should consult their own tax advisors regarding the application of the PFIC rules to their investment in the Adient ordinary shares.

Specified Foreign Financial Assets

Certain U.S. holders holding specified foreign financial assets with an aggregate value in excess of the applicable dollar threshold are required to report information to the IRS relating to Adient ordinary shares, subject to certain exceptions (including an exception for Adient ordinary shares held in accounts maintained by U.S. financial institutions), by attaching a complete IRS Form 8938, Statement of Specified Foreign Financial Assets, with their tax return, for each year in which they hold Adient ordinary shares. Such U.S. holders should consult their own tax advisors regarding information reporting requirements relating to their ownership of Adient ordinary shares.

Information Reporting and Backup Withholding

In general, information reporting requirements will apply to dividends received by U.S. holders of Adient ordinary shares, and the proceeds received on the disposition of Adient ordinary shares effected within the United States (and, in certain cases, outside the United States), in each case, other than U.S. holders that are exempt recipients (such as corporations). Backup withholding (currently at a rate of 28%) may apply to such amounts if the U.S. holder fails to provide an accurate taxpayer identification number and comply with certain certification requirements on a properly completed IRS Form W-9 or is otherwise subject to backup withholding. Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules may be allowed as a refund or credit against a U.S. holder's U.S. federal income tax liability, if any, provided that the required information is timely supplied to the IRS.

U.S. Federal Income Tax Consequences of the Distribution and of the Ownership and Disposition of Adient Ordinary Shares to Non-U.S. Holders

Subject to the discussion below under "—Information Reporting and Backup Withholding," a non-U.S. holder that receives Adient ordinary shares and/or cash in lieu of fractional Adient ordinary shares in the distribution, generally will not be subject to U.S. federal income or withholding tax, on (i) any dividend or any gain recognized in connection with the distribution (as determined for U.S. federal income tax purposes based on the Distribution Amount and based on such non-U.S. holder's ratable share of current and accumulated earnings and profits of Johnson Controls for the taxable year of the distribution, as discussed above under "—U.S. Federal Income Tax Consequences of the

Distribution to U.S. Holders") or (ii) any dividend or gain recognized in connection with any distributions made with respect to Adient ordinary shares received in the distribution by such non-U.S. holder (as determined for U.S. federal income tax purposes based on such non-U.S. holder's ratable share of current and accumulated profits of Adient for the taxable year of such distributions, as discussed above under "—U.S. Federal Tax Consequences to U.S. Holders of the Ownership and Disposition of Adient Ordinary Shares—Distributions on Adient Ordinary Shares"), or (iii) any gain recognized upon any sale, exchange or other taxable disposition of Adient ordinary shares received in the distribution by such non-U.S. holder, unless:

- such dividend or gain is effectively connected with such non-U.S. holder's conduct of a trade or business in the United States (and, if required by an applicable tax treaty, is attributable to a permanent establishment maintained by the non-U.S. holder in the United States); or
- in the case of gain only, such non-U.S. holder is a nonresident alien individual who is present in the United States for 183 days or more during the taxable year in which such gain is recognized, and certain other requirements are met.

Unless an applicable treaty provides otherwise, any dividend or gain described in the first bullet point above generally will be subject to U.S. federal income tax in the same manner as if such holder were a U.S. person, as described above under "—U.S. Federal Income Tax Consequences of the Distribution to U.S. Holders," "—U.S. Federal Income Tax Consequences to U.S. Holders of the Ownership and Disposition of Adient Ordinary Shares—Distributions on Adient Ordinary Shares," or "—U.S. Federal Income Tax Consequences to U.S. Holders of the Ownership and Disposition of Adient Ordinary Shares—Sale, Exchange, Redemption or Other Taxable Disposition of Adient Ordinary Shares," as applicable. A non-U.S. holder that is a corporation also may be subject to a branch profits tax equal to 30% (or such lower rate specified by an applicable tax treaty) of its effectively connected earnings and profits for the taxable year, as adjusted for certain items. Non-U.S. holders should consult their tax advisors regarding any applicable tax treaties that may provide for different rules.

Any gain described in the second bullet point above generally will be subject to U.S. federal income tax on any gain from the distribution at a rate of 30% (or such lower rate as may be specified by an applicable income tax treaty), but may be offset by U.S.-source capital losses of the non-U.S. holder, if any, provided that the holder has timely filed U.S. federal income tax returns with respect to such losses.

Information Reporting and Backup Withholding

In general, Adient ordinary shares received in the distribution, cash received in lieu of Adient ordinary shares received in the distribution, dividends paid with respect to Adient ordinary shares and proceeds from the sale or other disposition of Adient ordinary shares received in the United States by a non-U.S. holder or through certain financial intermediaries with certain U.S. connections may be subject to information reporting and backup withholding unless such non-U.S. holder provides proof of an applicable exemption or complies with certain certification procedures (such as providing a valid IRS Form W-8BEN, IRS Form W-8BEN-E, or IRS Form W-8ECI or otherwise establishing an exemption), and otherwise complies with the applicable requirements of the backup withholding rules.

Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules may be allowed as a refund or credit against a holder's U.S. federal income tax liability, if any, provided that the required information is timely furnished to the IRS.

The foregoing is a summary of material U.S. federal income tax consequences of the separation and the distribution and of the ownership and disposition of Adient ordinary shares under current law and particular circumstances. The foregoing does not purport to address all U.S. federal income tax consequences or tax consequences that may arise under the tax laws of other jurisdictions or that may apply to particular categories of shareholders.

MATERIAL IRISH INCOME TAX CONSEQUENCES

The following is a summary of the material Irish tax consequences for certain beneficial owners of Johnson Controls ordinary shares who receive Adient ordinary shares pursuant to the separation and who are the beneficial owners of such Adient ordinary shares. The summary does not purport to be a comprehensive description of all of the tax considerations that may be relevant to each of the shareholders. The summary is based upon Irish tax laws and the practice of the Irish Revenue Commissioners in effect on the date of this information statement and correspondence with the Irish Revenue Commissioners. Changes in law and/or administrative practice may result in alteration of the tax considerations described below, possibly with retrospective effect.

The summary does not constitute tax advice and is intended only as a general guide. The summary is not exhaustive and Johnson Controls shareholders should consult their own tax advisors about the Irish tax consequences (and tax consequences under the laws of other relevant jurisdictions) of the separation and of the acquisition, ownership and disposal of Adient ordinary shares. The summary applies only to shareholders who will own Adient ordinary shares as capital assets and does not apply to other categories of shareholders, such as dealers in securities, trustees, insurance companies, collective investment schemes and shareholders who have, or who are deemed to have, acquired Adient ordinary shares by virtue of an Irish office or employment (performed or carried on in Ireland).

It should be noted that specific confirmation as to the tax treatment of the distribution for Johnson Controls shareholders has not been sought from the Irish Revenue Commissioners.

Irish Tax on Chargeable Gains

The current rate of tax on chargeable gains (where applicable) in Ireland is 33%.

Non-Irish Resident Shareholders

Johnson Controls shareholders that are not resident or ordinarily resident in Ireland for Irish tax purposes and do not hold their Johnson Controls shares in connection with a trade or business carried on by such shareholders through an Irish branch or agency will not be within the charge to Irish tax on chargeable gains on the receipt of new Adient ordinary shares pursuant to the separation.

Any subsequent disposal of Adient ordinary shares will not be within the charge to Irish tax on chargeable gains provided the holder of such shares is not resident or ordinarily resident in Ireland for Irish tax purposes and does not hold his or her shares in connection with a trade carried on by such shareholder through an Irish branch or agency.

Irish Resident Shareholders

Johnson Controls shareholders that are resident or ordinarily resident in Ireland for Irish tax purposes, or shareholders that hold their shares in connection with a trade or business carried on by such persons through an Irish branch or agency, should not be subject to Irish tax on chargeable gains on the receipt of new Adient ordinary shares pursuant to the separation but should rather be treated for Irish tax purposes as having acquired their shares in Adient at the same time and for the same cost as they acquired their original shares in Johnson Controls. Such shareholders may, however, be subject to Irish tax on chargeable gains on the receipt of any cash in lieu of fractional shares pursuant to the separation as they will be deemed to have made a part disposal of their shares in Johnson Controls.

A subsequent disposal of Adient ordinary shares by a shareholder who is resident or ordinarily resident in Ireland for Irish tax purposes or who holds his or her shares in connection with a trade carried on by such person through an Irish branch or agency will, subject to the availability of any exemptions and reliefs, generally be within the charge to Irish tax on chargeable gains.

A shareholder of Adient who is an individual and who is temporarily not resident in Ireland may, under Irish anti avoidance legislation, still be liable to Irish tax on any chargeable gain realized upon subsequent disposal of Adient ordinary shares during the period in which such individual is a non-resident.

Stamp Duty

The rate of stamp duty (where applicable) on transfers of shares of Irish incorporated companies is 1% of the price paid or the market value of the shares acquired, whichever is greater. Where Irish stamp duty arises, it is generally a liability of the transferee.

Johnson Controls shareholders will have no liability to account for Irish stamp duty in connection with the receipt of Adient ordinary shares pursuant to the distribution.

Irish stamp duty may, depending on the manner in which the shares in Adient are held, be payable in respect of transfers of Adient ordinary shares after the separation.

Shares Held Through DTC

It is expected that a transfer of Adient ordinary shares effected by means of the transfer of book entry interests in DTC will not be subject to Irish stamp duty. On the basis that most of Adient's ordinary shares are expected to be held through DTC, it is anticipated that most transfers of ordinary shares will be exempt from Irish stamp duty.

Shares Held Outside of DTC or Transferred Into or Out of DTC

A transfer of Adient ordinary shares where any party to the transfer holds such shares outside of DTC may be subject to Irish stamp duty. Shareholders wishing to transfer their shares into (or out of) DTC may do so without giving rise to Irish stamp duty provided that:

- there is no change in the beneficial ownership of such shares as a result of the transfer; and
- the transfer into (or out of) DTC is not effected in contemplation of a sale of such shares by a beneficial owner to a third party.

Due to the potential Irish stamp charge on transfers of Adient ordinary shares held outside of DTC, it is strongly recommended that any person who wishes to acquire Adient ordinary shares after the separation acquires such shares through DTC (or through a broker who in turn holds such shares through DTC).

Withholding Tax on Dividends

Distributions made by Adient will, in the absence of one of many exemptions, be subject to Irish dividend withholding tax ("DWT") at a rate of 20%.

For DWT purposes, a distribution includes any distribution that may be made by Adient to its shareholders, including cash dividends, non-cash dividends and additional stock taken in lieu of a cash dividend. Where an exemption does not apply in respect of a distribution made to a particular shareholder, Adient is responsible for withholding DWT prior to making such distribution.

General Exemptions

Irish domestic law provides that a non-Irish resident shareholder is not subject to DWT on dividends received from Adient if such shareholder is beneficially entitled to the dividend and is either:

- a person (not being a company) resident for tax purposes in a Relevant Territory (including the U.S.) and is neither resident nor ordinarily resident in Ireland (for a list of Relevant Territories for DWT purposes, see Annex A to this information statement);
- a company resident for tax purposes in a Relevant Territory, provided such company is not under the control, whether directly or indirectly, of a person or persons who is or are resident in Ireland;
- a company that is controlled, directly or indirectly, by persons resident in a Relevant Territory and who is or are (as the case may be) not controlled by, directly or indirectly, persons who are not resident in a Relevant Territory;
- a company, wherever resident, whose principal class of shares (or those of its 75% direct or indirect parent) is substantially and regularly traded on a stock exchange in Ireland, on a recognized stock exchange in a Relevant Territory or on such other stock exchange approved by the Irish Minister for Finance; or
- a company that is wholly owned, directly or indirectly, by two or more companies where the principal class of shares of each of such companies is substantially and regularly traded on a stock exchange in Ireland, on a recognized stock exchange in a Relevant Territory or on such other stock exchange approved by the Irish Minister for Finance;

and provided, in all cases noted above (but subject to "—Shares Held by U.S. Resident Shareholders" below), Adient or, in respect of shares held through DTC, any qualifying intermediary appointed by Adient, has received from the shareholder, where required, the relevant DWT Forms prior to the payment of the dividend. In practice, in order to ensure sufficient time to process the receipt of relevant DWT Forms, the shareholder where required should furnish the relevant DWT Forms to:

- its broker (and the relevant information is further transmitted to Adient or any qualifying intermediary appointed by Adient) before the record date for the dividend (or such later date before the dividend payment date as may be notified to the shareholder by the broker) if its shares are held through DTC, or
- Adient's transfer agent at least seven business days before such record date if its shares are held outside of DTC.

Links to the various DWT Forms are available at: <http://www.revenue.ie/en/tax/dwt/forms/index.html>. The information contained on this website is not incorporated by reference into this information statement.

Shareholders that are required to file DWT Forms in order to receive dividends free of DWT should note that such forms are generally valid, subject to a change in circumstances, until December 31 of the fifth year after the year in which such forms were completed.

For non-Irish resident shareholders that cannot avail themselves of one of Ireland's domestic law exemptions from DWT, it may be possible for such shareholders to rely on the provisions of a double tax treaty to which Ireland is party to reduce the rate of DWT.

Shares Held by U.S. Resident Shareholders

It is expected that dividends paid in respect of Adient ordinary shares that are owned by U.S. residents and held through DTC will not be subject to DWT provided the address of the beneficial

owner of such shares in the records of the broker holding such shares is in the U.S. (and such broker has further transmitted the relevant information to a qualifying intermediary appointed by Adient). It is strongly recommended that such shareholders ensure that their information is properly recorded by their brokers (so that such brokers can further transmit the relevant information to a qualifying intermediary appointed by Adient).

It is expected that dividends paid in respect of Adient ordinary shares that are held outside of DTC and are owned by a resident of the U.S. will not be subject to DWT if such shareholder satisfies the conditions of one of the exemptions referred to above under the heading "—General Exemptions," including the requirement to provide a completed IRS issued Form 6166 or a valid DWT Form to Adient's transfer agent at least seven business days before the record date for the dividend to confirm its U.S. residence and claim an exemption. It is strongly recommended that such shareholders complete the appropriate IRS Form 6166 or a DWT Form and provide it to Adient's transfer agent as soon as possible after acquiring their shares.

If any shareholder that is resident in the U.S. receives a dividend from which DWT has been withheld, the shareholder should generally be entitled to apply for a refund of such DWT from the Irish Revenue Commissioners, provided the shareholder is beneficially entitled to the dividend.

Shares Held by Residents of "Relevant Territories" Other than the U.S.

Shareholders who are residents of Relevant Territories, other than the U.S., must satisfy the conditions of one of the exemptions referred to above under the heading "—General Exemptions," including the requirement to furnish valid DWT Forms, in order to receive dividends without suffering DWT. If such shareholders hold their shares through DTC, they must provide the appropriate DWT Forms to their brokers (so that such brokers can further transmit the relevant information to a qualifying intermediary appointed by Adient) before the record date for the dividend (or such later date before the dividend payment date as may be notified to the shareholder by the broker). If such shareholders hold their shares outside of DTC, they must provide the appropriate DWT Forms to Adient's transfer agent at least seven business days before the record date for the dividend. It is strongly recommended that such shareholders complete the appropriate DWT Forms and provide them to their brokers or Adient's transfer agent, as the case may be, as soon as possible.

If any shareholder who is resident in a Relevant Territory receives a dividend from which DWT has been withheld, the shareholder may be entitled to a refund of DWT from the Irish Revenue Commissioners provided the shareholder is beneficially entitled to the dividend.

Shares Held by Residents of Ireland

Most Irish tax resident or ordinarily resident shareholders (other than Irish resident companies that have completed the appropriate DWT Forms) will be subject to DWT in respect of dividends paid on Adient ordinary shares.

Shareholders that are residents of Ireland, but are entitled to receive dividends without DWT, must complete the appropriate DWT Forms and provide them to their brokers (so that such brokers can further transmit the relevant information to a qualifying intermediary appointed by Adient) before the record date for the dividend (or such later date before the dividend payment date as may be notified to the shareholder by the broker) (in the case of shares held through DTC), or to Adient's transfer agent at least seven business days before the record date for the dividend (in the case of shares held outside of DTC).

Adient shareholders who are resident or ordinarily resident in Ireland or are otherwise subject to Irish tax should consult their own tax advisors.

Shares Held by Other Persons

Adient shareholders that do not fall within any of the categories specifically referred to above may nonetheless fall within other exemptions from DWT. If any shareholders are exempt from DWT, but receive dividends subject to DWT, such shareholders may apply for refunds of such DWT from the Irish Revenue Commissioners.

Qualifying Intermediary

Prior to paying any dividend, Adient will put in place an agreement with an entity that is recognized by the Irish Revenue Commissioners as a "qualifying intermediary," which will provide for certain arrangements relating to distributions in respect of Adient ordinary shares that are held through DTC (the "Deposited Securities"). The agreement will provide that the qualifying intermediary shall distribute or otherwise make available to Cede & Co., as nominee for DTC, any cash dividend or other cash distribution with respect to the Deposited Securities after Adient delivers or causes to be delivered to the qualifying intermediary the cash to be distributed.

Adient will rely on information received directly or indirectly from its qualifying intermediary, brokers and its transfer agent in determining where shareholders reside, whether they have provided the required U.S. tax information and whether they have provided the required DWT Forms.

Income Tax on Dividends Paid on Adient Shares

Irish income tax may arise for certain persons in respect of dividends received from Irish resident companies.

It is the established practice of the Irish Revenue Commissioners to treat any distribution that may arise in connection with a transfer of assets by way of demerger and a related issue of ordinary shares by the transferee entity to holders of shares in the transferring entity as not being a distribution taxable as income in the hands of the relevant shareholder. Accordingly it is expected that the distribution should not give rise to an Irish income tax liability for any holder of Johnson Controls ordinary shares. In addition, it is expected that there should be no requirement for Johnson Controls to account for Irish dividend withholding tax in respect of the distribution. However, Johnson Controls will not seek a specific confirmation from the Irish Revenue Commissioners in respect of the anticipated tax treatment of the distribution.

A shareholder that is not resident or ordinarily resident in Ireland and that is entitled to an exemption from DWT generally has no liability to Irish income tax or the universal social charge on a dividend from Adient. An exception to this position may apply where such shareholder holds Adient ordinary shares through a branch or agency in Ireland through which a trade is carried on.

A shareholder that is not resident or ordinarily resident in Ireland and that is not entitled to an exemption from DWT generally has no additional Irish income tax liability or a liability to the universal social charge. The DWT deducted by Adient discharges the liability to income tax. An exception to this position may apply where the shareholder holds Adient ordinary shares through a branch or agency in Ireland through which a trade is carried on.

Irish resident or ordinarily resident shareholders may be subject to Irish tax and (in the case of an individual) the universal social charge and/or Pay Related Social Insurance on dividends received from Adient. Such shareholders should consult their own tax advisors.

Capital Acquisitions Tax

Irish capital acquisitions tax, or CAT, comprises principally gift tax and inheritance tax. CAT could apply to a gift or inheritance of Adient shares irrespective of the place of residence, ordinary residence

or domicile of the parties. This is because Adient ordinary shares are regarded as property situated in Ireland for Irish CAT purposes as the share register of Adient must be held in Ireland. The person who receives the gift or inheritance has primary liability for CAT.

CAT is levied at a rate of 33% above certain tax-free thresholds. The appropriate tax free threshold is dependent upon (i) the relationship between the donor and the donee and (ii) the aggregation of the values of previous gifts and inheritances received by the donee from persons within the same group threshold. Gifts and inheritances passing between spouses of the same marriage or civil partners of the same civil partnership are exempt from CAT. Children have a tax free threshold of €280,000 in respect of taxable gifts or inheritances received from their parents. Adient shareholders should consult their own tax advisors as to whether CAT is creditable or deductible in computing any domestic tax liabilities.

There is also a "small gift exemption" from CAT whereby the first €3,000 of the taxable value of all taxable gifts taken by a donee from any one donor, in each calendar year, is exempt from CAT and is also excluded from any future aggregation. This exemption does not apply to an inheritance.

THE IRISH TAX CONSIDERATIONS SUMMARIZED ABOVE ARE FOR GENERAL INFORMATION ONLY. JOHNSON CONTROLS SHAREHOLDERS AND ADIENT SHAREHOLDERS SHOULD CONSULT WITH THEIR TAX ADVISORS REGARDING THE TAX CONSEQUENCES OF THE SEPARATION, THE DISTRIBUTION, AND THE OWNERSHIP AND DISPOSAL OF ADIENT ORDINARY SHARES.

DESCRIPTION OF MATERIAL INDEBTEDNESS

In connection with the separation and distribution, Adient anticipates having approximately \$3.5 billion of indebtedness upon completion of the distribution. The \$3.5 billion of indebtedness is expected to consist of \$1.5 billion in borrowings under AGH's term loan and revolving credit facilities, also referred to as the credit facilities, and \$2.0 billion of corporate bonds issued by AGH. Prior to the distribution, Adient and its affiliates plan to make cash transfers totaling approximately \$3.0 billion to Johnson Controls as described in "The Separation and Distribution—Conditions to the Distribution."

The principal terms of the credit facilities are described below. Adient will describe the specific terms and covenants of any notes to be issued in an amendment to the registration statement of which this information statement is a part.

Credit Facilities

On July 27, 2016, AGH entered into the credit facilities with the lenders party thereto and JPMorgan Chase Bank, N.A., as administrative agent, providing for commitments with respect to the \$1.5 billion Revolving Credit Facility and the \$1.5 billion Term Loan A Facility. The credit facilities mature on July 27, 2021. The full amount of the Term Loan A Facility and \$750 million of the Revolving Credit Facility are available to AGH prior to the distribution date.

The credit facilities are currently guaranteed by Johnson Controls, Inc. Prior to the merger of Johnson Controls, Inc. with an indirect wholly owned subsidiary of Tyco and Tyco's change of name to "Johnson Controls International plc," the covenants, representations and warranties and events of default in the credit facilities are substantially identical to those in the Credit Agreement dated as of August 6, 2013, as amended, among Johnson Controls, Inc., as borrower, JPMorgan Chase Bank, N.A., as administrative agent, and the other parties thereto. We refer to this agreement as the "predecessor JCI credit agreement." Prior to the merger, the loans under the credit facilities will bear interest at the same rate as loans made under the predecessor JCI credit agreement.

Following the merger, the predecessor JCI credit agreement will be terminated and the Credit Agreement, dated as of March 10, 2016, among Johnson Controls, Inc., JPMorgan Chase Bank, N.A., as administrative agent, is expected to become effective. We refer to this agreement as the "successor JCI credit agreement." Upon effectiveness of the successor JCI credit agreement, Johnson Controls International plc will also guarantee the credit facilities. From and after the guarantee of the credit facilities by Johnson Controls International plc and the satisfaction of certain other customary conditions, the covenants, representations and warranties and events of default in the credit facilities will be substantially identical to those in the successor JCI credit agreement. Furthermore, from and after the satisfaction of such conditions, the loans made under the credit facilities will bear interest at the same rate as loans made under the successor JCI credit agreement.

On the distribution date, Adient and certain of its wholly owned U.S. and English subsidiaries, or the credit agreement guarantors, will guarantee the credit facilities, and the guarantees of Johnson Controls, Inc. and Johnson Controls International plc will automatically be released. In addition, a wholly owned U.S. subsidiary of AGH will be added as a subsidiary borrower under the Revolving Credit Facility. On the distribution date, the credit facilities are expected to be secured by a security interest in substantially all of the assets of AGH, the subsidiary borrower and the credit agreement guarantors, subject to certain exceptions. Following the distribution, the grant of such security interests and guarantees and the satisfaction of certain other conditions, the full amount of the Revolving Credit Facility will become available for borrowing.

Following the distribution date, the credit facilities will bear interest, at AGH's election, based on either LIBOR or a base rate calculated by the administrative agent in accordance with the credit facilities. LIBOR loans will accrue interest at a rate of LIBOR plus a margin of 1.25-2.25%

(determined based on Adient's total net leverage ratio). Base rate loans will bear interest at the base rate plus a margin of 0.25-1.25% (determined based on Adient's total net leverage ratio). Commencing June 30, 2017 (or if the distribution occurs prior to December 31, 2016, the last day of the first full fiscal quarter after the distribution) the Term Loan A Facility will require quarterly amortization payments of 0.625% of the original principal amount thereof in the first year following the closing of the credit facilities, 1.25% of the original principal amount thereof in the second and third years following the closing of the credit facilities, and 2.50% of the original principal amount thereof thereafter. The Term Loan A Facility will also require mandatory prepayments in connection with certain non-ordinary course asset sales and insurance recovery and condemnation events, among other things, and subject in each case to certain significant exceptions. Prior to the distribution date, AGH may be required to pay a 0.25% per annum commitment fee on the unused portions of the committed loans under the credit facilities. Following the distribution date and the satisfaction of certain other conditions, AGH will pay a commitment fee on the unused portion of the commitments under the Revolving Credit Facility based on the total net leverage ratio of Adient, ranging from 0.15% to 0.35%.

Following the distribution date, the credit facilities will contain covenants that include, among other things and subject to certain significant exceptions, restrictions on Adient's ability to declare or pay dividends, make certain payments in respect of the notes, create liens, incur additional indebtedness, make investments, engage in transactions with affiliates, enter into agreements restricting Adient's subsidiaries' ability to pay dividends, dispose of assets and merge or consolidate with any other person. In addition, following the distribution date, the credit facilities will contain a financial maintenance covenant requiring Adient to maintain a total net leverage ratio equal to or less than 3.50 to 1.00, tested on a quarterly basis.

In addition, at AGH's option, AGH may assign and novate its obligations under the credit facilities to a wholly owned subsidiary of (i) prior to the date of the distribution, AGH or (ii) from and after the date of the distribution, Adient, in each case organized under the laws of England and Wales to whom AGH has transferred or intends to promptly commence transferring all or substantially all of its assets, subject to the satisfaction of certain conditions, whereupon such subsidiary shall become a borrower for all purposes of the credit facilities and AGH will be automatically released from any obligations as borrower under the credit facilities.

Other Short-Term and Long-Term Debt

The short-term and long-term debt recorded in the combined financial statements is related directly to arrangements between Adient and third parties, and is not related to an intercompany arrangement between Adient and Johnson Controls.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Before the separation, all of the outstanding Adient ordinary shares will be owned beneficially and of record by a U.K. corporate services provider. Following the distribution, Adient expects to have outstanding an aggregate of approximately million ordinary shares based upon approximately million shares of Johnson Controls outstanding on , 2016, excluding treasury shares and assuming no exercise of Johnson Controls stock options, and applying the distribution ratio of one ordinary share of Adient for every ten shares of Johnson Controls.

Security Ownership of Certain Beneficial Owners

The following table reports the number of Adient ordinary shares that Adient expects will be beneficially owned, immediately following the completion of the distribution, by each person who will beneficially own more than five percent of Adient ordinary shares. The table is based upon information available as of , 2016 as to those persons who beneficially own more than five percent of Johnson Controls shares and an assumption that, for every ten shares of Johnson Controls held by such persons, they will receive one Adient ordinary share.

<u>Name and Address of Beneficial Owner</u>	<u>Amount and Nature of Beneficial Ownership</u>	<u>Percent of Class</u>

Share Ownership of Executive Officers and Directors

The following table sets forth information, immediately following the completion of the separation calculated as of , 2016, based upon the distribution of one Adient ordinary share for every ten shares of Johnson Controls, regarding (1) each expected director, director nominee and named executive officer of Adient and (2) all of Adient's expected directors and executive officers as a group. The address of each director, director nominee and executive officer shown in the table below is c/o Adient, Attn: Corporate Secretary, 833 East Michigan Street, Milwaukee, Wisconsin 53202.

<u>Name of Beneficial Owner</u>	<u>Shares Beneficially Owned</u>	<u>Exercisable Stock Options</u>	<u>Percent of Class</u>
John M. Barth			
Julie L. Bushman			
Raymond L. Conner			
Richard Goodman			
Frederick A. Henderson			
Neil E. Marchuk			
R. Bruce McDonald			
Jeffrey M. Stafeil			
All directors and officers as a group (persons)			

* Indicates that the percentage of beneficial ownership of the director or executive officer does not exceed 1 percent of the class.

DESCRIPTION OF ADIENT'S SHARE CAPITAL

Adient's memorandum and articles of association will be amended and restated prior to the separation. The following is a summary of the material terms of Adient's share capital that will be contained in the amended and restated memorandum and articles of association. The summaries and descriptions below do not purport to be complete statements of the relevant provisions of the memorandum and articles of association to be in effect at the time of the distribution, which you must read (along with the applicable provisions of Irish law) for complete information on Adient's share capital as of the time of the distribution. The memorandum and articles of association, in a form expected to be in effect at the time of the distribution, will be included as an exhibit to Adient's registration statement on Form 10, of which this information statement forms a part. The summaries and descriptions below do not purport to be complete statements of the Irish Companies Act 2014, or the Irish Companies Act.

Legal Name; Formation; Fiscal Year; Registered Office

The current legal name of Adient is Adient Limited. Adient was incorporated in Ireland on June 24, 2016 as a private limited company, but will be re-registered as a public limited company before the distribution. Adient's fiscal year ends on September 30 each year. Adient's registered office address is 25-28 North Wall Quay, IFSC, Dublin 1, Ireland.

Share Capital

The rights of and restrictions applicable to the Adient ordinary shares will be prescribed in Adient's articles of association, subject to the Irish Companies Act.

Adient expects that the authorized share capital of Adient will be €25,000 and \$3,100,000, divided into 25,000 euro deferred shares with a par value of €1.00 per share, 3,000,000,000 ordinary shares with a par value of \$0.001 per share and 100,000,000 preferred shares with a par value of \$0.001 per share. The authorized share capital will include 25,000 euro deferred shares with a par value of €1.00 per share in order to satisfy minimum statutory requirements for all Irish public limited companies commencing operations. These euro deferred shares will carry no voting or dividend rights. All outstanding euro deferred shares, together with the ordinary share held by the current nominee shareholder of Adient, will be acquired and canceled by Adient for no consideration contemporaneously with the distribution being effected.

Adient may issue shares subject to the maximum prescribed by its authorized share capital contained in its memorandum of association. Upon completion of the distribution, based on approximately Johnson Controls shares outstanding as of , 2016, it is expected that Adient will have issued approximately \$ of its authorized share capital of \$3,100,000, with such issued share capital comprised of approximately ordinary shares with a par value of \$0.001 each. This means that Adient will be able to issue approximately additional ordinary shares with a total nominal value of approximately \$, and preferred shares with a nominal value of \$ each (as well as euro deferred shares with a par value of €1.00 per share).

As of , 2016, Adient employees held, in the aggregate, (i) options with respect to shares of Johnson Controls common stock, (ii) stock appreciation rights with respect to shares of Johnson Controls common stock, (iii) restricted stock awards with respect to shares of Johnson Controls common stock, (iv) restricted stock unit awards with respect to shares of Johnson Controls common stock and (v) performance share unit awards with re-spect to shares of Johnson Controls common stock.

Adient estimates that its directors and executive officers, who may be considered "affiliates" for purposes of Rule 144, will beneficially own approximately ordinary shares of Adient immediately following the distribution.

As a matter of Irish company law, the directors of a company may cause the company to issue new ordinary or preferred shares without shareholder approval once authorized to do so by the articles of association of the company or by an ordinary resolution adopted by the shareholders at a general meeting. An ordinary resolution requires over 50% of the votes of a company's shareholders cast at a general meeting (in person or by proxy). The authority conferred can be granted for a maximum period of five years, at which point it must be renewed by the shareholders of the company by an ordinary resolution. The articles of association of Adient will authorize the board of directors of Adient to issue new ordinary or preferred shares without shareholder approval for a period of five years from the date of adoption of the amended and restated articles of association (subject to the limits provided for in the NYSE Listed Company Manual).

The authorized share capital may be increased or reduced by way of an ordinary resolution of Adient's shareholders, but not below the number of shares then outstanding. The shares comprising the authorized share capital of Adient may be divided into shares of such par value as the resolution prescribes.

The rights and restrictions to which the ordinary shares will be subject will be prescribed in Adient's articles of association. Adient's articles of association will entitle the board of directors, without shareholder approval, to determine the terms of any preferred shares issued by Adient. Preferred shares may be preferred as to dividends, rights on a winding up or voting in such manner as the directors of Adient may resolve. The preferred shares may also be redeemable at the option of the holder of the preferred shares or at the option of Adient, and may be convertible into or exchangeable for shares of any other class or classes of Adient, depending on the terms of such preferred shares. The issuance of preferred shares is subject to applicable law, including the Irish Takeover Rules.

Irish law does not recognize fractional shares held of record; accordingly, Adient's articles of association will not provide for the issuance of fractional ordinary shares of Adient, and the official Irish register of Adient will not reflect any fractional ordinary shares.

Preemption Rights, Share Warrants and Share Options

The Irish Companies Act automatically grants certain preemptive rights on the issue of shares of Adient. However, Adient's articles of association will disapply the statutory preemption rights for issues of shares up to the number of shares authorized for allotment in Adient's articles of association as permitted under Irish company law. Irish law requires this disapplication to be renewed at least every five years by special resolution, and it is the intention of Adient to seek such renewal at least every five years. A special resolution requires not less than 75% of the votes of Adient's shareholders cast at a general meeting (in person or by proxy). If the disapplication is not renewed, shares issued for cash must be offered to existing shareholders of Adient on a pro rata basis to their existing shareholding before the shares can be issued to any new shareholders.

Statutory preemption rights do not apply (i) where shares are issued for non-cash consideration (such as in a stock-for-stock acquisition), (ii) to the issue of non-equity shares (that is, shares that have the right to participate only up to a specified amount in any income or capital distribution) or (iii) where shares are issued pursuant to an employee stock option or similar equity plan.

The articles of association of Adient will provide that, subject to any shareholder approval requirement under any laws, regulations or the rules of any stock exchange to which Adient is subject, the board is authorized, from time to time, in its discretion, to grant such persons, for such periods and upon such terms as the board deems advisable, options to purchase such number of shares of any class or classes or of any series of any class as the board may deem advisable, and to cause warrants or other appropriate instruments evidencing such options to be issued. The Irish Companies Act provides that directors may issue share warrants or options without shareholder approval once authorized to do so by the articles of association or an ordinary resolution of shareholders. Under Irish law, the board may

issue shares upon exercise of validly issued warrants or options without shareholder approval or authorization. However, the rules of the NYSE require shareholder approval of certain equity compensation plans.

Dividends

Under Irish law, dividends and distributions may be made only from "distributable reserves" of Adient. Distributable reserves are the accumulated realized profits of Adient that have not previously been utilized in a distribution or capitalization less accumulated realized losses that have not previously been written off in a reduction or reorganization of capital, and include reserves created by way of a reduction of capital, including the share premium account. In addition, no distribution or dividend may be made unless the net assets of Adient are equal to, or exceed, the aggregate of Adient's share capital which has been paid up or which is payable in the future plus non-distributable reserves, and the distribution does not reduce Adient's net assets below such aggregate. Non-distributable reserves include the share premium account, the capital redemption reserve fund and the amount by which Adient's accumulated unrealized profits that have not previously been utilized by any capitalization exceed Adient's accumulated unrealized losses that have not previously been written off in a reduction or reorganization of capital.

The determination as to whether or not Adient has sufficient distributable reserves to fund a dividend must be made by reference to the "relevant accounts" of Adient. The "relevant accounts" will be either the last set of unconsolidated annual audited financial statements or unaudited financial statements prepared in accordance with the Irish Companies Act, which give a "true and fair view" of Adient's unconsolidated financial position and accord with accepted accounting practice. The relevant accounts must be filed in the Companies Registration Office (the official public registry for companies in Ireland).

Immediately following the separation and distribution, Adient will not have any distributable reserves. Adient will therefore not have the ability to pay dividends (or make other forms of distributions) immediately following the distribution until it obtains the approvals described below or creates distributable reserves as a result of the profitable operation of its business. See "Risk Factors" and "Dividend Policy—Creation of Distributable Reserves."

Following the distribution, Adient expects to capitalize the reserve created pursuant to the internal restructuring transactions related to the distribution and implement a parallel court-approved reduction of that capital in order to create a reserve of an equivalent amount of distributable reserves to support the payment of possible future dividends or future share repurchases. The current nominee shareholder of Adient is expected to pass a resolution that would (subject to the approval of the High Court of Ireland) create distributable reserves following the distribution by converting to distributable reserves up to all of the share premium of Adient. To complete this process, Adient will seek the approval of the High Court of Ireland, which is required for the creation of distributable reserves to be effective, as soon as practicable following the distribution. The approval of the High Court of Ireland is expected to be obtained within approximately two months of the consummation of the distribution, but is dependent on a number of factors, such as the case load of the High Court of Ireland at the time of Adient's initial application, and court vacations.

The mechanism as to who declares a dividend and when a dividend becomes payable will be governed by Adient's articles of association. Adient's articles of association will authorize Adient's board of directors to declare such dividends as appear justified from the financial position of Adient (which are commonly referred to as interim dividends) without the approval of the shareholders at a general meeting. The board of directors may also recommend a dividend to be approved and declared by the shareholders at a general meeting. The board of directors may direct that the payment be made

by distribution of assets, shares or cash, and no dividend issued may exceed the amount recommended by the directors. The dividends can be declared and paid in the form of assets, shares or cash.

The directors of Adient may deduct from any dividend payable to any shareholder all sums of money (if any) payable by such shareholder to Adient in relation to the ordinary shares of Adient.

The directors of Adient are also entitled to issue shares with preferred rights to participate in dividends declared by Adient. The holders of such preferred shares may, depending on their terms, be entitled to claim arrears of a declared dividend out of subsequently declared dividends in priority to ordinary shareholders.

For information about the Irish tax issues relating to dividend payments, see "Material Tax Consequences—Material Irish Tax Consequences."

Share Repurchases and Redemptions

Overview

Adient's articles of association will provide that any ordinary share which Adient has acquired or agreed to acquire will be deemed a redeemable share. Accordingly, for Irish company law purposes, the repurchase of ordinary shares by Adient will technically be effected as a redemption of those shares, as described under "—Repurchases and Redemptions by Adient." If Adient's articles of association did not provide that any ordinary share which Adient has acquired or agreed to acquire will be deemed a redeemable share, then repurchases by Adient would be subject to many of the same rules that apply to purchases of Adient ordinary shares by subsidiaries described under "—Purchases by Subsidiaries of Adient," including the shareholder approval requirements described below and the requirement that any on-market purchases be effected on a "recognized stock exchange." Except where otherwise indicated, when this information statement refers to repurchasing or buying back ordinary shares of Adient, it is referring to the redemption of ordinary shares by Adient pursuant to the articles of association or the purchase of ordinary shares of Adient by a subsidiary of Adient, in each case in accordance with the Adient articles of association and Irish company law as described below.

Repurchases and Redemptions by Adient

Under Irish law, a company can issue redeemable shares and redeem them out of distributable reserves (which are described under "—Dividends") or the proceeds of a new issue of shares for that purpose. Although Adient will not have any distributable reserves immediately following the distribution, it is taking steps to create such distributable reserves. See "Risk Factors" and "Dividend Policy—Creation of Distributable Reserves." The issue of redeemable shares may be made only by Adient where the nominal value of the issued share capital that is not redeemable is not less than 10% of the nominal value of the total issued share capital of Adient. All redeemable shares must also be fully paid and the terms of redemption of the shares must provide for payment on redemption. Redeemable shares may, upon redemption, be cancelled or held in treasury. Shareholder approval will not be required to redeem Adient ordinary shares pursuant to Adient's articles of association.

The board of directors of Adient will also be entitled to issue preferred shares which may be redeemed at the option of either Adient or the shareholder, depending on the terms of such preferred shares. For additional information on redeemable shares, see "—Share Capital."

Repurchased and redeemed shares may be cancelled or held as treasury shares. The nominal value of treasury shares held by Adient at any time must not exceed 10% of the nominal value of the issued share capital of Adient. While Adient holds shares as treasury shares, it cannot exercise any voting rights in respect of those shares. Treasury shares may be cancelled by Adient or re-issued subject to certain conditions.

Purchases by Subsidiaries of Adient

Under Irish law, it may be permissible for an Irish or non-Irish subsidiary to purchase ordinary shares of Adient either on-market or off-market. A general authority of the shareholders of Adient is required to allow a subsidiary of Adient to make on-market purchases of Adient ordinary shares. As long as this general authority has been granted, no specific shareholder authority for a particular on-market purchase by a subsidiary of Adient ordinary shares is required. It is expected that Adient will seek such general authority, which must expire no later than five years after the date on which it was granted, at the first annual general meeting of Adient and at subsequent annual general meetings. In order for a subsidiary of Adient to make an on-market purchase of Adient's ordinary shares, such shares must be purchased on a "recognized stock exchange." The NYSE, on which the ordinary shares of Adient are expected to be listed following the distribution, is specified as a recognized stock exchange for this purpose by Irish company law. For an off-market purchase by a subsidiary of Adient, the proposed purchase contract must be authorized by special resolution of the shareholders of Adient before the contract is entered into. The person whose shares are to be bought back cannot vote in favor of the special resolution and, for at least 21 days prior to the special resolution, the purchase contract must be on display or must be available for inspection by shareholders at the registered office of Adient.

The number of shares held by the subsidiaries of Adient at any time will count as treasury shares and will be included in any calculation of the permitted treasury share threshold of 10% of the nominal value of the issued share capital of Adient. While a subsidiary holds ordinary shares of Adient, it cannot exercise any voting rights in respect of those shares. The acquisition of the ordinary shares of Adient by a subsidiary must be funded out of distributable reserves of the subsidiary.

Bonus Shares

Under Adient's articles of association, the board will be able to resolve to capitalize any amount credited to any reserve or fund available for distribution or the share premium account or any other non-distributable reserve of Adient through the issuance of fully paid-up bonus shares to shareholders on the same basis of entitlement as would apply in respect of a dividend distribution.

Consolidation and Division; Subdivision

Under the Irish Companies Act and Adient's articles of association, Adient's ordinary shares may be consolidated or divided into shares of larger par value than its existing shares or subdivided into smaller amounts than is fixed by its articles of association by ordinary resolution (or as otherwise determined by the board).

Reduction of Share Capital

Adient will be able, by ordinary resolution, to reduce its authorized but unissued share capital in any way. Adient also will be able, by special resolution and subject to confirmation by the High Court of Ireland, to reduce or cancel its issued share capital (which includes share premium) in any way. The creation of distributable reserves discussed in "Dividend Policy—Creation of Distributable Reserves" involves a reduction of share capital, namely the share premium account of Adient, for purposes of Irish law.

Annual General Meetings of Shareholders

Adient will be required to hold an annual general meeting within 18 months of incorporation and at intervals of no more than 15 months thereafter, provided that an annual general meeting is held in each calendar year following the first annual general meeting. Adient's articles of association will

provide that the Adient board of directors may convene general meetings of the shareholders at any place they so designate.

The notice of the general meeting must state the time, date and place of the meeting and the general nature of the business to be dealt with and must be given to all shareholders of Adient and to the auditors of Adient. Under Irish law, an annual general meeting must be called by at least 21 days' notice in writing. The notice period can be shortened, but only with the consent of the auditors of Adient and all of the shareholders entitled to attend and vote at such meeting. A meeting other than the annual general meeting must be called by not less than 21 days' notice in writing to approve a special resolution and 14 days' notice in writing for any other extraordinary general meeting, but this too can be longer or shorter if the consent of the auditors and shareholders is obtained.

The only matters which must, as a matter of Irish law, be transacted at an annual general meeting are the presentation of the annual accounts, balance sheet and reports of the directors and auditors, the appointment of auditors, the fixing of the auditor's remuneration (or delegation of same) and review by the members of the affairs of Adient. If no resolution is made in respect of the reappointment of an auditor at an annual general meeting, the previous auditor will be deemed to have continued in office.

Extraordinary General Meetings of Shareholders

Adient's articles of association will provide that extraordinary general meetings of shareholders may be convened by order of the Adient board of directors. In addition, the Irish Companies Act requires the Adient board of directors, if it receives a written request from registered shareholders representing at least 10% of the paid-up share capital of Adient carrying voting rights, who we refer to as the requisitioners, within 21 days of the receipt of the requisition to proceed to call an extraordinary general meeting. An extraordinary general meeting may also be called on requisition of Adient's auditors. Extraordinary general meetings are generally held for the purposes of approving shareholder resolutions of Adient as may be required from time to time.

In the case of an extraordinary general meeting convened by shareholders of Adient, the proposed purpose of the meeting must be set out in the requisition notice. This meeting must be held within two months of the receipt of the requisition notice. If the board of directors does not convene the meeting within the statutory 21-day period, the requisitioners, or any of them representing more than one half of the total voting rights of all of them, may themselves convene a meeting, which meeting must be held within three months of the receipt of the requisition notice.

If the directors become aware that the net assets of Adient are half or less of the amount of Adient's called-up share capital, the directors of Adient must convene an extraordinary general meeting of Adient's shareholders not later than 28 days from the date that they learn of this fact. This meeting must be convened for the purposes of considering whether any, and if so what, measures should be taken to address the situation.

Proxy Access

Adient will provide proxy access rights in its articles of association. Adient's articles of association will provide that, in certain circumstances, a shareholder or group of up to 20 shareholders may include director candidates that they have nominated in Adient's annual general meeting proxy materials. Such shareholder or group of shareholders will need to own 3% or more of Adient's outstanding ordinary shares continuously for at least three years. The number of shareholder-nominated candidates appearing in any of Adient's annual general meeting proxy materials will not exceed the greater of 2 and 20% of the number of directors then serving on Adient's board, rounded down to the nearest whole number, subject to reduction in certain circumstances, including where shareholders have nominated candidates for election at the same meeting outside the proxy access process. The

nominating shareholder or group of shareholders will also be required to deliver certain information and undertakings, and each nominee will be required to meet certain qualifications, as described in more detail in the articles of association.

Voting

All resolutions at an annual general meeting or other general meeting will be decided on a poll. Where a vote is to be taken at a general meeting, every shareholder will have one vote for each ordinary share that he or she holds as of the record date for the meeting. Voting rights may be exercised by shareholders registered in Adient's share register as of the record date for the meeting or by a duly appointed proxy of such a registered shareholder, which proxy need not be a shareholder. Where interests in shares are held by a nominee trust company, this company may exercise the rights of the beneficial holders on their behalf as their proxy. All proxies must be appointed in the manner prescribed by the Irish Companies Act. Adient's articles of association will permit the appointment of proxies by the shareholders to be notified to Adient electronically. Treasury shares and shares held by subsidiaries will not be entitled to a vote at general meetings of shareholders.

Under the Irish Companies Act, an ordinary resolution approved by a simple majority of the votes cast of Adient shareholders present in person or by proxy at a general meeting is required for the following matters:

- approval of directors' long-term service contracts and substantial property transactions with directors;
- ratification of acts by directors; and
- authorization of off-market share purchases.

Irish company law requires "special resolutions" of the shareholders at a general meeting to approve certain matters. A special resolution requires not less than 75% of the votes cast of Adient's shareholders present in person or by proxy at a general meeting. Examples of matters requiring special resolutions include:

- altering a company's objects (*i.e.*, main purposes);
- altering a company's articles of association;
- changing the status of a company from public to private or from private to public;
- changing the name of a company;
- opting-out of preemption rights on the issuance of new shares;
- purchasing ordinary shares off-market;
- reducing share capital;
- resolving that a company be wound up by the Irish courts;
- commencing or terminating a shareholders' voluntary winding up under the Irish Companies Act;
- re-designation of shares into different share classes; and
- setting the re-issue price of treasury shares.

Under Adient's articles of association, however, certain amendments to Adient's articles of association will require the affirmative vote of at least 80 percent of Adient ordinary shares outstanding, which represents a higher standard than that required under the Irish Companies Act for altering a company's articles of association. In particular, amendments to the provisions of Adient's

articles of association relating to the following matters will require the affirmative vote of at least 80 percent of Adient ordinary shares outstanding:

- notice of annual general meetings;
- authority to change the size of the board or fill board vacancies;
- director and officer indemnification;
- combinations with interested shareholders;
- advance notice of shareholder business and nominations; and
- amending the provisions requiring the affirmative vote of at least 80 percent of Adient ordinary shares outstanding in order to amend the provisions referred to above.

Variation of Rights Attaching to a Class of Shares

Any variation of class rights attaching to the issued shares of Adient requires the approval of a special resolution passed by a majority of not less than 75% of the voting rights of that class represented in person or by proxy at a separate meeting of the shareholders of the relevant class.

Quorum for General Meetings

Adient's articles of association will provide that the presence, in person or by proxy, of the holders of at least a simple majority of the shares issued and entitled to vote at a general meeting constitutes a quorum for the conduct of business. No business may take place at a general meeting of Adient if a quorum is not present in person or by proxy. The board of directors has no authority to waive quorum requirements stipulated in Adient's articles of association. Abstentions and broker non-votes will be counted as present for purposes of determining whether there is a quorum in respect of the proposals.

Requirements for Advance Notification of Director Nominations and Proposals of Shareholders

Adient's articles of association will provide that with respect to a meeting of shareholders, nominations of persons for election to Adient's board of directors and the proposal of business to be considered by shareholders may be made only pursuant to Adient's notice of meeting; by the board of directors; by any shareholders pursuant to the valid exercise of power granted to them under the Irish Companies Act; or by a shareholder who is entitled to vote at the meeting and who has complied with the advance notice procedures provided for in Adient's articles of association.

In order to comply with the advance notice procedures that will be included in Adient's articles of association, a shareholder will be required to give written notice to Adient's Secretary on a timely basis. To be timely for an annual general meeting, notice must be delivered not earlier than the close of business on the 120th day and not later than the close of business on the 90th day prior to the first anniversary of the preceding year's annual general meeting, or, if the date of the annual general meeting is more than 30 days before or more than 60 days after such anniversary date, notice must be delivered not earlier than the close of business on the 120th day prior to the date of such annual general meeting and not later than the close of business on the later of (i) the 90th day prior to the date of such annual general meeting and (ii) the 10th day following the day on which public announcement of the date of such meeting is first made by Adient. With respect to the first annual general meeting following the distribution, notice must be so delivered not later than the 10th day following the day on which public announcement of the date of such meeting is first made by Adient.

In addition, to be timely, a shareholder's notice must be updated and supplemented, if necessary, so the information provided or required to be provided is true and correct as of the record date for the meeting and as of the date that is ten business days prior to the meeting or any adjournment or

postponement thereof. For nominations to the Adient board of directors, the notice must include all information about the director nominee that is required to be disclosed by SEC rules regarding the solicitation of proxies for the election of directors pursuant to Regulation 14A under the Exchange Act, a description of all direct and indirect compensation and other material monetary agreements during the past three years, any other material relationships with the proposed nominee and his or her affiliates and associates and such other information as Adient may reasonably require to determine the eligibility of the proposed nominee, as well as a completed questionnaire, representation and agreement signed by the proposed nominee regarding the background, qualification and certain existing relationships of the proposed nominee. For other business that a shareholder proposes to bring before the meeting, the notice must include a brief description of the business, the reasons for proposing the business at the meeting, a discussion of any material interest of the shareholder in the business and a description of all arrangements with any other person or persons in connection with the proposal. Whether the notice relates to a nomination to the board of directors or to other business to be proposed at the meeting, the notice also must include information about the shareholder, the shareholder's holdings of Adient ordinary shares (as well as "derivative instruments," "short interests" with respect to Adient ordinary shares, as defined in Adient articles of association), any arrangements giving the shareholder the right to vote shares of Adient, any rights to dividends on the Adient ordinary shares that are separated or separable from the underlying Adient ordinary shares, any performance-related fees (other than an asset-based fee) that the shareholder is entitled to based on any increase or decrease in the value of the Adient ordinary shares or "derivative instruments," any significant equity interests or any derivative instruments in any of Adient's principal competitors held by the shareholder and any interest of the shareholder in any contract with Adient or any of its affiliates or principal competitors.

In addition, the Irish Companies Act provides that shareholders holding not less than 10% of the total voting rights may call an extraordinary general meeting for the purpose of considering director nominations or other proposals, as described above under "—General Meetings of Shareholders."

Inspection of Books and Records

Under Irish law, shareholders have the right to: (1) receive a copy of the memorandum and articles of association of Adient and any act of the Irish Government which alters the memorandum of association of Adient; (2) inspect and obtain copies of the minutes and resolutions of general meetings of Adient; (3) inspect and receive a copy of the register of shareholders, register of directors and secretaries, register of directors' interests and other statutory registers maintained by Adient; (4) receive copies of balance sheets and directors' and auditors' reports which have previously been sent to shareholders prior to an annual general meeting; and (5) receive balance sheets of a subsidiary company of Adient which have previously been sent to shareholders prior to an annual general meeting for the preceding 10 years. The auditors of Adient will also have the right to inspect all books, records and vouchers of Adient. The auditors' report must be circulated to the shareholders 21 days before the annual general meeting with Adient's financial statements prepared in accordance with the Irish Companies Act, and must be read to the shareholders at Adient's annual general meeting.

Acquisitions and Appraisal Rights

An Irish public limited company may be acquired in a number of ways, including by means of a "scheme of arrangement" between the company and its shareholders or by means of a takeover offer.

Scheme of Arrangement

A "scheme of arrangement" is a statutory procedure under the Irish Companies Act pursuant to which the High Court of Ireland may approve an arrangement between an Irish company and some or all of its shareholders. In a "scheme of arrangement," the company would make an initial application

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to the High court to convene a meeting or meetings of its shareholders at which a majority in number of shareholders representing 75% of the voting rights of such shareholders present and voting either in person or by proxy at the meeting must agree to the arrangement by which they will sell their shares in exchange for the consideration being offered by the bidder. If the shareholders so agree, the company will return to the High court to request the court to sanction the arrangement. Upon such a scheme of arrangement becoming effective in accordance with its terms and the Irish Companies Act, it will bind the company and all of its shareholders, including those who do not vote on the scheme of arrangement.

Takeover offer

A takeover offer is an offer to acquire all of the outstanding shares of a company (other than shares which at the date of the offer are already held by the offeror). Under the Takeover Code and in order to squeeze out dissenting shareholders, the offer must be made on identical terms to all holders of shares to which the offer relates. If the offeror, by virtue of acceptances of the offer, acquires or contracts to acquire not less than 80% in par value of the shares to which the offer relates, the Irish Companies Act allows the offeror to give notice to any non-accepting shareholder that the offeror intends to acquire his or her shares through a compulsory acquisition (also referred to as a "squeeze out"), and the shares of such non-accepting shareholders will be acquired by the offeror six weeks later on the same terms as the offer, unless the shareholder objects to the Irish court and the court enters an order that the offeror is not entitled to acquire the shares or specifying terms of the acquisition different from those of the offer. If shares of Adient were listed on the official list of the Irish Stock Exchange or another regulated stock exchange in the E.U., this threshold would be increased to 90%.

It is also possible for Adient to be acquired by way of a merger with an E.U.-incorporated public company under the E.U. Cross Border Merger Directive 2005/56. Such a merger must be approved by a special resolution. If Adient is being merged with another E.U. public company under the E.U. Cross Border Merger Directive 2005/56 and the consideration payable to Adient's shareholders is not all in the form of cash, Adient's shareholders may be entitled to require their shares to be acquired at fair value. Finally, Adient could be acquired by way of merger with another Irish company under the Irish Companies Act, which merger must be approved by a special resolution and by the High Court of Ireland.

Adient's articles of association will provide that the affirmative vote of the holders of a majority of the outstanding voting shares on the relevant record date is required to approve a sale, lease or exchange of all or substantially all of its property or assets.

Disclosure of Interests in Shares

Under the Irish Companies Act, subject to certain limited exceptions, a shareholder of Adient must notify Adient (but not the public at large) if as a result of a transaction the shareholder will be interested in 3% or more of any class of shares of Adient carrying voting rights; or if as a result of a transaction a shareholder who was interested in more than 3% of any class of shares of Adient carrying voting rights ceases to be so interested. Where a shareholder is interested in more than 3% of any class of shares of Adient carrying voting rights, any alteration of his or her interest that brings his or her total holding through the nearest whole percentage number, whether an increase or a reduction, must be notified to Adient (but not the public at large). The relevant percentage figure is calculated by reference to the aggregate par value of the class of shares in which the shareholder is interested as a proportion of the entire par value of the issued shares of that class. Where the percentage level of the shareholder's interest does not amount to a whole percentage, this figure may be rounded down to the next whole number. All such disclosures must be notified to Adient within five business days of the transaction or alteration of the shareholder's interests that gave rise to the requirement to notify. Where a person fails to comply with the notification requirements described above, no right or interest

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of any kind whatsoever in respect of any shares in Adient concerned, held by such person, will be enforceable by such person, whether directly or indirectly, by action or legal proceeding. However, such person may apply to the court to have the rights attaching to the shares concerned reinstated.

In addition to the above disclosure requirement, Adient, under the Irish Companies Act, may by notice in writing require a person whom Adient knows or has reasonable cause to believe to be or, at any time during the three years immediately preceding the date on which such notice is issued, to have been interested in shares comprised in Adient's relevant share capital: (a) to indicate whether or not it is the case, and (b) where such person holds or has during that time held an interest in any class of shares of Adient carrying voting rights to give such further information as may be required by Adient, including particulars of such person's own past or present interests in such class of shares of Adient. Any information given in response to the notice is required to be given in writing within such reasonable time as may be specified in the notice.

Where such a notice is served by Adient on a person who is or was interested in any class of shares of Adient carrying voting rights and that person fails to give Adient any information required within the reasonable time specified, Adient may apply to the court for an order directing that the affected shares be subject to certain restrictions.

Under the Irish Companies Act, the restrictions that may be placed on the shares by the court are:

- any transfer of those shares, or in the case of unissued shares any transfer of the right to be issued with shares and any issue of shares, is void;
- no voting rights are exercisable in respect of those shares;
- no further shares may be issued in right of those shares or in pursuance of any offer made to the holder of those shares; and
- no payment may be made of any sums due from Adient on those shares, whether in respect of capital or otherwise.

Where the shares in Adient are subject to these restrictions, the court may order the shares to be sold and may also direct that the shares will cease to be subject to these restrictions.

Anti-Takeover Provisions

Shareholders Rights Plan

Irish law does not expressly prohibit companies from adopting a shareholder rights plan as an anti-takeover measure. However, there is no directly relevant case law on the validity of such plans under Irish law. In addition, such a plan would be subject to the Irish Takeover Rules described below.

The Adient articles of association will provide the Adient board of directors with the power to establish a shareholders rights plan in a form determined by the Adient board of directors in its absolute discretion. The shareholders rights plan may include rights to either: (i) subscribe for shares in Adient; or (ii) acquire shares of Adient. The Adient board of directors will be entitled to establish a shareholders rights plan if, in the opinion of the Adient board of directors, in the context of an acquisition or potential acquisition of 20% or more of the issued voting shares of Adient, to do so would improve the likelihood that:

- a process which may result in a change of control of Adient is conducted in an orderly manner;
- a change of control of Adient will treat all shareholders of Adient holding the same class of shares equally and fairly;
- an optimum price for shares would be received by all shareholders of Adient;

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- the Adient board of directors would have additional time to gather relevant information or pursue appropriate strategies;
- the success of Adient would be promoted for the benefit of its shareholders;
- the long term interests of Adient, its employees, its shareholders and its business would be safeguarded; and/or
- Adient would not suffer serious economic harm.

The Adient articles of association will also provide that the Adient board of directors may, in accordance with the terms of a rights plan, determine to (i) allot shares pursuant to the exercise of rights or (ii) exchange rights for shares in Adient, where in the opinion of the Adient board of directors acting in good faith, in the context of an acquisition or potential acquisition of 20% or more of the issued voting shares of Adient, to do so is necessary in order to prevent:

- the use of abusive tactics by any person in connection with such acquisition;
- unequal treatment of shareholders;
- an acquisition which would undervalue Adient;
- harm to the prospects of the success of Adient for the benefit of its shareholders as a whole; and/or
- serious economic harm to the prospects of Adient;

or where to do so is otherwise necessary to safeguard the long term interests of Adient, its shareholders and business.

Subject to the Irish Takeover Rules described below, Adient's board of directors has power to cause Adient to issue any of its authorized and unissued shares on such terms and conditions as the board may determine (as described under "—Share Capital") and any such action must be taken in the best interests of Adient. It is possible, however, that the terms and conditions of any issue of preferred shares could discourage a takeover or other transaction that holders of some or a majority of the ordinary shares believe to be in their best interests or in which holders might receive a premium for their shares over the then market price of the shares.

Interested Shareholder Provision

Adient's articles of association will contain a provision that generally mirrors Section 203 of the Delaware General Corporation Law, an anti-takeover statute that prohibits a publicly held Delaware corporation from engaging in a "business combination" with an "interested" shareholder for a period of three years following the time the person became an interested shareholder, unless the business combination or the acquisition of shares that resulted in a shareholder becoming an interested shareholder is approved in a prescribed manner. Generally, a "business combination" includes a merger, asset or stock sale, or other transaction resulting in a financial benefit to the interested shareholder. An "interested" shareholder under this provision of Adient's articles of association will be defined to be a person or entity who, together with its affiliates and associates, owns (or within three years prior to the determination of interested shareholder status did own) fifteen percent (15%) or more of Adient's voting shares, which is the same threshold contained in Section 203 of the Delaware General Corporation Law. The existence of this provision would be expected to have an anti-takeover effect with respect to transactions not approved in advance by Adient's board of directors, including discouraging attempts that might result in a premium over the market price for the ordinary shares held by Adient shareholders.

Irish Takeover Rules

A transaction by virtue of which a third party is seeking to acquire 30% or more of the voting rights of Adient will be governed by the Irish Takeover Panel Act 1997 and the Irish Takeover Rules made thereunder and will be regulated by the Irish Takeover Panel. The "General Principles" of the Irish Takeover Rules and certain important aspects of the Irish Takeover Rules are described below.

General Principles. The Irish Takeover Rules are built on the following General Principles which will apply to any transaction regulated by the Irish Takeover Panel:

- in the event of an offer, all classes of shareholders of the target company should be afforded equivalent treatment and, if a person acquires control of a company, the other holders of securities must be protected;
- the holders of securities in the target company must have sufficient time and information to allow them to make an informed decision regarding the offer;
- the board of a company must act in the interests of the company as a whole. If the board of the target company advises the holders of securities as regards the offer, it must advise on the effects of the implementation of the offer on employment, employment conditions and the locations of the target company's place of business;
- false markets (*i.e.*, a market based on erroneous, imperfect or unequally disclosed information) in the securities of the target company or any other company concerned by the offer must not be created;
- a bidder can only announce an offer after ensuring that he or she can pay in full the consideration offered;
- a target company may not be hindered longer than is reasonable by an offer for its securities. This is a recognition that an offer will disrupt the day-to-day running of a target company particularly if the offer is hostile and the board of the target company must divert its attention to resist the offer; and
- acquisitions of securities (whether such acquisition is to be effected by one transaction or a series of transactions) will only be allowed to take place at an acceptable speed and subject to adequate and timely disclosure. Specifically, the acquisition of 10% or more of the issued voting shares within a seven day period that would take a shareholders' holding to or above 15% of the issued voting shares (but less than 30%) is prohibited, subject to certain exemptions.

Mandatory Bid. If an acquisition of shares or other securities were to increase the aggregate holding/entitlement of an acquirer and its concert parties to 30% or more of the voting rights in Adient, the acquirer and, depending on the circumstances, its concert parties would be required (except with the consent of the Irish Takeover Panel) to make a cash offer for the outstanding shares at a price not less than the highest price paid for the shares by the acquirer or its concert parties during the previous 12 months. This requirement would also be triggered by an acquisition of shares or other securities by a person holding (together with its concert parties) shares or other securities carrying between 30% and 50% of the voting rights in Adient if the effect of such acquisition were to increase the percentage of the voting rights held by that person (together with its concert parties) by 0.05% within a twelve-month period. A single holder (that is, a holder excluding any parties acting in concert with the holder) holding or entitled to more than 50% of the voting rights of a company is not subject to this rule.

Voluntary Bid; Requirements to Make a Cash Offer and Minimum Price Requirements. A voluntary offer is an offer that is not a mandatory offer. If a bidder or any of its concert parties has acquired ordinary shares of Adient within the period of three months prior to the commencement of the

voluntary offer, the offer price must be not less than the highest price paid for Adient ordinary shares by the bidder or its concert parties during that period. The Irish Takeover Panel has the power to extend the "look back" period to 12 months if the Irish Takeover Panel, having regard to the General Principles, believes it is appropriate to do so.

If the bidder or any of its concert parties has acquired more than 10% of the ordinary shares of Adient (i) during the period 12 months prior to the commencement of the voluntary offer period or (ii) at any time after the commencement of the voluntary offer period, the offer must be in cash (or accompanied by a full cash alternative) and the price per Adient ordinary share must be not less than the highest price paid by the bidder or its concert parties during, in the case of (i), the period of 12 months prior to the commencement of the voluntary offer and, in the case of (ii), the offer period. The Irish Takeover Panel may apply this rule to a bidder who, together with its concert parties, has acquired less than 10% of the total ordinary shares of Adient in the 12-month period prior to the commencement of the voluntary offer period if the Irish Takeover Panel, having regard to the General Principles, considers it just and proper to do so.

A voluntary offer period will generally commence on the date of the first announcement of the offer or proposed offer.

Substantial Acquisition Rules. The Irish Takeover Rules also contain rules governing substantial acquisitions of shares that restrict the speed at which a person may increase his or her holding of voting shares and rights over voting shares to an aggregate of between 15% and 30% of the voting rights of Adient. Except in certain circumstances, an acquisition or series of acquisitions of shares or rights over shares representing 10% or more of the voting rights is prohibited if such acquisition(s), when aggregated with shares or rights already held, would result in the acquirer holding 15% or more but less than 30% of the voting rights of Adient and such acquisitions are made within a period of seven days. These rules also require accelerated disclosure of acquisitions of shares or rights over shares relating to such acquisitions.

Frustrating Action. Under the Irish Takeover Rules, the board of directors of Adient is not permitted to take any action which might frustrate an offer for the shares of Adient once the board of directors has received an approach which may lead to an offer, or has reason to believe an offer is imminent, except as noted below. Potentially frustrating actions such as (i) the issue of shares, options or convertible securities, (ii) material disposals, (iii) entering into contracts other than in the ordinary course of business or (iv) any action, other than seeking alternative offers, which may result in frustration of an offer, are prohibited during the course of an offer or at any time during which the board has reason to believe an offer is imminent. Exceptions to this prohibition are available:

- where the action is approved by the offeree at a general meeting; or
- with the consent of the Irish Takeover Panel where:
 - the Irish Takeover Panel is satisfied the action would not constitute a frustrating action;
 - the holders of 50% of the voting rights state in writing that they approve the proposed action and would vote in favor of it at a general meeting;
 - such action is in accordance with a contract entered into prior to the announcement of the offer; or
 - the decision to take such action was made before the announcement of the offer and either has been at least partially implemented or is in the ordinary course of business.

For other provisions that could be considered to have an anti-takeover effect, see above at "—Preemption Rights, Share Warrants and Share Options," "—Disclosure of Interests in Shares," "—Requirements for Advance Notification of Director Nominations and Proposals of Shareholders"

and "—Unanimous Shareholder Consent to Action Without Meeting," in addition to "—Election of Directors," "—Vacancies on the Board of Directors" and "—Amendment of Governing Documents" below.

Corporate Governance

Under Irish law, the authority for the overall management of Adient is vested in the Adient board of directors. The Adient board of directors may delegate any of its powers on such terms as it thinks fit in accordance with Adient's articles of association and Irish law. Despite this delegation, the Adient board of directors remains responsible, as a matter of Irish law, for the proper management of the affairs of Adient and the directors are not allowed to leave the performance of their duties to others. The directors must ensure that any delegation is and remains appropriate and that an adequate system of control and supervision is in place.

Election of Directors

The Irish Companies Act provides for a minimum of two directors. Adient's articles of association will provide for two to twelve directors, and that the number of directors shall, subject to such minimum and maximum limits, be as determined by the Adient board of directors from time to time. The shareholders of Adient may from time to time increase or reduce the maximum number, or increase the minimum number, of directors by the affirmative vote of at least 80 percent of Adient ordinary shares outstanding voting to amend the articles of association.

Directors will be elected by the affirmative vote of a majority of the votes cast by shareholders at an annual general meeting (present in person or by proxy). Commencing with the first annual meeting of shareholders following the separation, directors will stand for election or re-election at each annual general meeting.

Vacancies on the Board of Directors

Adient's articles of association will provide that the directors have the authority to appoint one or more directors to Adient's board, subject to the maximum number of directors allowed for in the articles of association. A vacancy on the Adient board of directors may be filled only by the remaining directors. Any director so appointed will hold office until the next annual general meeting of Adient. During any vacancy on the board, the remaining directors will have full power to act as the board.

Removal of Directors

The Irish Companies Act provides that notwithstanding anything contained in the articles of association of a company or in any agreement between that company and a director, the shareholders may by an ordinary resolution remove a director from office before the expiration of his or her term. Accordingly, the shareholders of Adient may by an ordinary resolution remove a director from office before the expiration of his or her term. The power of removal is without prejudice to any claim for damages for breach of contract (*e.g.*, employment contract) which the director may have against Adient in respect of his or her removal.

Under Adient's articles of association, a director's office will be vacated if that director:

- resigns;
- ceases to be a director by virtue of any provision of the Irish Companies Act or becomes prohibited by law from being a director;
- becomes bankrupt, has an interim receiving order made against such director, makes any arrangement or compounds with his or her creditors generally or applies to the court for an

interim order in connection with a voluntary arrangement under any legislation relating to insolvency;

- is or has been suffering from mental or physical ill health and the Adient board of directors resolves that such director's office be vacated;
- is absent, without permission of the Adient board of directors, from board meetings for six consecutive months and the board resolves that such director's office be vacated; or
- holds an executive office and such director's appointment to such office is terminated or expires and the Adient board of directors resolves that his or her office be vacated.

Amendment of Governing Documents

Irish companies, including Adient, may alter their articles of association only with the approval of the holders of at least 75% of the company's shares present and voting in person or by proxy at a general meeting of the company. Under Adient's articles of association, however, certain amendments to Adient's articles of association will require the affirmative vote of at least 80 percent of Adient ordinary shares outstanding, which represents a higher standard than that required under the Irish Companies Act for altering a company's articles of association. The Adient board of directors does not have the power to amend Adient's articles of association without shareholder approval. See "—Voting."

Duration; Dissolution; Rights upon Liquidation

Adient's corporate existence will have unlimited duration. Adient may be dissolved at any time by way of either a shareholders' voluntary winding up or a creditors' voluntary winding up. In the case of a shareholders' voluntary winding up, a special resolution of the shareholders of Adient is required (*i.e.*, 75% of the votes cast, in person or by proxy, at a general meeting of shareholders). Adient may also be dissolved by way of court order on the application of a creditor, or by the Companies Registration Office as an enforcement measure where Adient has failed to file certain returns.

The rights of the shareholders to a return of Adient's assets on dissolution or winding up, following the settlement of all claims of creditors, may be prescribed in Adient's articles of association or the terms of any preferred shares issued by the directors of Adient from time to time. The holders of preferred shares in particular may have the right to priority in a dissolution or winding up of Adient. If the articles of association contain no specific provisions in respect of a dissolution or winding up, then, subject to the priorities of any creditors, the assets will be distributed to shareholders in proportion to the paid-up par value of the shares held. Adient's articles will provide that the ordinary shareholders of Adient are entitled to participate pro rata in a winding up, but that their right to do so may be subject to the rights of any preferred shareholder to participate under the terms of any series or class of preferred shares.

Uncertificated Shares

Holders of ordinary shares of Adient will not have the right to require Adient to issue certificates for their shares. Adient will only issue uncertificated ordinary shares.

No Sinking Fund

Shares of Adient have no sinking fund provisions.

No Liability for Further Calls or Assessments

The Adient ordinary shares to be issued in the distribution will be duly and validly issued and fully paid.

Transfer and Registration of Shares

Adient's official share register will be maintained by its transfer agent and the transfer agent's affiliates. Registration in this share register will be used to determine which Adient shareholders are entitled to vote at meetings of Adient shareholders and are entitled to exercise other rights granted under the Irish Companies Act and Adient's articles of association to shareholders. A shareholder of Adient who holds shares beneficially will not be the holder of record of such shares. Instead, the depository (*e.g.*, Cede & Co., as nominee for DTC) or other nominee will be the holder of record of such shares. Accordingly, a transfer of shares from a person who holds such shares beneficially to a person who also holds such shares beneficially through the same depository or other nominee will not be registered in Adient's official share register, as the depository or other nominee will remain the record holder of such shares.

A written instrument of transfer is required under Irish law in order to register on Adient's official share register any transfer of shares (i) from a person who holds such shares directly to any other person, (ii) from a person who holds such shares beneficially to a person who holds such shares directly, or (iii) from a person who holds such shares beneficially to another person who holds such shares beneficially where the transfer involves a change in the depository or other nominee that is the record owner of the transferred shares. An instrument of transfer also is required for a shareholder who directly holds shares to transfer those shares into his or her own broker account (or vice versa). Such instruments of transfer may give rise to Irish stamp duty. A person wishing to acquire shares directly may need to purchase the shares through a broker account and then transfer such shares into his or her own name.

Adient's articles of association will delegate to Adient's Secretary and certain other persons the authority to execute an instrument of transfer on behalf of a transferring party. In order to help ensure that the official share register is regularly updated to reflect trading of Adient ordinary shares occurring through normal electronic systems, Adient intends to regularly produce any required instruments of transfer in connection with any transactions for which Adient pays stamp duty (subject to the reimbursement and set-off rights described above). In the event that Adient notifies one or both of the parties to a share transfer that Adient believes stamp duty is required to be paid in connection with such transfer and that Adient will not pay such stamp duty, such parties may either themselves arrange for the execution of the required instrument of transfer (and may request a form of instrument of transfer from Adient for this purpose) or request that Adient execute an instrument of transfer on behalf of the transferring party in a form determined by Adient. In either event, if the parties to the share transfer have the instrument of transfer duly stamped (to the extent required) and then provide it to Adient's transfer agent, the transferee will be registered as the legal owner of the relevant shares on Adient's official Irish share register (subject to the matters described below).

Adient's board of directors may decline to recognize any instrument of transfer unless (i) it is accompanied by such evidence as the directors may reasonably require to show the right of the transferor to make the transfer; (ii) it is in respect of one class of share only; (iii) it is in favor of not more than four transferees; and (iv) it is lodged at the registered office of Adient or at such other place as the directors may appoint. In the case of a transfer of shares by means other than a sale through a stock exchange on which the shares are listed, the directors have absolute discretion to decline to register such transfer of a share that is not fully paid or that is transferred to or by a minor or person of unsound mind.

The registration of transfers may be suspended by the directors at such times and for such period, not exceeding in the whole 30 days in each year, as the directors may from time to time determine.

Indemnification of Officers and Directors and Insurance

Under Irish law, a company may not exempt its directors from liability for negligence or a breach of duty. However, where a breach of duty has been established, directors may be statutorily exempted by an Irish court from personal liability for negligence or breach of duty if, among other things, the court determines that they have acted honestly and reasonably, and that they may fairly be excused as a result.

The Irish Companies Act only permits a company to pay the costs or discharge the liability of a director or the Secretary where judgment is given in his/her favor in any civil or criminal action in respect of such costs or liability, or where an Irish court grants relief because the director or Secretary acted honestly and reasonably and ought fairly to be excused. This restriction does not apply to executives who are not directors or the Secretary of Adient. Any obligation of an Irish company which purports to indemnify a director or secretary of an Irish company over and above this will be void under Irish law, whether contained in its articles of association or any contract between the director and the company.

The directors of Adient may on a case-by-case basis decide at their discretion that it is in the best interests of Adient to indemnify an individual director from any liability arising from his or her position as a director of Adient. However, this discretion must be exercised bona fide in the best interests of Adient as a whole.

Irish companies may take out directors' and officers' liability insurance, as well as other types of insurance, for their directors and officers.

In connection with the spin-off, Adient expects that Adient and one of its subsidiaries will enter into indemnification agreements with each of its directors and its officers that will provide for indemnification and expense advancement (except in cases where Adient or any of its subsidiaries is proceeding against the indemnitee) and will include related provisions meant to facilitate the indemnitee's receipt of such benefits.

The limitation of liability and indemnification provisions described above may discourage shareholders from bringing a lawsuit against directors for breaches of their fiduciary duties. These provisions may also have the effect of reducing the likelihood of derivative litigation against Adient's directors and officers, even though such an action, if successful, might otherwise benefit Adient and its shareholders. However, these provisions will not limit or eliminate Adient's rights, or those of any shareholder, to seek non-monetary relief such as injunction or rescission in the event of a breach of a director's duty of care. The provisions will not alter the liability of directors under the federal securities laws. In addition, your investment may be materially adversely affected to the extent that, in a class action or direct suit, Adient pays the costs of settlement and damage awards against directors and officers pursuant to these indemnification provisions. There is currently no pending material litigation or proceeding against any Adient director, officer or employee for which indemnification is being sought.

Enforcement of Civil Liabilities Against Foreign Persons; Exclusive Jurisdiction

As a company listed on the New York Stock Exchange, Adient and its directors and officers will be subject to U.S. securities laws, and investors will be able to initiate civil lawsuits in the United States against Adient for breaches of the U.S. securities laws.

Because Adient will be a public limited company incorporated under Irish law, Adient shareholders could experience more difficulty enforcing judgments obtained against Adient in U.S. courts than would currently be the case for U.S. judgments obtained against a U.S. corporation. In addition, it may be more difficult (or impossible) to bring some types of claims against Adient in courts sitting in Ireland than it would be to bring similar claims against a U.S. company in a U.S. court.

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Furthermore, the Adient articles of association will provide that the courts of Ireland shall have exclusive jurisdiction to determine any and all (i) derivative actions in which a holder of Adient ordinary shares asserts a claim in the name of Adient, (ii) actions asserting a claim of breach of a fiduciary duty of any of the directors of Adient and (iii) actions asserting a claim arising pursuant to any provision of Irish law or Adient's articles of association.

A judgment obtained against Adient will be enforced by the courts of Ireland if the following general requirements are met: (i) U.S. courts must have had jurisdiction in relation to the particular defendant according to Irish conflict of law rules (the submission to jurisdiction by the defendant would satisfy this rule) and (ii) the judgment must be final and conclusive and the decree must be final and unalterable in the court which pronounces it. A judgment can be final and conclusive even if it is subject to appeal or even if an appeal is pending. Where however the effect of lodging an appeal under the applicable law is to stay execution of the judgment, it is possible that in the meantime the judgment may not be actionable in Ireland. It remains to be determined whether final judgment given in default of appearance is final and conclusive. However, Irish courts may refuse to enforce a judgment of the U.S. courts which meets the above requirements for one of the following reasons: (i) if the judgment is not for a definite sum of money; (ii) if the judgment was obtained by fraud; (iii) the enforcement of the judgment in Ireland would be contrary to natural or constitutional justice; (iv) the judgment is contrary to Irish public policy or involves certain U.S. laws which will not be enforced in Ireland; or (v) jurisdiction cannot be obtained by the Irish courts over the judgment debtors in the enforcement proceedings by personal service in Ireland or outside Ireland under Order 11 of the Ireland Superior Courts Rules.

Adient and its directors and officers may be subject to criminal penalties in the United States arising from breaches of the U.S. federal securities laws, but may not be subject to criminal penalties in Ireland unless the criminal laws of Ireland were violated. A criminal judgment in a U.S. court under U.S. federal securities laws may not be enforceable in Irish courts on public policy grounds and a prosecution brought before Irish courts under U.S. federal securities laws might not be permitted on public policy grounds.

Listing

Adient intends to apply to have its ordinary shares authorized for listing on the New York Stock Exchange under the symbol "ADNT."

Sale of Unregistered Securities

On June 29, 2016, Adient's one issued ordinary share of \$0.001 was transferred to an Irish corporate services provider. On _____, 2016, Adient issued _____ euro deferred shares of €1.00 each to the Irish corporate services provider. Adient did not register either of these transactions under the Securities Act because such transactions did not constitute public offerings and therefore were exempt from registration pursuant to Section 4(2) of the Securities Act. Each share has been issued for cash at its par value.

Transfer Agent and Registrar

After the distribution, the transfer agent and registrar for Adient ordinary shares will be Wells Fargo Bank, N.A.

WHERE YOU CAN FIND MORE INFORMATION

Adient has filed a registration statement on Form 10 with the SEC with respect to the Adient ordinary shares being distributed as contemplated by this information statement. This information statement is a part of, and does not contain all of the information set forth in, the registration statement and the exhibits and schedules to the registration statement. For further information with respect to Adient and its ordinary shares, please refer to the registration statement, including its exhibits and schedules. Statements made in this information statement relating to any contract or other document filed as an exhibit to the registration statement include the material terms of such contract or other document. However, such statements are not necessarily complete, and you should refer to the exhibits attached to the registration statement for copies of the actual contract or document. You may review a copy of the registration statement, including its exhibits and schedules, at the SEC's public reference room, located at 100 F Street, NE, Washington, D.C. 20549, by calling the SEC at 1-800-SEC-0330 as well as on the Internet website maintained by the SEC at www.sec.gov. Information contained on any website referenced in this information statement is not incorporated by reference in this information statement.

As a result of the distribution, Adient will become subject to the information and reporting requirements of the Exchange Act and, in accordance with the Exchange Act, will file periodic reports, proxy statements and other information with the SEC.

Adient intends to furnish holders of its ordinary shares with annual reports containing consolidated financial statements prepared in accordance with U.S. generally accepted accounting principles and audited and reported on, with an opinion expressed, by an independent registered public accounting firm.

You should rely only on the information contained in this information statement or to which this information statement has referred you. Adient has not authorized any person to provide you with different information or to make any representation not contained in this information statement.

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Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of Johnson Controls, Inc.

In our opinion, the accompanying combined balance sheets and the related combined statements of income, comprehensive income (loss), invested equity and cash flows present fairly, in all material respects, the financial position of the combination of the automotive seating and interiors businesses of Johnson Controls, Inc. at September 30, 2015 and 2014, and the results of their operations and their cash flows for each of the three years in the period ended September 30, 2015 in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statement schedule listed as Schedule II presents fairly, in all material respects, the information set forth therein when read in conjunction with the related combined financial statements. These financial statements and the financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and the financial statement schedule based on our audits. We conducted our audits of these statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As described in Note 1, the combined financial statements have been derived from the accounting records of Johnson Controls, Inc. The combined financial statements include expense allocations for the functions provided by Johnson Controls, Inc. These allocations may not be indicative of the actual expense that would have been incurred had the automotive seating and interiors businesses operated as a separate entity apart from Johnson Controls, Inc. See Note 21 to the combined financial statements for a summary of transactions with Johnson Controls, Inc.

/s/ PricewaterhouseCoopers LLP
PricewaterhouseCoopers LLP
Detroit, Michigan
April 25, 2016

Adient

Combined Statements of Income

(in millions)	Year Ended September 30,		
	2015	2014	2013
Net sales	\$ 20,071	\$ 22,041	\$ 20,470
Cost of sales	18,219	20,088	18,895
Gross profit	1,852	1,953	1,575
Selling, general and administrative expenses	(1,131)	(1,308)	(1,203)
Gain (loss) on business divestitures—net	137	(86)	29
Restructuring and impairment costs	(182)	(158)	(280)
Net financing charges	(12)	(15)	(10)
Equity income	295	284	302
Income before income taxes	959	670	413
Income tax provision	418	296	168
Net income	541	374	245
Income attributable to noncontrolling interests	66	67	58
Net income attributable to Adient	<u>\$ 475</u>	<u>\$ 307</u>	<u>\$ 187</u>

The accompanying notes are an integral part of the combined financial statements.

Adient

Combined Statements of Comprehensive Income (Loss)

(in millions)	Year Ended September 30,		
	2015	2014	2013
Net income	\$ 541	\$ 374	\$ 245
Other comprehensive income (loss), net of tax:			
Foreign currency translation adjustments	(520)	(253)	9
Realized and unrealized gains (losses) on derivatives	(11)	1	(2)
Realized and unrealized gains (losses) on marketable common stock	—	(7)	2
Pension and postretirement plans	—	1	—
Other comprehensive income (loss)	(531)	(258)	9
Total comprehensive income (loss)	10	116	254
Comprehensive income attributable to noncontrolling interests	58	67	58
Comprehensive income (loss) attributable to Adient	<u>\$ (48)</u>	<u>\$ 49</u>	<u>\$ 196</u>

The accompanying notes are an integral part of the combined financial statements.

Adient

Combined Statements of Financial Position

(in millions)	September 30,	
	2015	2014
Assets		
Cash and cash equivalents	\$ 44	\$ 45
Accounts receivable, less allowance for doubtful accounts of \$12 and \$11, respectively	2,134	2,027
Inventories	701	745
Assets held for sale	55	979
Other current assets	872	704
Current assets	3,806	4,500
Property, plant and equipment—net	2,139	2,406
Goodwill	2,160	2,334
Other intangible assets—net	129	165
Investments in partially-owned affiliates	1,646	564
Noncurrent assets held for sale	—	652
Other noncurrent assets	557	585
Total assets	\$ 10,437	\$ 11,206
Liabilities and Invested Equity		
Short-term debt	\$ 17	\$ 100
Current portion of long-term debt	7	10
Accounts payable	2,653	2,856
Accrued compensation and benefits	392	454
Liabilities held for sale	42	836
Restructuring reserve	280	249
Other current liabilities	620	431
Current liabilities	4,011	4,936
Long-term debt	35	46
Pension and postretirement benefits	118	150
Noncurrent liabilities held for sale	—	7
Other noncurrent liabilities	475	428
Long-term liabilities	628	631
Commitments and contingencies (Note 20)		
Redeemable noncontrolling interests	31	27
Parent's net investment	5,873	5,177
Accumulated other comprehensive income (loss)	(247)	276
Invested equity attributable to Adient	5,626	5,453
Noncontrolling interests	141	159
Total invested equity	5,767	5,612
Total liabilities and invested equity	\$ 10,437	\$ 11,206

The accompanying notes are an integral part of the combined financial statements.

Adient

Combined Statements of Cash Flows

(in millions)	Year Ended September 30,		
	2015	2014	2013
Operating Activities			
Net income attributable to Adient	\$ 475	\$ 307	\$ 187
Income attributable to noncontrolling interests	66	67	58
Net income	541	374	245
Adjustments to reconcile net income to cash provided by operating activities:			
Depreciation	329	415	429
Amortization of intangibles	18	22	21
Pension and postretirement benefit expense	15	63	26
Pension and postretirement contributions	(25)	(77)	(22)
Equity in earnings of partially-owned affiliates, net of dividends received	(102)	(108)	(48)
Deferred income taxes	(51)	8	(82)
Non-cash restructuring and impairment charges	27	52	79
Loss (gain) on divestitures—net	(137)	86	(29)
Fair value adjustment of equity investment	—	—	(106)
Equity-based compensation	16	19	28
Other	(2)	(5)	(5)
Changes in assets and liabilities:			
Receivables	(249)	24	(140)
Inventories	(63)	(96)	5
Other assets	(111)	(55)	(92)
Restructuring reserves	56	7	117
Accounts payable and accrued liabilities	8	29	424
Accrued income taxes	127	39	14
Cash provided by operating activities	397	797	864
Investing Activities			
Capital expenditures	(478)	(624)	(659)
Sale of property, plant and equipment	24	56	32
Acquisition of businesses, net of cash acquired	(18)	(9)	(95)
Business divestitures	—	(41)	70
Changes in long-term investments	(44)	16	(22)
Other	27	16	53
Cash used by investing activities	(489)	(586)	(621)
Financing Activities			
Net transfers from (to) Parent	239	(183)	(144)
Increase (decrease) in short-term debt	(22)	36	17
Increase in long-term debt	—	2	7
Repayment of long-term debt	(10)	(17)	(19)
Earnout payment from previous acquisition	—	(12)	(12)
Cash paid to acquire a noncontrolling interest	(38)	(5)	(15)
Other	(76)	(46)	(34)
Cash provided (used) by financing activities	93	(225)	(200)
Effect of exchange rate changes on cash and cash equivalents	(2)	(11)	(7)
Increase (decrease) in cash and cash equivalents	(1)	(25)	36
Cash and cash equivalents at beginning of period	45	70	34
Cash and cash equivalents at end of period	<u>\$ 44</u>	<u>\$ 45</u>	<u>\$ 70</u>

The accompanying notes are an integral part of the combined financial statements.

Adient

Combined Statements of Invested Equity Attributable to Adient

(in millions)	Equity Attributable to Adient	Parent's Net Investment	Accumulated Other Comprehensive Income (Loss)
At September 30, 2012	\$ 5,558	\$ 5,033	\$ 525
Comprehensive income (loss):			
Net income	187	187	—
Foreign currency translation adjustments	9	—	9
Realized and unrealized gains (losses) on derivatives	(2)	—	(2)
Realized and unrealized gains (losses) on marketable common stock	2	—	2
Other comprehensive income (loss)	9	—	9
Comprehensive income (loss)	196	187	9
Change in Parent's net investment	(172)	(172)	—
At September 30, 2013	\$ 5,582	\$ 5,048	\$ 534
Comprehensive income (loss):			
Net income	307	307	—
Foreign currency translation adjustments	(253)	—	(253)
Realized and unrealized gains (losses) on derivatives	1	—	1
Realized and unrealized gains (losses) on marketable common stock	(7)	—	(7)
Pension and postretirement plans	1	—	1
Other comprehensive income (loss)	(258)	—	(258)
Comprehensive income (loss)	49	307	(258)
Change in Parent's net investment	(178)	(178)	—
At September 30, 2014	\$ 5,453	\$ 5,177	\$ 276
Comprehensive income (loss):			
Net income	475	475	—
Foreign currency translation adjustments	(512)	—	(512)
Realized and unrealized gains (losses) on derivatives	(11)	—	(11)
Other comprehensive income (loss)	(523)	—	(523)
Comprehensive income (loss)	(48)	475	(523)
Change in Parent's net investment	221	221	—
At September 30, 2015	<u>\$ 5,626</u>	<u>\$ 5,873</u>	<u>\$ (247)</u>

The accompanying notes are an integral part of the combined financial statements.

Adient

Notes to Combined Financial Statements

1. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Separation

On July 24, 2015, Johnson Controls, Inc. ("JCI" or the "Parent") announced its intent to pursue a separation of the automotive seating and interiors businesses (the "Company" or "Adient") through a spin-off to shareholders. These combined financial statements reflect the combined historical results of the operations, financial position and cash flows of Adient. Adient is the world's largest automotive seating supplier.* Adient has a leading market position in the Americas, Europe and China, and has relationships with the largest global auto manufacturers. Adient's technologies extend into virtually every area of automotive seating solutions, including complete seating systems, frames, mechanisms, foam, head restraints, armrests, trim covers and fabrics.

Basis of Presentation

These combined financial statements were prepared on a stand-alone basis derived from the consolidated financial statements and accounting records of JCI as if Adient had been operating as a stand-alone company for all years presented. These combined financial statements have been prepared in accordance with generally accepted accounting principles in the United States of America ("U.S. GAAP"). The assets and liabilities in the combined financial statements have been reflected on a historical cost basis, as included in the consolidated statements of financial position of JCI. The combined statements of operations include allocations for certain support functions that are provided on a centralized basis by the Parent and subsequently recorded at the business unit level, such as expenses related to employee benefits, finance, human resources, risk management, information technology, facilities, and legal, among others. These expenses have been allocated to the Company on the basis of direct usage when identifiable, with the remainder allocated on a proportional basis of combined sales, headcount or other measures of the Company or the Parent. Management believes the assumptions underlying the combined financial statements, including the assumptions regarding allocating general corporate expenses from the Parent, are reasonable. Nevertheless, the combined financial statements may not include all actual expenses that would have been incurred by Adient and may not reflect the combined results of operations, financial position and cash flows had it been a stand-alone company during the years presented. Actual costs that would have been incurred if Adient had been a stand-alone company would depend on multiple factors, including organizational structure and strategic decisions made in various areas, including information technology and infrastructure.

Principles of Combination

The combined financial statements include certain assets and liabilities that have historically been held at the Parent level but are specifically identifiable or otherwise attributable to Adient. All significant intercompany transactions and accounts within the Company's combined businesses have been eliminated. All intercompany transactions between the Company and the Parent have been included in these combined financial statements as Parent's net investment. Expenses related to corporate allocations from the Parent to the Company are considered to be effectively settled for cash in the combined financial statements at the time the transaction is recorded. In addition, transactions between the Company and the Parent's other businesses have been classified as related party, rather than intercompany, in the combined financial statements. See Note 21, "Related Party Transactions and Parent's Net Investment," of the notes to combined financial statements for further details.

* Based on production volumes. Source: IHS Automotive

Adient**Notes to Combined Financial Statements (Continued)****1. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

In addition to wholly-owned subsidiaries, the Company has investments which, in certain cases, may or may not require combination, as a result of only a partial-ownership interest and/or lack of significant influence over the investee. The Company's investments in partially-owned affiliates are accounted for by the equity method when the Company's interest exceeds 20% and the Company does not have a controlling interest.

Combined VIEs

Based upon the criteria set forth in Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 810, "Consolidation," the Company has determined that it was the primary beneficiary in two VIEs for the reporting periods ended September 30, 2015 and 2014, as the Company absorbs significant economics of the entities and has the power to direct the activities that are considered most significant to the entities.

The two VIEs manufacture seating products in North America for the automotive industry. The Company funds the entities' short-term liquidity needs through revolving credit facilities and has the power to direct the activities that are considered most significant to the entities through its key customer supply relationships.

The carrying amounts and classification of assets (none of which are restricted) and liabilities included in the Company's combined statements of financial position for the combined VIEs are as follows (in millions):

	September 30,	
	2015	2014
Current assets	\$ 279	\$ 214
Noncurrent assets	41	46
Total assets	<u>\$ 320</u>	<u>\$ 260</u>
Current liabilities	\$ 229	\$ 186
Total liabilities	<u>\$ 229</u>	<u>\$ 186</u>

The Company did not have a significant variable interest in any other combined VIEs for the presented reporting periods.

Use of Estimates

The preparation of combined financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the combined financial statements and the reported amounts of revenues and expenses during the reporting period. The combined financial statements reflect management's estimates as of the reporting date. Actual results could differ from those estimates.

Adient**Notes to Combined Financial Statements (Continued)****1. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)****Fair Value of Financial Instruments**

The fair values of cash and cash equivalents, accounts receivable, short-term debt, accounts payable and long-term debt approximate their carrying values. See Note 10, "Derivative Instruments and Hedging Activities," and Note 11, "Fair Value Measurements," of the notes to combined financial statements for fair value of financial instruments, including derivative instruments and hedging activities.

Assets and Liabilities Held for Sale

The Company classifies assets and liabilities (disposal groups) to be sold as held for sale in the period in which all of the following criteria are met: management, having the authority to approve the action, commits to a plan to sell the disposal group; the disposal group is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such disposal groups; an active program to locate a buyer and other actions required to complete the plan to sell the disposal group have been initiated; the sale of the disposal group is probable, and transfer of the disposal group is expected to qualify for recognition as a completed sale within one year, except if events or circumstances beyond the Company's control extend the period of time required to sell the disposal group beyond one year; the disposal group is being actively marketed for sale at a price that is reasonable in relation to its current fair value; and actions required to complete the plan indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

The Company initially measures a disposal group that is classified as held for sale at the lower of its carrying value or fair value less any costs to sell. Any loss resulting from this measurement is recognized in the period in which the held for sale criteria are met. Conversely, gains are not recognized on the sale of a disposal group until the date of sale. The Company assesses the fair value of a disposal group less any costs to sell each reporting period it remains classified as held for sale and reports any subsequent changes as an adjustment to the carrying value of the disposal group, as long as the new carrying value does not exceed the carrying value of the disposal group at the time it was initially classified as held for sale.

Upon determining that a disposal group meets the criteria to be classified as held for sale, the Company reports the assets and liabilities of the disposal group, if material, in the line items assets held for sale, noncurrent assets held for sale, liabilities held for sale and noncurrent liabilities held for sale in the combined statements of financial position. Refer to Note 3, "Assets and Liabilities Held For Sale," of the notes to combined financial statements for further information.

Cash and Cash Equivalents

The Company considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Cash and cash equivalents in the combined statements of financial position represent cash legally owned by the Company and negative cash balances are reclassified to short term debt. Cash is managed by legal entity with cash pooling agreements in place for participating businesses within each cash pool master. Transfers of cash to and from the Parent's cash management system are reflected as a component of Parent's net investment in the combined statements of financial position. Accordingly, the cash and cash equivalents held by the Parent were not attributed to the Company for any of the years presented, as legal ownership remained with the Parent.

Adient**Notes to Combined Financial Statements (Continued)****1. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)****Receivables**

Receivables consist of amounts billed and currently due from customers and revenues that have been recognized for accounting purposes but not yet billed to customers. The Company extends credit to customers in the normal course of business and maintains an allowance for doubtful accounts resulting from the inability or unwillingness of customers to make required payments. The allowance for doubtful accounts is based on historical experience, existing economic conditions and any specific customer collection issues the Company has identified. The Company enters into supply chain financing programs in certain foreign jurisdictions to sell accounts receivable without recourse to third-party financial institutions. Sales of accounts receivable are reflected as a reduction of accounts receivable on the combined statements of financial position and the proceeds are included in cash flows from operating activities in the combined statements of cash flows.

Inventories

Inventories are stated at the lower of cost or market. Cost is determined using the first-in, first-out ("FIFO") method. Finished goods and work-in-process inventories include material, labor and manufacturing overhead costs.

Pre-Production Costs Related to Long-Term Supply Arrangements

The Company's policy for engineering, research and development, and other design and development costs related to products that will be sold under long-term supply arrangements requires such costs to be expensed as incurred or capitalized if reimbursement from the customer is contractually assured. Income related to recovery of these costs is recorded within selling, general and administrative expense in the combined statements of income. At September 30, 2015 and 2014, the Company recorded within the combined statements of financial position \$299 million and \$244 million, respectively, of engineering and research and development costs for which customer reimbursement is contractually assured. The reimbursable costs are recorded in other current assets if reimbursement will occur in less than one year and in other noncurrent assets if reimbursement will occur beyond one year. At September 30, 2015, the Company had \$127 million and \$172 million of reimbursable costs recorded in current and noncurrent assets, respectively. At September 30, 2014, the Company had \$92 million and \$152 million of reimbursable costs recorded in current and noncurrent assets, respectively.

Costs for molds, dies and other tools used to make products that will be sold under long-term supply arrangements are capitalized within property, plant and equipment if the Company has title to the assets or has the non-cancelable right to use the assets during the term of the supply arrangement. Capitalized items, if specifically designed for a supply arrangement, are amortized over the term of the arrangement; otherwise, amounts are amortized over the estimated useful lives of the assets. The carrying values of assets capitalized in accordance with the foregoing policy are periodically reviewed for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. At September 30, 2015 and 2014, approximately \$60 million and \$96 million, respectively, of costs for molds, dies and other tools were capitalized within property, plant and equipment which represented assets to which the Company had title. In addition, at September 30, 2015 and 2014, the Company recorded within the combined statements of financial position in other

Adient**Notes to Combined Financial Statements (Continued)****1. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

current assets \$134 million and \$151 million, respectively, of costs for molds, dies and other tools for which customer reimbursement is contractually assured.

Property, Plant and Equipment

Property, plant and equipment are recorded at cost. Depreciation is provided over the estimated useful lives of the respective assets using the straight-line method for financial reporting purposes and accelerated methods for income tax purposes. The estimated useful lives range from 3 to 40 years for buildings and improvements and from 3 to 15 years for machinery and equipment.

Goodwill and Other Intangible Assets

Goodwill reflects the cost of an acquisition in excess of the fair values assigned to identifiable net assets acquired. The Company reviews goodwill for impairment during the fourth fiscal quarter or more frequently if events or changes in circumstances indicate the asset might be impaired. The Company performs impairment reviews for its reporting units, which have been determined to be the Company's reportable segments using a fair value method based on management's judgments and assumptions or third party valuations. The fair value of a reporting unit refers to the price that would be received to sell the unit as a whole in an orderly transaction between market participants at the measurement date. In estimating the fair value, the Company uses multiples of earnings based on the average of historical, published multiples of earnings of comparable entities with similar operations and economic characteristics. In certain instances, the Company uses discounted cash flow analyses or estimated sales price to further support the fair value estimates. The inputs utilized in the analyses are classified as Level 3 inputs within the fair value hierarchy as defined in ASC 820, "Fair Value Measurement." The estimated fair value is then compared with the carrying amount of the reporting unit, including recorded goodwill. The Company is subject to financial statement risk to the extent that the carrying amount exceeds the estimated fair value.

Intangible assets with definite lives continue to be amortized over their estimated useful lives and are subject to impairment testing if events or changes in circumstances indicate that the asset might be impaired. A considerable amount of management judgment and assumptions are required in performing the impairment tests.

Impairment of Long-Lived Assets

The Company reviews long-lived assets, including property, plant and equipment and other intangible assets with definite lives, for impairment whenever events or changes in circumstances indicate that the asset's carrying amount may not be recoverable. The Company conducts its long-lived asset impairment analyses in accordance with ASC 360-10-15, "Impairment or Disposal of Long-Lived Assets." ASC 360-10-15 requires the Company to group assets and liabilities at the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets and liabilities and evaluate the asset group against the sum of the undiscounted future cash flows. If the undiscounted cash flows do not indicate the carrying amount of the asset is recoverable, an impairment charge is measured as the amount by which the carrying amount of the asset group exceeds its fair value based on discounted cash flow analysis or appraisals. Refer to Note 16, "Impairment of Long-Lived Assets,"

Adient

Notes to Combined Financial Statements (Continued)

1. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

of the notes to combined financial statements for information regarding the impairment testing performed in fiscal years 2015, 2014 and 2013.

Impairment of Investments in Partially-Owned Affiliates

The Company monitors its investments in partially-owned affiliates for indicators of other-than-temporary declines in value on an ongoing basis. If the Company determines that an other-than-temporary decline in value has occurred, it recognizes and impairment loss, which is measured as the difference between the recorded book value and the fair value of the investment. Fair value is generally determined using an income approach based on discounted cash flows or negotiated transaction values.

Short-Term and Long-Term Debt

From a historical perspective, the majority of short-term and long-term third-party debt has been held by the Parent, and has not been recorded for each respective business in the Parent's operating structure. For purposes of the combined financial statements, no short-term or long-term debt recorded by the Parent has been pushed-down to the Company in the combined financial statements, because the Company will not assume the debt of the Parent (either presently or in a planned transaction in the future).

The Parent provided intercompany loans to its legal entities to fund working capital or, in limited cases, acquisitions. These loans have been reflected within Parent's net investment in the combined financial statements. Net interest expense related to these loans pertains to certain foreign operations and has been reflected within Parent's net investment in the combined financial statements. Net interest expense on these loans was not significant for the years ended September 30, 2015, 2014 and 2013.

The short-term and long-term debt recorded in the combined financial statements is related directly to an arrangement between the Company and a third-party, and was not related to an intercompany arrangement between the Company and the Parent.

Revenue Recognition

The Company records revenue when persuasive evidence of an arrangement exists, delivery occurs or services are rendered, the sales price or fee is fixed or determinable and collectability is reasonably assured. The Company delivers products and records revenue pursuant to commercial agreements with its customers generally in the form of an approved purchase order, including the effects of contractual customer price productivity. The Company does negotiate discrete price changes with its customers, which are generally the result of unique commercial issues between the Company and its customers. The Company records amounts associated with discrete price changes as a reduction to revenue when specific facts and circumstances indicate that a price reduction is probable and the amounts are reasonably estimable. The Company records amounts associated with discrete price changes as an increase to revenue upon execution of a legally enforceable contractual agreement and when collectability is reasonable assured.

Essentially all of the Company's sales are to the automotive industry. In fiscal year 2015, Fiat Chrysler Automobiles N.V. and Ford Motor Company had combined net sales of 13% and 11%,

Adient**Notes to Combined Financial Statements (Continued)****1. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

respectively. In fiscal year 2014, Fiat Chrysler Automobiles N.V. and Ford Motor Company had combined net sales of 14% each. In fiscal year 2013, Daimler AG and Ford Motor Company had combined net sales of 16% each.

Research and Development Costs

Expenditures for research activities relating to product development and improvement are charged against income as incurred and included within selling, general and administrative expenses in the combined statements of income. Such expenditures for the years ended September 30, 2015, 2014 and 2013 were \$599 million, \$667 million and \$688 million, respectively. A portion of these costs associated with these activities is reimbursed by customers and, for the fiscal years ended September 30, 2015, 2014 and 2013 were \$364 million, \$348 million and \$343 million, respectively.

Foreign Currency Translation

Substantially all of the Company's international operations use the respective local currency as the functional currency. Assets and liabilities of international entities have been translated at period-end exchange rates, and income and expenses have been translated using average exchange rates for the period. Monetary assets and liabilities denominated in non-functional currencies are adjusted to reflect period-end exchange rates. The resulting translation adjustments are accumulated as a component of accumulated other comprehensive income. The aggregate transaction losses included in net income for the years ended September 30, 2015, 2014 and 2013 were \$26 million, \$19 million and \$9 million, respectively.

Derivative Financial Instruments

The Company's Parent has written policies and procedures that place all financial instruments under the direction of the Parent and restrict all derivative transactions to those intended for hedging purposes. The use of financial instruments for speculative purposes is strictly prohibited. The Parent has historically used financial instruments to manage the Company's market risk from changes in foreign exchange rates.

The fair values of all derivatives are recorded in the combined statements of financial position. The change in a derivative's fair value is recorded each period in current earnings or accumulated other comprehensive income (AOCI), depending on whether the derivative is designated as part of a hedge transaction and if so, the type of hedge transaction. Refer to Note 10, "Derivative Instruments and Hedging Activities," and Note 11, "Fair Value Measurements," of the notes to combined financial statements for disclosure of the Company's derivative instruments and hedging activities.

Stock-Based Compensation

Adient employees have historically participated in JCI's stock-based compensation plans. Stock-based compensation expense has been allocated to Adient based on the awards and terms previously granted to Adient employees. The stock-based compensation was initially measured at the fair value of the awards on the grant date and is recognized in the financial statements over the period the employees are required to provide services in exchange for the awards. The fair value of option awards is measured on the grant date using the Black-Scholes option-pricing model. The fair value of each

Adient**Notes to Combined Financial Statements (Continued)****1. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

stock appreciation right (SAR) is estimated using a similar method described for stock options. The fair value of each SAR is recalculated at the end of each reporting period and the liability and expense are adjusted based on the new fair value. The fair value of performance-based share unit (PSU) awards is based on the JCI stock price at the grant date and the assessed probability of meeting future performance targets. The fair value of restricted stock awards is based on the number of units granted and JCI's stock price on the grant date. Refer to Note 12, "Stock-Based Compensation," for additional information.

Pension and Postretirement Benefits

The defined benefit plans in which the Company participates relate primarily to U.S. plans sponsored by the Parent and for which other wholly-owned subsidiaries (other than Adient) of the Parent participate (the "Shared Plans"). Under the guidance in ASC 715, "Compensation—Retirement Benefits," the Company accounts for the Shared Plans as multiemployer plans, recording contributions to the pension plans as an allocation of net periodic benefit costs associated with the Company's employees. Expenses related to the employees' participation in the Shared Plans were calculated using a proportional allocation based on headcount and payroll expense for the Company's employees. The pension expense allocation related to the Shared Plans under the multiemployer approach contains all components of the periodic benefit cost, including interest and service costs and was recorded as a component of selling, general and administrative expenses or cost of sales in the combined financial statements.

Various defined benefit plans that relate solely to the Company are included in these combined financial statements. The Company utilizes a mark-to-market approach for recognizing pension and postretirement benefit expenses, including measuring the market related value of plan assets at fair value and recognizing actuarial gains and losses in the fourth quarter of each fiscal year or at the date of a remeasurement event. Refer to Note 14, "Retirement Plans," of the notes to combined financial statements for disclosure of the Company's pension and postretirement benefit plans.

Income Taxes

The Company accounts for income taxes in accordance with ASC 740, "Income Taxes." Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and other loss carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The Company records a valuation allowance that primarily represents non-U.S. operating and other loss carryforwards for which realization is uncertain. Management judgment is required in determining the Company's provision for income taxes, deferred tax assets and liabilities, and the valuation allowance recorded against the Company's net deferred tax assets.

The Company reviews the realizability of its deferred tax asset valuation allowances on a quarterly basis, or whenever events or changes in circumstances indicate that a review is required. In determining the requirement for a valuation allowance, the historical and projected financial results of the legal entity or consolidated group recording the net deferred tax asset are considered, along with any other

Adient

Notes to Combined Financial Statements (Continued)

1. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

positive or negative evidence. Since future financial results may differ from previous estimates, periodic adjustments to the Company's valuation allowances may be necessary.

The Company is subject to income taxes in the U.S. and numerous non-U.S. jurisdictions. Judgment is required in determining its worldwide provision for income taxes and recording the related assets and liabilities. In the ordinary course of the Company's business, there are many transactions and calculations where the ultimate tax determination is uncertain. The Company is regularly under audit by tax authorities.

The unrecognized tax benefits reflected in Adient's combined financial statements have been determined using a separate-return by legal entity basis. As a result of the final separation from Johnson Controls, Adient's unrecognized tax benefits could be different from those reflected in the combined financial statements. Adient is subject to income taxes in the U.S. and numerous foreign jurisdictions. Judgment is required in determining its worldwide provision for income taxes and recording the related assets and liabilities. In the ordinary course of Adient's business, there are many transactions and calculations where the ultimate tax determination is uncertain.

Adient's federal income tax returns and certain non-U.S. income tax returns for various fiscal years remain under various stages of audit by the Internal Revenue Service and respective non-U.S. tax authorities. Although the outcome of tax audits is always uncertain, management believes that it has appropriate support for the positions taken on its tax returns and that its annual tax provisions included amounts sufficient to pay assessments, if any, which may be proposed by the taxing authorities. At September 30, 2015, Adient had recorded a liability for its best estimate of the probable loss on certain of its tax positions, the majority of which is included in other noncurrent liabilities in the combined statements of financial position. Nonetheless, the amounts ultimately paid, if any, upon resolution of the issues raised by the taxing authorities may differ materially from the amounts accrued for each year.

The Company does not generally provide additional U.S. income taxes on undistributed earnings of non-U.S. consolidated subsidiaries included in invested equity attributable to Adient. Such earnings could become taxable upon the sale or liquidation of these non-U.S. subsidiaries or upon dividend repatriation. The Company's intent is for such earnings to be reinvested by the subsidiaries or to be repatriated only when it would be tax effective through the utilization of foreign tax credits.

Refer to Note 17, "Income Taxes," of the notes to combined financial statements for the Company's income tax disclosures.

Parent's Net Investment

Parent's net investment includes the Parent's investment in the Company and the net amounts due to or due from the Parent. Recorded amounts reflect capital contributions and/or dividends as well as the results of operations and other comprehensive income (loss). The Parent's net investment in the Company is discussed in further detail in Note 21, "Related Party Transactions and Parent's Net Investment," of the notes to the combined financial statements.

Adient**Notes to Combined Financial Statements (Continued)****1. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)****New Accounting Pronouncements**

In March 2016, the FASB issued Accounting Standards Update (ASU) No. 2016-09, "Compensation-Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting." ASU No. 2016-09 changes the accounting for certain aspects of share-based payments to employees, including the income tax consequences, classification of awards as either equity or liabilities, and classification on the statement of cash flows. In addition, the guidance allows for a policy election to account for forfeitures as they occur rather than on an estimated basis. ASU No. 2016-09 will be effective for the Company for the quarter ending December 31, 2017, with early adoption permitted. The Company is currently assessing the impact adoption of this guidance will have on its combined financial statements.

In March 2016, the FASB issued -ASU No. 2016-07, "Investments-Equity Method and Joint Ventures (Topic 323): Simplifying the Transition to the Equity Method of Accounting." ASU No. 2016-07 eliminates the requirement that when an investment qualifies for use of the equity method as a result of an increase in the level of ownership interest or degree of influence, an investor must adjust the investment, results of operations, and retained earnings retrospectively. ASU No. 2016-07 will be effective prospectively for the Company for increases in the level of ownership interest or degree of influence that result in the adoption of the equity method that occur during or after the quarter ending December 31, 2017, with early adoption permitted. The impact of this guidance for the Company is dependent on any future increases in the level of ownership interest or degree of influence that result in the adoption of the equity method.

In February 2016, the FASB issued ASU No. 2016-02, "Leases (Topic 842)." ASU No. 2016-02 requires recognition of operating leases as lease assets and lease liabilities on the balance sheet and disclosure of key information about leasing arrangements. ASU No. 2016-02 will be effective retrospectively for the Company for the quarter ending December 31, 2019, with early adoption permitted. The Company is currently assessing the impact adoption of this guidance will have on its combined financial statements.

In January 2016, the FASB issued ASU No. 2016-01, "Financial Instruments-Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Liabilities." ASU No. 2016-01 amends certain aspects of recognition, measurement, presentation and disclosure of financial instruments. ASU No. 2016-01 will be effective prospectively for the Company for the quarter ending December 31, 2018, with early adoption permitted. The Company is currently assessing the impact adoption of this guidance will have on its combined financial statements.

In November 2015, the FASB issued ASU No. 2015-17, "Income Taxes (Topic 740): Balance Sheet Classification of Deferred Taxes." ASU No. 2015-17 requires that deferred tax liabilities and assets be classified as noncurrent in the combined statements of financial position. ASU No. 2015-17 was early adopted by the Company for the quarter ended December 31, 2015 and was applied retrospectively to all periods presented.

Adient

Notes to Combined Financial Statements (Continued)

1. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In September 2015, the FASB issued ASU No. 2015-16, "Business Combinations (Topic 805): Simplifying the Accounting for Measurement-Period Adjustments." ASU No. 2015-16 requires that the cumulative impact of a measurement period adjustment (including the impact on prior periods) be recognized in the reporting period in which the adjustment is identified. ASU No. 2015-16 was early adopted by the Company in the quarter ended September 30, 2015. The adoption of this guidance did not have an impact on the Company's combined financial condition or results from operations.

In July 2015, the FASB issued ASU No. 2015-11, "Simplifying the Measurement of Inventory." ASU No. 2015-11 requires inventory that is recorded using the first-in, first-out method to be measured at the lower of cost or net realizable value. ASU No. 2015-11 will be effective retrospectively for the Company for the quarter ending December 31, 2017, with early adoption permitted. The adoption of this guidance is not expected to have a significant impact on the Company's combined financial statements.

In May 2015, the FASB issued ASU No. 2015-07, "Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent)." ASU No. 2015-07 removes the requirement to categorize within the fair value hierarchy all investments for which fair value is measured using the net asset value per share practical expedient. Such investments should be disclosed separate from the fair value hierarchy. ASU No. 2015-07 will be effective retrospectively for the Company for the quarter ending December 31, 2016, with early adoption permitted. The adoption of this guidance is not expected to have an impact on the Company's combined financial statements but will impact pension asset disclosures.

In April 2015, the FASB issued ASU No. 2015-03, "Interest—Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs." ASU No. 2015-03 requires that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of the debt liability. ASU No. 2015-03 will be effective retrospectively for the Company for the quarter ending December 31, 2016, with early adoption permitted. The adoption of this guidance is not expected to have a significant impact on the Company's combined financial statements.

In February 2015, the FASB issued ASU No. 2015-02, "Consolidation (Topic 810): Amendments to the Consolidation Analysis." ASU No. 2015-02 amends the analysis performed to determine whether a reporting entity should consolidate certain types of legal entities. ASU No. 2015-02 will be effective retrospectively for the Company for the quarter ending December 31, 2016, with early adoption permitted. The Company is currently assessing the impact adoption of this guidance will have on its combined financial statements.

In May 2014, the FASB issued ASU No. 2014-09, "Revenue from Contracts with Customers (Topic 606)." ASU No. 2014-09 clarifies the principles for recognizing revenue when an entity either enters into a contract with customers to transfer goods or services or enters into a contract for the transfer of non-financial assets. The original standard was effective retrospectively for the Company for the quarter ending December 31, 2017; however in August 2015, the FASB issued ASU No. 2015-14, "Revenue from Contracts with Customers (Topic 606): Deferral of the Effective Date," which defers the effective date of ASU 2014-09 by one-year for all entities. The new standard will become effective retrospectively for the Company for the quarter ending December 31, 2018, with early adoption permitted, but not before the original effective date. Additionally, in March 2016 the FASB issued

Adient**Notes to Combined Financial Statements (Continued)****1. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

ASU No. 2016-08, "Revenue from Contracts with Customers (Topic 606): Principal versus Agent Considerations (Reporting Revenue Gross versus Net)," and in April 2016 the FASB issued ASU No. 2016-10, "Revenue from Contracts with Customers (Topic 606): Identifying Performance Obligations and Licensing," which provide additional clarification on certain topics addressed in ASU 2014-09. ASU 2016-08 follows the same implementation guidelines as ASU 2014-09. The Company is currently assessing the impact adoption of this guidance will have on its combined financial statements.

In April 2014, the FASB issued ASU No. 2014-08, "Presentation of Financial Statements (Topic 205) and Property, Plant and Equipment (Topic 360): Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity." ASU No. 2014-08 limits discontinued operations reporting to situations where the disposal represents a strategic shift that has (or will have) a major effect on an entity's operations and financial results, and requires expanded disclosures for discontinued operations. ASU No. 2014-08 will be effective prospectively for the Company for disposals that occur during or after the quarter ending December 31, 2015, with early adoption permitted in certain instances. The impact of this guidance for the Company is dependent on any future significant dispositions or disposals.

2. ACQUISITIONS AND DIVESTITURES

During fiscal 2015, the Company completed three acquisitions for a combined purchase price, net of cash acquired, of \$47 million, \$18 million of which was paid as of September 30, 2015. The acquisitions in the aggregate were not material to the Company's combined financial statements. In connection with the acquisitions, the Company recorded goodwill of \$9 million in the Interiors segment.

In the fourth quarter of fiscal 2015, the Company completed its global automotive interiors joint venture with Yanfeng Automotive Trim Systems. In connection with the divestiture of the Interiors business, the Company recorded a \$127 million gain, \$20 million net of tax, and reduced goodwill in assets held for sale by \$43 million.

Also during fiscal 2015, the Company completed a divestiture for a sales price of \$20 million, none of which was received as of September 30, 2015. The divestiture was not material to the Company's combined financial statements. In connection with the divestiture, the Company recorded a gain of \$10 million and reduced goodwill by \$4 million in the Seating segment.

During fiscal 2014, the Company completed an acquisition within the Seating segment for a purchase price, net of cash acquired, of \$9 million, all of which was paid as of September 30, 2014. The acquisition was not material to the Company's combined financial statements. There was no change in goodwill as a result of this transaction.

In fiscal 2014, the Company completed the divestiture of the Interiors headliner and sun visor product lines. As part of this divestiture, the Company made a cash payment of \$54 million to the buyer to fund future operational improvement initiatives. The Company recorded a pre-tax loss on divestiture, including transaction costs, of \$95 million. The tax impact of the divestiture was income tax expense of \$38 million due to the jurisdictional mix of gains and losses on the sale, which resulted in non-benefited losses in certain countries and taxable gains in other countries. There was no change in goodwill as a result of this transaction.

Adient

Notes to Combined Financial Statements (Continued)

2. ACQUISITIONS AND DIVESTITURES (Continued)

Also during fiscal 2014, the Company completed one additional divestiture for a sales price of \$13 million, all of which was received as of September 30, 2014. The divestiture was not material to the Company's combined financial statements. In connection with the divestiture, the Company recorded a gain, net of transaction costs, of \$9 million in the Interiors segment. There was no change in goodwill as a result of this transaction.

During fiscal 2014, the Company adjusted the purchase price allocation of certain fiscal 2013 acquisitions for the Seating segment and recorded additional goodwill of \$2 million.

During fiscal 2013, the Company completed two acquisitions within the Seating segment for a combined purchase price, net of cash acquired, of \$95 million, all of which was paid as of September 30, 2013. The acquisitions in the aggregate were not material to the Company's combined financial statements. In connection with the acquisitions, the Company recorded goodwill of \$187 million. The acquisitions increased the Company's ownership from a noncontrolling to controlling interest. As a result, the Company recorded a combined non-cash gain of \$106 million in Seating equity income to adjust the Company's existing equity investments in the partially-owned affiliates to fair value.

Also during fiscal 2013, the Company completed one divestiture for a sales price of \$70 million, all of which was received as of September 30, 2013. The divestiture was not material to the Company's combined financial statements. In connection with the divestiture, the Company recorded a gain of \$29 million and reduced goodwill by \$15 million in the Seating segment.

3. ASSETS AND LIABILITIES HELD FOR SALE

The Company has determined that certain of its businesses met the criteria to be classified as held for sale. In April 2015, the Company signed an agreement formally establishing the automotive interiors joint venture with Yanfeng Automotive Trim Systems. The formation of the joint venture closed on July 2, 2015. The assets and liabilities of the Interiors business to be contributed to the joint venture were classified as held for sale at September 30, 2014.

Adient

Notes to Combined Financial Statements (Continued)

3. ASSETS AND LIABILITIES HELD FOR SALE (Continued)

The following table summarizes the carrying value of the Interiors assets and liabilities held for sale (in millions):

	September 30, 2014
Accounts receivable—net	\$ 596
Inventories	209
Other current assets	174
Property, plant and equipment—net	496
Goodwill	34
Other intangible assets—net	4
Investments in partially-owned affiliates	83
Other noncurrent assets	35
Assets held for sale	<u>\$ 1,631</u>
Accounts payable	\$ 655
Accrued compensation and benefits	24
Other current liabilities	157
Pension and postretirement benefits	6
Other noncurrent liabilities	1
Liabilities held for sale	<u>\$ 843</u>

At September 30, 2015, \$55 million of assets and \$42 million of liabilities related to certain other product lines were classified as held for sale. The divestiture could result in a gain or loss on sale to the extent the ultimate selling price differs from the carrying value of the net assets recorded.

The businesses classified as held for sale did not meet the criteria to be classified as discontinued operations primarily due to the Company's continuing involvement in these operations following the divestiture.

4. INVENTORIES

Inventories consisted of the following (in millions):

	September 30, 2015	2014
Raw materials and supplies	\$ 539	\$ 581
Work-in-process	40	42
Finished goods	122	122
Inventories	<u>\$ 701</u>	<u>\$ 745</u>

Adient

Notes to Combined Financial Statements (Continued)

5. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consisted of the following (in millions):

	September 30,	
	2015	2014
Buildings and improvements	\$ 1,307	\$ 1,486
Machinery and equipment	4,342	4,188
Construction in progress	335	351
Land	155	172
Total property, plant and equipment	6,139	6,197
Less: accumulated depreciation	(4,000)	(3,791)
Property, plant and equipment—net	\$ 2,139	\$ 2,406

Accumulated depreciation related to capital leases at September 30, 2015 and 2014 was \$40 million and \$23 million, respectively.

As of September 30, 2015, the Company is the lessor of properties included in land for \$13 million, gross building and improvements for \$177 million and accumulated depreciation of \$131 million.

6. GOODWILL AND OTHER INTANGIBLE ASSETS

The changes in the carrying amount of goodwill in each of the Company's reporting segments for the fiscal years ended September 30, 2015 and 2014 are as follows (in millions):

	September 30, 2013	Business Acquisitions	Business Divestitures	Currency Translation and Other	September 30, 2014
Goodwill					
Seating	\$ 2,426	\$ 2	\$ —	\$ (94)	\$ 2,334
Interiors	22	—	(34)	12	—
Total	\$ 2,448	\$ 2	\$ (34)	\$ (82)	\$ 2,334

	September 30, 2014	Business Acquisitions	Business Divestitures	Currency Translation and Other	September 30, 2015
Goodwill					
Seating	\$ 2,334	\$ —	\$ (4)	\$ (170)	\$ 2,160
Interiors	—	9	(9)	—	—
Total	\$ 2,334	\$ 9	\$ (13)	\$ (170)	\$ 2,160

At September 30, 2013, accumulated goodwill impairment charges include \$366 million related to the Interiors segment. The fiscal 2014 Interiors business divestitures amount includes \$34 million of goodwill transferred to noncurrent assets held for sale on the combined statements of financial position.

Adient

Notes to Combined Financial Statements (Continued)

6. GOODWILL AND OTHER INTANGIBLE ASSETS (Continued)

The Company's other intangible assets, primarily from business acquisitions valued based in part on independent appraisals, consisted of (in millions):

	September 30, 2015			September 30, 2014		
	Gross Carrying Amount	Accumulated Amortization	Net	Gross Carrying Amount	Accumulated Amortization	Net
Intangible assets						
Patented technology	\$ 27	\$ (11)	\$ 16	\$ 31	\$ (10)	\$ 21
Customer relationships	100	(38)	62	111	(31)	80
Trademarks	56	(15)	41	64	(12)	52
Miscellaneous	15	(5)	10	22	(10)	12
Total intangible assets	<u>\$ 198</u>	<u>\$ (69)</u>	<u>\$ 129</u>	<u>\$ 228</u>	<u>\$ (63)</u>	<u>\$ 165</u>

Amortization of other intangible assets for the fiscal years ended September 30, 2015, 2014 and 2013 was \$18 million, \$22 million and \$21 million, respectively. Excluding the impact of any future acquisitions, the Company anticipates amortization for fiscal 2016, 2017, 2018, 2019 and 2020 will be approximately \$17 million, \$17 million, \$17 million, \$17 million and \$16 million, respectively.

7. PRODUCT WARRANTIES

The Company offers warranties to its customers depending upon the specific product and terms of the customer purchase agreement. A typical warranty program requires that the Company replace defective products within a specified time period from the date of sale. The Company records an estimate for future warranty-related costs based on actual historical return rates and other known factors. Based on analysis of return rates and other factors, the Company's warranty provisions are adjusted as necessary. The Company monitors its warranty activity and adjusts its reserve estimates when it is probable that future warranty costs will be different than those estimates.

The Company's product warranty liability is recorded in the combined statements of financial position in other current liabilities.

The changes in the carrying amount of the Company's total product warranty liability are as follows (in millions):

	Year Ended September 30,	
	2015	2014
Balance at beginning of period	\$ 19	\$ 16
Accruals for warranties issued during the period	6	9
Accruals related to pre-existing warranties (including changes in estimates)	(5)	(1)
Settlements made (in cash or in kind) during the period	(7)	(4)
Currency translation	(1)	(1)
Balance at end of period	<u>\$ 12</u>	<u>\$ 19</u>

Adient

Notes to Combined Financial Statements (Continued)

8. LEASES

Certain administrative and production facilities and equipment are leased under long-term agreements. Most leases contain renewal options for varying periods, and certain leases include options to purchase the leased property during or at the end of the lease term. Leases generally require the Company to pay for insurance, taxes and maintenance of the property. Leased capital assets included in net property, plant and equipment, primarily buildings and improvements, were \$22 million and \$28 million at September 30, 2015 and 2014, respectively.

Other facilities and equipment are leased under arrangements that are accounted for as operating leases. Total rental expense for the fiscal years ended September 30, 2015, 2014 and 2013 was \$171 million, \$205 million and \$202 million, respectively.

Future minimum capital and operating lease payments and the related present value of capital lease payments at September 30, 2015 are as follows (in millions):

	Capital Leases	Operating Leases
2016	\$ 5	\$ 75
2017	4	57
2018	12	35
2019	3	26
2020	3	21
After 2020	1	24
Total minimum lease payments	28	\$ 238
Interest	(3)	
Present value of net minimum lease payments	\$ 25	

9. DEBT AND FINANCING ARRANGEMENTS

Short-term debt consisted of the following (in millions):

	September 30,	
	2015	2014
Bank borrowings and commercial paper	\$ 17	\$ 100
Weighted average interest rate on short-term debt outstanding*	13.7%	5.2%

* The weighted average interest rates on short-term debt varies based on levels of debt maintained in various jurisdictions.

Adient

Notes to Combined Financial Statements (Continued)

9. DEBT AND FINANCING ARRANGEMENTS (Continued)

Long-term debt consisted of the following (in millions):

	September 30,	
	2015	2014
Capital lease obligations	\$ 25	\$ 30
German note due 2018	4	6
German note due 2020	11	15
Spanish note due 2026	—	3
Euro foreign-denominated debt	—	1
Other	2	1
Gross long-term debt	42	56
Less: current portion	7	10
Net long-term debt	<u>\$ 35</u>	<u>\$ 46</u>

Total interest paid on both short and long-term debt for the fiscal years ended September 30, 2015, 2014 and 2013 was \$10 million, \$13 million and \$12 million, respectively.

Net Financing Charges

The Company's net financing charges line item in the combined statements of income for the years ended September 30, 2015, 2014 and 2013 contained the following components (in millions):

	Year Ended September 30,		
	2015	2014	2013
Interest expense	\$ 11	\$ 14	\$ 12
Banking fees	2	3	3
Interest income	(1)	(2)	(5)
Net financing charges	<u>\$ 12</u>	<u>\$ 15</u>	<u>\$ 10</u>

10. DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES

The Parent selectively uses derivative instruments to reduce Adient's market risk associated with changes in foreign currency. Under the Parent's policy, the use of derivatives is restricted to those intended for hedging purposes; the use of any derivative instrument for speculative purposes is strictly prohibited. A description of each type of derivative utilized by the Parent to manage Adient's risk is included in the following paragraphs. In addition, refer to Note 11, "Fair Value Measurements," of the notes to combined financial statements for information related to the fair value measurements and valuation methods utilized by the Company for each derivative type.

The Company has global operations and participates in the foreign exchange markets to minimize its risk of loss from fluctuations in foreign currency exchange rates. The Parent primarily uses foreign currency exchange contracts to hedge certain of Adient's foreign exchange rate exposures. The Parent hedges 70% to 90% of the nominal amount of each of its known foreign exchange transactional

Adient

Notes to Combined Financial Statements (Continued)

10. DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES (Continued)

exposures. Gains and losses on derivative contracts offset gains and losses on underlying foreign currency exposures.

The Parent has entered into cross-currency interest rate swaps to selectively hedge portions of Adient's net investment in Japan. The currency effects of the cross-currency interest rate swaps are reflected in the AOCI account within invested equity attributable to Adient where they offset gains and losses recorded on the Company's net investment in Japan. At September 30, 2015 and 2014, the Parent had four cross-currency interest rate swaps outstanding for Adient totaling 20 billion yen.

The following table presents the location and fair values of derivative instruments and hedging activities included in the Company's combined statements of financial position (in millions):

	Derivatives and Hedging Activities Designated as Hedging Instruments under ASC 815		Derivatives and Hedging Activities Not Designated as Hedging Instruments under ASC 815	
	September 30, 2015	September 30, 2014	September 30, 2015	September 30, 2014
Other current assets				
Foreign currency exchange derivatives	\$ 5	\$ 9	\$ 41	\$ 21
Cross-currency interest rate swaps	5	15	—	—
Total assets	<u>\$ 10</u>	<u>\$ 24</u>	<u>\$ 41</u>	<u>\$ 21</u>
Other current liabilities				
Foreign currency exchange derivatives	\$ 27	\$ 17	\$ 17	\$ 16
Cross-currency interest rate swaps	1	—	—	—
Total liabilities	<u>\$ 28</u>	<u>\$ 17</u>	<u>\$ 17</u>	<u>\$ 16</u>

The Parent enters into International Swaps and Derivatives Associations (ISDA) master netting agreements with counterparties that permit the net settlement of amounts owed under the derivative contracts. The master netting agreements generally provide for net settlement of all outstanding contracts with a counterparty in the case of an event of default or a termination event. The Company has not elected to offset the fair value positions of the derivative contracts recorded in the combined statements of financial position. Collateral is generally not required of the Company or the counterparties under the master netting agreements. As of September 30, 2015 and September 30, 2014, no cash collateral was received or pledged under the master netting agreements.

The gross and net amounts of derivative assets and liabilities are as follows (in millions):

	Fair Value of Assets		Fair Value of Liabilities	
	September 30, 2015	September 30, 2014	September 30, 2015	September 30, 2014
Gross amount recognized	\$ 51	\$ 45	\$ 45	\$ 33
Gross amount eligible for offsetting	(2)	(2)	(2)	(2)
Net amount	<u>\$ 49</u>	<u>\$ 43</u>	<u>\$ 43</u>	<u>\$ 31</u>

The following tables present the location and amount of the effective portion of gains and losses gross of tax on derivative instruments and related hedge items reclassified from AOCI into the

Adient

Notes to Combined Financial Statements (Continued)

10. DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES (Continued)

Company's combined statements of income and amounts recorded in AOCI net of tax in the combined statements of financial position (in millions):

Derivatives in ASC 815 Cash Flow Hedging Relationships	Location of Gain Reclassified from AOCI into Income	Amount of Gain Reclassified from AOCI into Income Year Ended September 30,	
		2015	2014
Foreign currency exchange derivatives	Cost of sales	\$ 22	\$ 9

Derivatives in ASC 815 Cash Flow Hedging Relationships	Amount of Loss Recognized in AOCI on Derivative	
	September 30, 2015	September 30, 2014
Foreign currency exchange derivatives	\$ (17)	\$ (6)

Derivatives Not Designated as Hedging Instruments under ASC 815	Location of Gain (Loss) Recognized in Income on Derivative	Amount of Gain (Loss) Recognized in Income on Derivative Year Ended September 30,		
		2015	2014	2013
Foreign currency exchange derivatives	Cost of sales	\$ 1	\$ 3	\$ (6)
Foreign currency exchange derivatives	Net financing charges	14	5	18
Total		\$ 15	\$ 8	\$ 12

The amount of gains recognized in cumulative translation adjustment (CTA) within AOCI on the effective portion of outstanding net investment hedges was \$2 million and \$9 million at September 30, 2015 and 2014, respectively. For the years ended September 30, 2015 and 2014, no gains or losses were reclassified from CTA into income for the Company's outstanding net investment hedges, and no gains or losses were recognized in income for the ineffective portion of cash flow hedges.

11. FAIR VALUE MEASUREMENTS

ASC 820, "Fair Value Measurement," defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. ASC 820 also establishes a three-level fair value hierarchy that prioritizes information used in developing assumptions when pricing an asset or liability as follows:

Level 1: Observable inputs such as quoted prices in active markets;

Level 2: Inputs, other than quoted prices in active markets, that are observable either directly or indirectly; and

Level 3: Unobservable inputs where there is little or no market data, which requires the reporting entity to develop its own assumptions.

Adient

Notes to Combined Financial Statements (Continued)

11. FAIR VALUE MEASUREMENTS (Continued)

ASC 820 requires the use of observable market data, when available, in making fair value measurements. When inputs used to measure fair value fall within different levels of the hierarchy, the level within which the fair value measurement is categorized is based on the lowest level input that is significant to the fair value measurement.

Recurring Fair Value Measurements

The following tables present the Company's fair value hierarchy for those assets and liabilities measured at fair value (in millions):

	Total as of September 30, 2015	Fair Value Measurements Using:		
		Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Other current assets				
Foreign currency exchange derivatives	\$ 46	\$ —	\$ 46	\$ —
Cross-currency interest rate swaps	5	—	5	—
Total assets	\$ 51	\$ —	\$ 51	\$ —
Other current liabilities				
Foreign currency exchange derivatives	\$ 44	\$ —	\$ 44	\$ —
Cross-currency interest rate swaps	1	—	1	—
Total liabilities	\$ 45	\$ —	\$ 45	\$ —

	Total as of September 30, 2014	Fair Value Measurements Using:		
		Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Other current assets				
Foreign currency exchange derivatives	\$ 30	\$ —	\$ 30	\$ —
Cross-currency interest rate swaps	15	—	15	—
Total assets	\$ 45	\$ —	\$ 45	\$ —
Other current liabilities				
Foreign currency exchange derivatives	\$ 33	\$ —	\$ 33	\$ —
Total liabilities	\$ 33	\$ —	\$ 33	\$ —

Valuation Methods

Foreign currency exchange derivatives—The Parent selectively hedges anticipated transactions that are subject to foreign exchange rate risk primarily using foreign currency exchange hedge contracts. The foreign currency exchange derivatives are valued under a market approach using publicized spot and forward prices. As cash flow hedges under ASC 815, "Derivatives and Hedging," the effective

Adient**Notes to Combined Financial Statements (Continued)****11. FAIR VALUE MEASUREMENTS (Continued)**

portion of the hedge gains or losses due to changes in fair value are initially recorded as a component of AOCI and are subsequently reclassified into earnings when the hedged transactions occur and affect earnings. Any ineffective portion of the hedge is reflected in the combined statements of income. These contracts were highly effective in hedging the variability in future cash flows attributable to changes in currency exchange rates at September 30, 2015 and 2014. The fair value of foreign currency exchange derivatives not designated as hedging instruments under ASC 815 are recorded in the combined statements of income.

Cross-currency interest rate swaps—The Parent selectively uses cross-currency interest rate swaps to hedge the foreign currency rate risk associated with certain of Adient's investments in Japan. The cross-currency interest rate swaps are valued using observable market data. Changes in the market value of the swaps are reflected in the CTA component of AOCI where they offset gains and losses recorded on the Company's net investment in Japan. At September 30, 2015 and 2014, the Parent had four cross-currency interest rate swaps outstanding totaling 20 billion yen.

Investments in marketable common stock—The Company invests in certain marketable common stock, which is valued under a market approach using publicized share prices. There were no unrealized gains or losses recorded in AOCI on these investments as of September 30, 2015 and 2014. During fiscal 2014, the Company sold certain marketable common stock for approximately \$25 million. As a result, the Company recorded \$8 million of realized gains within selling, general and administrative expenses in the Seating segment.

12. STOCK-BASED COMPENSATION

On January 23, 2013, the shareholders of JCI approved the Johnson Controls, Inc. 2012 Omnibus Incentive Plan (the "2012 Plan"). The types of awards authorized by the 2012 Plan are comprised of stock options, stock appreciation rights, performance shares, performance units and other stock-based awards. The Compensation Committee of JCI's Board of Directors determines the types of awards to be granted to individual participants and the terms and conditions of the awards. The 2012 Plan provides that 37 million shares of JCI's common stock are reserved for issuance under the 2012 Plan, and 32 million shares remained available for issuance at September 30, 2015.

Prior to shareholder approval of the 2012 Plan, JCI maintained the Johnson Controls, Inc. 2007 Stock Option Plan and the Johnson Controls, Inc. 2001 Restricted Stock Plan (the "Existing Plans"). The Existing Plans terminated on January 23, 2013 as a result of shareholder approval of the 2012 Plan, ending the authority to grant new awards under the Existing Plans. All awards under the Existing Plans that were outstanding as of January 23, 2013 continue to be governed by the Existing Plans. Pursuant to the Existing Plans, all forfeitures under such plans will be deposited into the reserve for the 2012 Plan.

JCI has four share-based compensation plans, which are described below. All awards granted under the plans are based on JCI's common shares and, as such, are reflected in JCI's consolidated statement of shareholders' equity and not in the combined statement of invested equity.

The stock-based compensation cost for Adient employees who participate in the JCI plans, excluding the offsetting impact of outstanding JCI equity swaps, was \$16 million, \$19 million and \$28 million for the fiscal years ended September 30, 2015, 2014 and 2013, respectively. The total income tax benefit recognized in the combined statements of income for share-based compensation

Adient

Notes to Combined Financial Statements (Continued)

12. STOCK-BASED COMPENSATION (Continued)

arrangements was \$6 million, \$7 million and \$11 million for the fiscal years ended September 30, 2015, 2014 and 2013, respectively. JCI applies a non-substantive vesting period approach whereby expense is accelerated for those employees that receive awards and are eligible to retire prior to the award vesting. These amounts were based on the awards and terms previously granted to Adient employees, but may not reflect the equity awards or results that the Company would have experienced or expect to experience as an independent, publicly traded company.

Stock Options

Stock options are granted to eligible employees with an exercise price equal to the market price of JCI's stock at the date of grant. Stock option awards typically vest between two and three years after the grant date and expire ten years from the grant date.

The fair value of each option is estimated on the date of grant using a Black-Scholes option valuation model that uses the assumptions noted in the following table. Expected volatilities are based on the historical volatility of JCI's stock and other factors. JCI uses historical data to estimate option exercises and employee terminations within the valuation model. The expected term of options represents the period of time that options granted are expected to be outstanding. The risk-free rate for periods during the contractual life of the option is based on the U.S. Treasury yield curve in effect at the time of grant.

	Year Ended September 30,		
	2015	2014	2013
Expected life of option (years)	6.6	6.7	5.0 - 6.7
Risk-free interest rate	1.61% - 1.93%	1.92%	0.62% - 1.33%
Expected volatility of JCI's stock	36.00%	36.00%	41.00%
Expected dividend yield on JCI's stock	2.02%	2.17%	2.03%

A summary of stock option activity at September 30, 2015, and changes for the year then ended, is presented below:

	Weighted Average Option Price	Shares Subject to Option	Weighted Average Remaining Contractual Life (years)	Aggregate Intrinsic Value (in millions)
Outstanding, September 30, 2014	\$ 29.37	4,013,457		
Granted	50.22	93,784		
Exercised	29.28	(1,905,189)		
Forfeited or expired	29.53	(5,585)		
Outstanding, September 30, 2015	\$ 30.34	2,196,467	5.2	\$ 26
Exercisable, September 30, 2015	\$ 28.71	1,736,818	4.6	\$ 22

The weighted-average grant-date fair value of options granted to Adient employees during the fiscal years ended September 30, 2015, 2014 and 2013 was \$15.53, \$14.70 and \$8.52, respectively.

Adient

Notes to Combined Financial Statements (Continued)

12. STOCK-BASED COMPENSATION (Continued)

The total intrinsic value of options exercised by Adient employees during the fiscal years ended September 30, 2015, 2014 and 2013 was approximately \$30 million, \$30 million and \$18 million, respectively.

In conjunction with the exercise of stock options granted, the Parent received cash payments for the fiscal years ended September 30, 2015, 2014 and 2013 of approximately \$42 million, \$38 million and \$36 million, respectively.

At September 30, 2015, the Company had approximately \$1 million of total unrecognized compensation cost related to nonvested stock options granted. That cost is expected to be recognized over a weighted-average period of 1.4 years.

Stock Appreciation Rights

SARs vest under the same terms and conditions as stock option awards; however, they are settled in cash for the difference between the market price on the date of exercise and the exercise price. As a result, SARs are recorded in the Company's combined statements of financial position as a liability until the date of exercise.

The fair value of each SAR award is estimated using a similar method described for stock options. The fair value of each SAR award is recalculated at the end of each reporting period and the liability and expense are adjusted based on the new fair value.

The assumptions used by JCI to determine the fair value of the SAR awards at September 30, 2015 are as follows:

Expected life of SAR (years)	0.05 - 5.55
Risk-free interest rate	0.00% - 1.47%
Expected volatility of JCI's stock	36.00%
Expected dividend yield on JCI's stock	2.02%

A summary of SAR activity at September 30, 2015, and changes for the year then ended, is presented below:

	Weighted Average SAR Price	Shares Subject to SAR	Weighted Average Remaining Contractual Life (years)	Aggregate Intrinsic Value (in millions)
Outstanding, September 30, 2014	\$ 28.84	1,411,597		
Granted	50.23	29,600		
Exercised	27.76	(339,607)		
Forfeited or expired	29.87	(13,070)		
Outstanding, September 30, 2015	\$ 29.74	1,088,520	4.9	\$ 13
Exercisable, September 30, 2015	\$ 28.74	853,488	4.2	\$ 11

In conjunction with the exercise of SARs granted to Adient employees, the Parent made payments of \$7 million, \$7 million and \$5 million during the fiscal years ended September 30, 2015, 2014 and 2013, respectively.

Adient

Notes to Combined Financial Statements (Continued)

12. STOCK-BASED COMPENSATION (Continued)

Restricted (Nonvested) Stock

The 2012 Plan provides for the award of restricted stock or restricted stock units to certain employees. These awards are typically share settled unless the employee is a non-U.S. employee or elects to defer settlement until retirement at which point the award would be settled in cash. Restricted awards typically vest after three years from the grant date. The 2012 Plan allows for different vesting terms on specific grants with approval by JCI's Board of Directors.

A summary of the status of nonvested restricted stock awards at September 30, 2015, and changes for the fiscal year then ended, for Adient employees is presented below:

	Weighted Average Price	Shares/Units Subject to Restriction
Nonvested, September 30, 2014	\$ 42.11	383,229
Granted	50.19	260,319
Vested	41.42	(117,851)
Forfeited	49.22	(24,582)
Nonvested, September 30, 2015	<u>\$ 46.12</u>	<u>501,115</u>

At September 30, 2015, the Company had approximately \$10 million of total unrecognized compensation cost related to nonvested restricted stock arrangements granted. That cost is expected to be recognized over a weighted-average period of 1.7 years.

Performance Share Awards

The 2012 Plan permits the grant of PSU awards. The number of PSUs granted is equal to the PSU award value divided by the closing price of JCI's common stock at the grant date. The PSUs are generally contingent on the achievement of pre-determined performance goals over a three-year performance period as well as on the award holder's continuous employment until the vesting date. Each PSU that is earned will be settled with a share of JCI's common stock following the completion of the performance period, unless the award holder elected to defer a portion or all of the award until retirement which would then be settled in cash.

A summary of the status of the Company's nonvested PSUs at September 30, 2015, and changes for the fiscal year then ended, for Adient employees is presented below:

	Weighted Average Price	Shares/Units Subject to PSU
Nonvested, September 30, 2014	\$ 37.71	74,987
Granted	50.23	29,444
Forfeited	—	—
Nonvested, September 30, 2015	<u>\$ 41.24</u>	<u>104,431</u>

At September 30, 2015, the Company had approximately \$3 million of total unrecognized compensation cost related to nonvested PSUs granted. That cost is expected to be recognized over a weighted-average period of 1.7 years.

Adient

Notes to Combined Financial Statements (Continued)

13. EQUITY AND NONCONTROLLING INTERESTS

The following schedules present changes in combined equity attributable to Adient and noncontrolling interests (in millions, net of tax):

	Equity Attributable to Adient	Equity Attributable to Noncontrolling Interests	Total Invested Equity
At September 30, 2012	\$ 5,558	\$ 115	\$ 5,673
Total comprehensive income (loss):			
Net income	187	46	233
Foreign currency translation adjustments	9	—	9
Realized and unrealized gains (losses) on derivatives	(2)	—	(2)
Realized and unrealized gains (losses) on marketable common stock	2	—	2
Other comprehensive income (loss)	9	—	9
Comprehensive income (loss)	196	46	242
Other change in equity:			
Dividends attributable to noncontrolling interests	—	(20)	(20)
Change in Parent's net investment	(172)	—	(172)
Change in noncontrolling interest share	—	15	15
At September 30, 2013	5,582	156	5,738
Total comprehensive income (loss):			
Net income	307	53	360
Foreign currency translation adjustments	(253)	—	(253)
Realized and unrealized gains (losses) on derivatives	1	—	1
Realized and unrealized gains (losses) on marketable common stock	(7)	—	(7)
Pension and postretirement plans	1	—	1
Other comprehensive income (loss)	(258)	—	(258)
Comprehensive income (loss)	49	53	102
Other change in equity:			
Dividends attributable to noncontrolling interests	—	(41)	(41)
Change in Parent's net investment	(178)	—	(178)
Change in noncontrolling interest share	—	(3)	(3)
Other	—	(6)	(6)
At September 30, 2014	5,453	159	5,612
Total comprehensive income (loss):			
Net income	475	50	525
Foreign currency translation adjustments	(512)	(5)	(517)
Realized and unrealized gains (losses) on derivatives	(11)	—	(11)
Other comprehensive income (loss)	(523)	(5)	(528)
Comprehensive income (loss)	(48)	45	(3)
Other change in equity:			
Dividends attributable to noncontrolling interests	—	(34)	(34)
Change in Parent's net investment	221	—	221
Other	—	(29)	(29)
At September 30, 2015	\$ 5,626	\$ 141	\$ 5,767

The Company consolidates certain subsidiaries in which the noncontrolling interest party has within their control the right to require the Company to redeem all or a portion of its interest in the

Adient**Notes to Combined Financial Statements (Continued)****13. EQUITY AND NONCONTROLLING INTERESTS (Continued)**

subsidiary. These redeemable noncontrolling interests are reported at their estimated redemption value. Any adjustment to the redemption value impacts retained earnings but does not impact net income. Redeemable noncontrolling interests which are redeemable only upon future events, the occurrence of which is not currently probable, are recorded at carrying value.

The following schedules present changes in the redeemable noncontrolling interests (in millions):

	Year Ended September 30,		
	2015	2014	2013
Beginning balance	\$ 27	\$ 11	\$ 28
Net income	16	14	12
Foreign currency translation adjustments	(3)	—	—
Change in noncontrolling interest share	—	—	(15)
Dividends	(9)	(4)	(14)
Other	—	6	—
Ending balance	<u>\$ 31</u>	<u>\$ 27</u>	<u>\$ 11</u>

Adient

Notes to Combined Financial Statements (Continued)

13. EQUITY AND NONCONTROLLING INTERESTS (Continued)

The following schedules present changes in AOCI attributable to Adient (in millions, net of tax):

	Year Ended September 30,		
	2015	2014	2013
Foreign currency translation adjustments			
Balance at beginning of period	\$ 283	\$ 536	\$ 527
Aggregate adjustment for the period (net of tax effect of \$6, \$8 and \$22)	(512)	(253)	9
Balance at end of period	(229)	283	536
Realized and unrealized gains (losses) on derivatives			
Balance at beginning of period	(6)	(7)	(5)
Current period changes in fair value (net of tax effect of \$1, \$2 and \$0)	5	7	1
Reclassification to income (net of tax effect of \$(6), \$(3) and \$(1))*	(16)	(6)	(3)
Balance at end of period	(17)	(6)	(7)
Realize and unrealized gains (losses) on marketable common stock			
Balance at beginning of period	—	7	5
Current period changes in fair value (net of tax effect of \$0)	—	(1)	2
Reclassifications to income (net of tax effect of \$0, \$(2) and \$0)**	—	(6)	—
Balance at end of period	—	—	7
Pension and postretirement plans			
Balance at beginning of period	(1)	(2)	(2)
Reclassifications to income (net of tax effect of \$0)	—	1	—
Balance at end of period	(1)	(1)	(2)
Accumulated other comprehensive income (loss), end of period	\$ (247)	\$ 276	\$ 534

* Refer to Note 10, "Derivative Instruments and Hedging Activities," of the notes to combined financial statements for disclosure of the line items on the combined statements of income affected by reclassifications from AOCI into income related to derivatives.

** Refer to Note 11, "Fair Value Measurements," of the notes to combined financial statements for disclosure of the line item on the combined statements of income affected by reclassifications from AOCI into income related to marketable common stock.

14. RETIREMENT PLANS

Participation in Parent Pension and Other Postemployment Benefit Plans

JCI provides defined benefit pension, postretirement health care and defined contribution benefits to its eligible employees and retirees, including eligible employees and retirees of Adient. These liabilities are not reflected in the combined statements of financial position.

The combined statements of income include expense allocations for these benefits which were determined using a proportional allocation based on headcount and payroll expense for the Company's employees. Management considers the expense allocation methodology and results to be reasonable for

Adient**Notes to Combined Financial Statements (Continued)****14. RETIREMENT PLANS (Continued)**

all periods presented. Total Parent benefit plan net expense allocated to Adient amounted to \$32 million, \$45 million and \$21 million for the fiscal years ended 2015, 2014 and 2013, respectively. These costs are reflected in cost of sales and selling, general and administrative expenses. These costs were funded through intercompany transactions with Parent which are now reflected within the net parent investment equity balance.

Parent Defined Benefit Pension Plans

Certain retired U.S. and Japanese employees of Adient receive defined benefit pension benefits through various Parent pension plans. Eligible active employees will also receive defined benefit pension benefits through various Parent pension plans in both the United States and Japan upon retirement. Allocated expense (income) in connection with these plans amounted to \$(19) million, \$6 million and \$(12) million for the fiscal years ended 2015, 2014 and 2013, respectively.

Parent Other Postemployment Benefit Plans

Certain retired U.S. and Canadian employees of Adient receive health care and other benefits through various Parent postretirement health care benefit plans. Eligible active employees will also receive postretirement health care benefits through various Parent postretirement plans in both the United States and Canada upon retirement. Allocated expense in connection with these plans was not significant for the fiscal years ended 2015, 2014 and 2013, respectively.

Parent Savings and Investment Plans

JCI sponsors various defined contribution savings plans that allow employees to contribute a portion of their pre-tax and/or after-tax income in accordance with plan specified guidelines. Under specified conditions, JCI will contribute to certain savings plans based on the employees' eligible pay and/or will match a percentage of the employee contributions up to certain limits. Allocated expense in connection with these plans amounted to \$51 million, \$39 million and \$33 million for the fiscal years ended 2015, 2014 and 2013, respectively.

Pension Benefits

The Company has non-contributory defined benefit pension plans covering primarily non-U.S. employees and a limited number of U.S. employees. The benefits provided are primarily based on years of service and average compensation or a monthly retirement benefit amount. Funding for non-U.S. plans observes the local legal and regulatory limits. Funding for U.S. pension plans equals or exceeds the minimum requirements of the Employee Retirement Income Security Act of 1974.

For pension plans with accumulated benefit obligations (ABO) that exceed plan assets, the projected benefit obligation (PBO), ABO and fair value of plan assets of those plans were \$403 million, \$383 million and \$287 million, respectively, as of September 30, 2015 and \$459 million, \$434 million and \$305 million, respectively, as of September 30, 2014.

In fiscal 2015, total Adient contributions to the defined benefit pension plans were \$25 million, of which \$3 million were voluntary contributions made by the Company. Contributions of approximately

Adient**Notes to Combined Financial Statements (Continued)****14. RETIREMENT PLANS (Continued)**

\$30 million in cash to its defined benefit pension plans are expected in fiscal 2016. Projected benefit payments from the plans as of September 30, 2015 are estimated as follows (in millions):

2016	\$ 18
2017	18
2018	18
2019	21
2020	21
2021 - 2025	132

Postretirement Benefits

The Company provides certain health care and life insurance benefits for eligible retirees and their dependents primarily in the U.S. and Canada. Most non-U.S. employees are covered by government sponsored programs, and the cost to the Company is not significant.

Eligibility for coverage is based on meeting certain years of service and retirement age qualifications. These benefits may be subject to deductibles, co-payment provisions and other limitations, and the Company has reserved the right to modify these benefits.

The health care cost trend assumption does not have a significant effect on the amounts reported.

In fiscal 2015, total employer and employee contributions to the postretirement plans were \$1 million. The Company does not expect to make any significant contributions to its postretirement plans in fiscal year 2016. Projected benefit payments from the plans as of September 30, 2015 are estimated as follows (in millions):

2016	\$ 1
2017	1
2018	1
2019	1
2020	1
2021 - 2025	6

In December 2003, the U.S. Congress enacted the Medicare Prescription Drug, Improvement and Modernization Act of 2003 (Act) for employers sponsoring postretirement care plans that provide prescription drug benefits. The Act introduces a prescription drug benefit under Medicare as well as a federal subsidy to sponsors of retiree health care benefit plans providing a benefit that is at least actuarially equivalent to Medicare Part D.1. Under the Act, the Medicare subsidy amount is received directly by the plan sponsor and not the related plan. Further, the plan sponsor is not required to use the subsidy amount to fund postretirement benefits and may use the subsidy for any valid business purpose. Projected subsidy receipts for each of the next ten years are not expected to be significant.

Plan Assets

The Company's investment policies employ an approach whereby a mix of equities, fixed income and alternative investments are used to maximize the long-term return of plan assets for a prudent level of risk. The investment portfolio primarily contains a diversified blend of equity and fixed income

Adient

Notes to Combined Financial Statements (Continued)

14. RETIREMENT PLANS (Continued)

investments. Equity investments are diversified across domestic and non-domestic stocks, as well as growth, value and small to large capitalizations. Fixed income investments include corporate and government issues, with short-, mid- and long-term maturities, with a focus on investment grade when purchased and a target duration close to that of the plan liability. Investment and market risks are measured and monitored on an ongoing basis through regular investment portfolio reviews, annual liability measurements and periodic asset/liability studies. The majority of the real estate component of the portfolio is invested in a diversified portfolio of high-quality, operating properties with cash yields greater than the targeted appreciation. Investments in other alternative asset classes, including hedge funds and commodities, diversify the expected investment returns relative to the equity and fixed income investments. As a result of the Company's diversification strategies, there are no significant concentrations of risk within the portfolio of investments.

The Company's actual asset allocations are in line with target allocations. The Company rebalances asset allocations as appropriate, in order to stay within a range of allocation for each asset category.

The expected return on plan assets is based on the Company's expectation of the long-term average rate of return of the capital markets in which the plans invest. The average market returns are adjusted, where appropriate, for active asset management returns. The expected return reflects the investment policy target asset mix and considers the historical returns earned for each asset category.

Adient

Notes to Combined Financial Statements (Continued)

14. RETIREMENT PLANS (Continued)

The Company's plan assets, by asset category, are as follows (in millions):

Asset Category	Fair Value Measurements Using:			
	Total as of September 30, 2015	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Pension				
Cash	\$ 27	\$ 27	\$ —	\$ —
Equity Securities				
Large-Cap	32	32	—	—
Small-Cap	1	1	—	—
International—Developed	42	42	—	—
International—Emerging	7	7	—	—
Fixed Income Securities				
Government	147	102	45	—
Corporate/Other	77	61	16	—
Hedge Fund	64	—	64	—
Real Estate	24	—	—	24
Total	<u>\$ 421</u>	<u>\$ 272</u>	<u>\$ 125</u>	<u>\$ 24</u>
Postretirement				
Cash	\$ 1	\$ 1	\$ —	\$ —
Equity Securities				
Large-Cap	2	2	—	—
Small-Cap	1	1	—	—
International—Developed	1	1	—	—
International—Emerging	1	1	—	—
Fixed Income Securities				
Government	1	1	—	—
Corporate/Other	4	4	—	—
Commodities	1	1	—	—
Real Estate	1	1	—	—
Total	<u>\$ 13</u>	<u>\$ 13</u>	<u>\$ —</u>	<u>\$ —</u>

Adient

Notes to Combined Financial Statements (Continued)

14. RETIREMENT PLANS (Continued)

Asset Category	Fair Value Measurements Using:			
	Total as of September 30, 2014	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Pension				
Cash	\$ 56	\$ 56	\$ —	\$ —
Equity Securities				
Large-Cap	31	31	—	—
Small-Cap	1	1	—	—
International—Developed	45	45	—	—
International—Emerging	6	6	—	—
Fixed Income Securities				
Government	71	71	—	—
Corporate/Other	186	185	1	—
Hedge Fund	45	—	45	—
Real Estate	12	—	—	12
Total	<u>\$ 453</u>	<u>\$ 395</u>	<u>\$ 46</u>	<u>\$ 12</u>
Postretirement				
Equity Securities				
Large-Cap	\$ 2	\$ 2	\$ —	\$ —
Small-Cap	1	1	—	—
International—Developed	1	1	—	—
International—Emerging	1	1	—	—
Fixed Income Securities				
Government	2	2	—	—
Corporate/Other	5	5	—	—
Commodities	1	1	—	—
Real Estate	1	1	—	—
Total	<u>\$ 14</u>	<u>\$ 14</u>	<u>\$ —</u>	<u>\$ —</u>

The following is a description of the valuation methodologies used for assets measured at fair value.

Cash: The fair value of cash is valued at cost.

Equity Securities: The fair value of equity securities is determined by direct quoted market prices. The underlying holdings are direct quoted market prices on regulated financial exchanges.

Fixed Income Securities: The fair value of fixed income securities is determined by direct or indirect quoted market prices. If indirect quoted market prices are utilized, the value of assets held in separate accounts is not published, but the investment managers report daily the underlying holdings. The underlying holdings are direct quoted market prices on regulated financial exchanges.

Commodities: The fair value of the commodities is determined by quoted market prices of the underlying holdings on regulated financial exchanges.

Adient

Notes to Combined Financial Statements (Continued)

14. RETIREMENT PLANS (Continued)

Hedge Funds: The fair value of hedge funds is accounted for by the custodian. The custodian obtains valuations from underlying managers based on market quotes for the most liquid assets and alternative methods for assets that do not have sufficient trading activity to derive prices. The Company and custodian review the methods used by the underlying managers to value the assets. The Company believes this is an appropriate methodology to obtain the fair value of these assets. During fiscal 2014, the underlying fund structure and pricing frequency of certain non-U.S. hedge fund investments was modified, and, as a result, those investments are now classified as Level 2 investments compared to the previous classification of Level 3.

Real Estate: The fair value of Real Estate Investment Trusts (REITs) is recorded as Level 1 as these securities are traded on an open exchange. The fair value of other investments in real estate is deemed Level 3 since these investments do not have a readily determinable fair value and requires the fund managers independently to arrive at fair value by calculating net asset value (NAV) per share. In order to calculate NAV per share, the fund managers value the real estate investments using any one, or a combination of, the following methods: independent third party appraisals, discounted cash flow analysis of net cash flows projected to be generated by the investment and recent sales of comparable investments. Assumptions used to revalue the properties are updated every quarter. Due to the fact that the fund managers calculate NAV per share, the Company utilizes a practical expedient for measuring the fair value of its Level 3 real-estate investments, as provided for under ASC 820, "Fair Value Measurement." In applying the practical expedient, the Company is not required to further adjust the NAV provided by the fund manager in order to determine the fair value of its investment as the NAV per share is calculated in a manner consistent with the measurement principles of ASC 946, "Financial Services—Investment Companies," and as of the Company's measurement date. The Company believes this is an appropriate methodology to obtain the fair value of these assets. For the component of the real estate portfolio under development, the investments are carried at cost until they are completed and valued by a third party appraiser.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Company believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following sets forth a summary of changes in the fair value of pension assets measured using significant unobservable inputs (Level 3) (in millions):

<u>Pension</u>	<u>Total</u>	<u>Hedge Funds</u>	<u>Real Estate</u>
Asset value as of September 30, 2013	\$ 32	\$ 26	\$ 6
Additions net of redemptions	5	—	5
Unrealized gain	1	—	1
Transfers out—to Level 2	(26)	(26)	—
Asset value as of September 30, 2014	\$ 12	\$ —	\$ 12
Additions net of redemptions	14	—	14
Unrealized loss	(2)	—	(2)
Asset value as of September 30, 2015	<u>\$ 24</u>	<u>\$ —</u>	<u>\$ 24</u>

Adient

Notes to Combined Financial Statements (Continued)

14. RETIREMENT PLANS (Continued)

Funded Status

The table that follows contains the ABO and reconciliations of the changes in the PBO, the changes in plan assets and the funded status (in millions):

September 30,	Pension Benefits		Postretirement Benefits	
	2015	2014	2015	2014
Accumulated Benefit Obligation	\$ 506	\$ 570	\$ —	\$ —
Change in Projected Benefit Obligation				
Projected benefit obligation at beginning of year	594	523	18	25
Service cost	10	11	1	1
Interest cost	19	22	1	1
Plan participant contributions	—	—	1	1
Divestitures	(16)	—	—	—
Actuarial (gain) loss	—	78	(1)	(8)
Amendments made during the year	1	—	—	—
Benefits and settlements paid	(20)	(21)	(2)	(2)
Other	—	(1)	(3)	—
Currency translation adjustment	(61)	(18)	—	—
Projected benefit obligation at end of year	<u>\$ 527</u>	<u>\$ 594</u>	<u>\$ 15</u>	<u>\$ 18</u>
Change in Plan Assets				
Fair value of plan assets at beginning of year	\$ 453	\$ 371	\$ 14	\$ 14
Actual return on plan assets	15	41	—	1
Divestitures	(8)	—	—	—
Employer and employee contributions	25	77	1	1
Benefits paid	(19)	(18)	(2)	(2)
Settlement payments	(1)	(3)	—	—
Other	—	(1)	—	—
Currency translation adjustment	(44)	(14)	—	—
Fair value of plan assets at end of year	<u>\$ 421</u>	<u>\$ 453</u>	<u>\$ 13</u>	<u>\$ 14</u>
Funded status	<u>\$ (106)</u>	<u>\$ (141)</u>	<u>\$ (2)</u>	<u>\$ (4)</u>
Amounts recognized in the statement of financial position consist of:				
Prepaid benefit cost	\$ 11	\$ 12	\$ —	\$ —
Accrued benefit liability	(117)	(153)	(2)	(4)
Net amount recognized	<u>\$ (106)</u>	<u>\$ (141)</u>	<u>\$ (2)</u>	<u>\$ (4)</u>

Adient

Notes to Combined Financial Statements (Continued)

14. RETIREMENT PLANS (Continued)

September 30,	Pension Benefits				Postretirement Benefits	
	U.S. Plans		Non-U.S. Plans			
	2015	2014	2015	2014	2015	2014
Weighted Average Assumptions(1)						
Discount rate(2)	4.40%	4.35%	3.40%	3.50%	3.80%	4.35%
Rate of compensation increase	3.25%	3.25%	3.00%	3.00%	NA	NA

- (1) Plan assets and obligations are determined based on a September 30 measurement date at September 30, 2015 and 2014.
- (2) The Company considers the expected benefit payments on a plan-by-plan basis when setting assumed discount rates. As a result, the Company uses different discount rates for each plan depending on the plan jurisdiction, the demographics of participants and the expected timing of benefit payments. For the U.S. pension and postretirement plans, the Company uses a discount rate provided by an independent third party calculated based on an appropriate mix of high quality bonds. For the non-U.S. pension and postretirement plans, the Company consistently uses the relevant country specific benchmark indices for determining the various discount rates.

At September 30, 2015, the Company changed the method used to estimate the service and interest components of net periodic benefit cost for pension and other postretirement benefits for plans that utilize a yield curve approach. This change compared to the previous method will result in different service and interest components of net periodic benefit cost (credit) in future periods. Historically, the Company estimated these service and interest cost components utilizing a single weighted-average discount rate derived from the yield curve used to measure the benefit obligation at the beginning of the period. The Company elected to utilize a full yield curve approach in the estimation of these components by applying the specific spot rates along the yield curve used in the determination of the benefit obligation to the relevant projected cash flows. The Company made this change to provide a more precise measurement of service and interest costs by improving the correlation between projected benefit cash flows to the corresponding spot yield curve rates. This change does not affect the measurement of the total benefit obligations or annual net periodic benefit cost (credit) as the change in the service and interest costs is completely offset in the net actuarial (gain) loss reported. The change in the service and interest costs going forward is not expected to be significant. The Company has accounted for this change as a change in accounting estimate.

Accumulated Other Comprehensive Income

The amounts in AOCI on the combined statements of financial position, exclusive of tax impacts, that have not yet been recognized as components of net periodic benefit cost at September 30, 2015 are \$3 million related to pension benefits and are not significant related to postretirement benefits.

The amounts in AOCI expected to be recognized as components of net periodic benefit cost over the next fiscal year for pension and postretirement benefits are not significant.

Adient

Notes to Combined Financial Statements (Continued)

14. RETIREMENT PLANS (Continued)

Net Periodic Benefit Cost

The table that follows contains the components of net periodic benefit cost (in millions):

Year Ended September 30,	Pension Benefits			Postretirement Benefits		
	2015	2014	2013	2015	2014	2013
Components of Net Periodic Benefit Cost (Credit):						
Service cost	\$ 10	\$ 11	\$ 13	\$ 1	\$ 1	\$ 1
Interest cost	19	22	19	1	1	1
Expected return on plan assets	(21)	(21)	(20)	(1)	(1)	—
Net actuarial (gain) loss	6	58	15	—	(8)	(2)
Settlement gain	—	—	(1)	—	—	—
Net periodic benefit cost (credit)	<u>\$ 14</u>	<u>\$ 70</u>	<u>\$ 26</u>	<u>\$ 1</u>	<u>\$ (7)</u>	<u>\$ —</u>

Year Ended September 30,	Pension Benefits						Postretirement Benefits		
	U.S. Plans			Non-U.S. Plans			2015	2014	2013
	2015	2014	2013	2015	2014	2013			
Expense Assumptions:									
Discount rate	4.35%	4.90%	4.15%	3.50%	4.20%	4.15%	4.35%	4.90%	4.15%
Expected return on plan assets	7.50%	8.00%	8.00%	5.40%	5.85%	6.00%	4.00%	4.00%	4.00%
Rate of compensation increase	3.25%	3.30%	3.25%	3.00%	2.80%	2.70%	NA	NA	NA

15. SIGNIFICANT RESTRUCTURING AND IMPAIRMENT COSTS

To better align its resources with its growth strategies and reduce the cost structure of its global operations to address the softness in certain underlying markets, the Company commits to restructuring plans as necessary.

In fiscal 2015, the Company committed to a restructuring plan (2015 Plan) and recorded \$182 million of restructuring and impairment costs in the combined statements of income. This is the total amount incurred to date and the total amount expected to be incurred for this restructuring plan. The restructuring actions relate to cost reduction initiatives. The costs consist primarily of workforce reductions, plant closures and asset impairments. The restructuring and impairment costs related to the Seating segment. The restructuring actions are expected to be substantially complete in fiscal 2016.

The following table summarizes the changes in the Company's 2015 Plan reserve (in millions):

	Employee Severance and Termination Benefits	Long-Lived Asset Impairments	Total
Original Reserve	\$ 155	\$ 27	\$ 182
Utilized—cash	(1)	—	(1)
Utilized—noncash	—	(27)	(27)
Balance at September 30, 2015	<u>\$ 154</u>	<u>\$ —</u>	<u>\$ 154</u>

Adient

Notes to Combined Financial Statements (Continued)

15. SIGNIFICANT RESTRUCTURING AND IMPAIRMENT COSTS (Continued)

In fiscal 2014, the Company committed to a restructuring plan (2014 Plan) and recorded \$158 million of restructuring and impairment costs in the combined statements of income. This is the total amount incurred to date and the total amount expected to be incurred for this restructuring plan. The restructuring actions related primarily to cost reduction initiatives and included workforce reductions, plant closures, and asset impairments. Of the restructuring and impairment costs recorded, \$129 million related to the Interiors segment and \$29 million related to the Seating segment. The restructuring actions are expected to be substantially complete in fiscal 2016.

The following table summarizes the changes in the Company's 2014 Plan reserve (in millions):

	Employee Severance and Termination Benefits	Long-Lived Asset Impairments	Currency Translation	Total
Original Reserve	\$ 106	\$ 52	\$ —	\$ 158
Utilized—noncash	—	(52)	(5)	(57)
Balance at September 30, 2014	\$ 106	\$ —	\$ (5)	\$ 101
Utilized—cash	(24)	—	—	(24)
Utilized—noncash	—	—	(9)	(9)
Balance at September 30, 2015	\$ 82	\$ —	\$ (14)	\$ 68

In fiscal 2013, the Company committed to a restructuring plan (2013 Plan) and recorded \$280 million of restructuring and impairment costs in the combined statements of income. This is the total amount incurred to date and the total amount expected to be incurred for this restructuring plan. The restructuring actions related to cost reduction initiatives and included workforce reductions, plant closures, and asset impairments. Of the restructuring and impairment costs recorded, \$152 million related to the Seating segment and \$128 million related to the Interiors segment. The restructuring actions are expected to be substantially complete in fiscal 2016.

The following table summarizes the changes in the Company's 2013 Plan reserve (in millions):

	Employee Severance and Termination Benefits	Long-Lived Asset Impairments	Other	Currency Translation	Total
Original Reserve	\$ 199	\$ 79	\$ 2	\$ —	\$ 280
Utilized—cash	(15)	—	—	—	(15)
Utilized—noncash	—	(79)	(2)	3	(78)
Balance at September 30, 2013	\$ 184	\$ —	\$ —	\$ 3	\$ 187
Utilized—cash	(54)	—	—	—	(54)
Utilized—noncash	—	—	—	(9)	(9)
Balance at September 30, 2014	\$ 130	\$ —	\$ —	\$ (6)	\$ 124
Utilized—cash	(66)	—	—	—	(66)
Utilized—noncash	—	—	—	(10)	(10)
Balance at September 30, 2015	\$ 64	\$ —	\$ —	\$ (16)	\$ 48

Adient

Notes to Combined Financial Statements (Continued)

15. SIGNIFICANT RESTRUCTURING AND IMPAIRMENT COSTS (Continued)

The Parent's fiscal 2015, 2014, and 2013 restructuring plans included workforce reductions of approximately 8,200 for Adient. Restructuring charges associated with employee severance and termination benefits are paid over the severance period granted to each employee or on a lump sum basis in accordance with individual severance agreements. As of September 30, 2015, approximately 4,400 of the employees have been separated from the Company pursuant to the restructuring plans. In addition, the restructuring plans included eighteen plant closures for Adient. As of September 30, 2015, five of the eighteen plants have been closed.

Refer to Note 16, "Impairment of Long-Lived Assets," of the notes to combined financial statements for further information regarding the long-lived asset impairment charges recorded as part of the restructuring actions.

Company management closely monitors its overall cost structure and continually analyzes each of its businesses for opportunities to consolidate current operations, improve operating efficiencies and locate facilities in low cost countries in close proximity to customers. This ongoing analysis includes a review of its manufacturing, engineering and purchasing operations, as well as the overall global footprint for all its businesses. Because of the importance of new vehicle sales by major automotive manufacturers to operations, the Company is affected by the general business conditions in this industry. Future adverse developments in the automotive industry could impact the Company's liquidity position, lead to impairment charges and/or require additional restructuring of its operations.

16. IMPAIRMENT OF LONG-LIVED ASSETS

The Company reviews long-lived assets, including property, plant and equipment and other intangible assets with definite lives, for impairment whenever events or changes in circumstances indicate that the asset's carrying amount may not be recoverable. The Company conducts its long-lived asset impairment analyses in accordance with ASC 360-10-15, "Impairment or Disposal of Long-Lived Assets." ASC 360-10-15 requires the Company to group assets and liabilities at the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets and liabilities and evaluate the asset group against the sum of the undiscounted future cash flows. If the undiscounted cash flows do not indicate the carrying amount of the asset is recoverable, an impairment charge is measured as the amount by which the carrying amount of the asset group exceeds its fair value based on discounted cash flow analysis or appraisals.

In fiscal 2015, the Company concluded it had triggering events requiring assessment of impairment for certain of its long-lived assets in conjunction with its announced restructuring actions. As a result, the Company reviewed the long-lived assets for impairment and recorded a \$27 million impairment charge within restructuring and impairment costs on the combined statements of income. The total impairment charge related to the Seating segment. Refer to Note 15, "Significant Restructuring and Impairment Costs," of the notes to combined financial statements for additional information. The impairment was measured, depending on the asset, either under an income approach utilizing forecasted discounted cash flows or a market approach utilizing an appraisal to determine fair values of the impaired assets. These methods are consistent with the methods the Company employed in prior periods to value other long-lived assets. The inputs utilized in the analyses are classified as Level 3 inputs within the fair value hierarchy as defined in ASC 820, "Fair Value Measurement" and primarily consist of expected future cash flows, estimated production volumes, discount rates, estimated salvage values and third-party appraisals.

Adient**Notes to Combined Financial Statements (Continued)****16. IMPAIRMENT OF LONG-LIVED ASSETS (Continued)**

In fiscal 2014, the Company concluded it had triggering events requiring assessment of impairment for certain of its long-lived assets in conjunction with its restructuring actions announced in fiscal 2014. As a result, the Company reviewed the long-lived assets for impairment and recorded a \$52 million impairment charge within restructuring and impairment costs on the combined statements of income. Of the total impairment charge, \$45 million related to the Interiors segment and \$7 million related to the Seating segment. Refer to Note 15, "Significant Restructuring and Impairment Costs," of the notes to combined financial statements for additional information. The impairment was measured, depending on the asset, either under an income approach utilizing forecasted discounted cash flows or a market approach utilizing an appraisal to determine fair values of the impaired assets. These methods are consistent with the methods the Company employed in prior periods to value other long-lived assets. The inputs utilized in the analyses are classified as Level 3 inputs within the fair value hierarchy as defined in ASC 820, "Fair Value Measurement" and primarily consist of expected future cash flows, estimated production volumes, discount rates, estimated salvage values and third-party appraisals.

In fiscal 2013, the Company concluded it had a triggering event requiring assessment of impairment for certain of its long-lived assets in conjunction with its restructuring actions announced in fiscal 2013. As a result, the Company reviewed the long-lived assets for impairment and recorded a \$79 million impairment charge within restructuring and impairment costs on the combined statements of income. Of the total impairment charge, \$57 million related to the Interiors segment and \$22 million related to the Seating segment. Refer to Note 15, "Significant Restructuring and Impairment Costs," of the notes to combined financial statements for additional information. The impairment was measured, depending on the asset, either under an income approach utilizing forecasted discounted cash flows or a market approach utilizing an appraisal to determine fair values of the impaired assets. These methods are consistent with the methods the Company employed in prior periods to value other long-lived assets. The inputs utilized in the analyses are classified as Level 3 inputs within the fair value hierarchy as defined in ASC 820, "Fair Value Measurement" and primarily consist of expected future cash flows, estimated production volumes, discount rates, estimated salvage values and third-party appraisals.

At September 30, 2015, 2014 and 2013, the Company concluded it did not have any other triggering events requiring assessment of impairment of its long-lived assets.

17. INCOME TAXES

The income tax (benefit) provision in the combined statements of income has been calculated as if Adient filed separate income tax returns and was operating as a stand-alone business. Therefore, cash tax payments and items of current and deferred taxes may not be reflective of the actual tax balances of Adient prior to or subsequent to the separation. The Company's operations have historically been included in the Parent's U.S. federal and state tax returns or non-U.S. jurisdiction tax returns.

The Parent's global tax model has been developed based upon its entire portfolio of business. Accordingly, the Company's tax results as presented are not necessarily indicative of future performance and do not necessarily reflect the results that would have generated as an independent company for the periods presented.

Because portions of the Company's operations are included in the Parent's tax returns, payments to certain tax authorities are made by the Parent, and not by the Company. With the exception of certain dedicated foreign entities, the Company does not maintain taxes payable to/from JCI and the balances are deemed to settle the annual current tax balances immediately with the legal tax-paying

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Notes to Combined Financial Statements (Continued)

17. INCOME TAXES (Continued)

entities in the respective jurisdictions. These settlements are reflected as changes in the Parent's net investment.

The more significant components of the Company's income tax provision are in the following table. These amounts do not include the impact of income tax expense related to our nonconsolidated partially-owned affiliates, which is netted against equity income on the combined statements of income.

(in millions)	Year Ended September 30,		
	2015	2014	2013
Tax expense at federal statutory rate	\$ 336	\$ 235	\$ 144
State income taxes, net of federal benefit	15	8	(1)
Foreign income tax expense at different rates and foreign losses without tax benefits	(13)	(14)	34
U.S. tax on foreign income	(252)	9	(21)
U.S. credits and incentives	(6)	(8)	(11)
Business divestitures	356	71	—
Reserve and valuation allowance adjustments	(13)	—	10
Other	(5)	(5)	13
Income tax provision	<u>\$ 418</u>	<u>\$ 296</u>	<u>\$ 168</u>

The effective rate is above the U.S. statutory rate for fiscal 2015 primarily due to the tax consequences of business divestitures partially offset by the benefits of U.S. tax on foreign income, income in certain non-U.S. jurisdictions with a tax rate lower than the U.S. statutory tax rate and continuing global tax planning initiatives. The effective rate is above the U.S. statutory rate for fiscal 2014 primarily due to the tax consequences of business divestitures partially offset by the benefits of continuing global tax planning initiatives and income in certain non-U.S. jurisdictions with a tax rate lower than the U.S. statutory tax rate. The effective rate is above the U.S. statutory rate for fiscal 2013 primarily due to losses not benefited.

Valuation Allowances

The Company accounts for income taxes in accordance with ASC 740, "Income Taxes." ASC 740 requires an asset and liability approach for financial accounting and reporting for income taxes. Under the asset and liability approach, deferred taxes are provided for the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Valuation allowances are established where management determines that it is more likely than not that some portion or all of a deferred tax asset will not be realized.

The Company reviews the realizability of its deferred tax asset valuation allowances on a quarterly basis, or whenever events or changes in circumstances indicate that a review is required. In determining the requirement for a valuation allowance, the historical and projected financial results of the legal entity or combined group recording the net deferred tax asset are considered, along with any other positive or negative evidence. Since future financial results may differ from previous estimates, periodic adjustments to the Company's valuation allowances may be necessary.

Adient

Notes to Combined Financial Statements (Continued)

17. INCOME TAXES (Continued)

As a result of the Company's fiscal 2015 analysis of the realizability of its worldwide deferred tax assets, and after considering tax planning initiatives and other positive and negative evidence, the Company determined that it was more likely than not that deferred tax assets within South Africa would be realized. Therefore, the Company released \$13 million of net valuation allowances as income tax benefit in the fiscal year ended September 30, 2015.

As a result of the Company's fiscal 2013 analysis of the realizability of its worldwide deferred tax assets, and after considering tax planning initiatives and other positive and negative evidence, the Company determined that it was more likely than not that deferred tax assets within Romania would not be realized. Therefore, the Company recorded \$10 million of net valuation allowances as income tax expense in the fiscal year ended September 30, 2013.

Uncertain Tax Positions

The unrecognized tax benefits reflected in the Company's combined financial statements have been determined using a separate-return by legal entity basis. As a result of the final separation from the Parent, the Company's unrecognized tax benefits could be different than those reflected in the combined financial statements. The Company is subject to income taxes in the U.S. and numerous foreign jurisdictions. Judgment is required in determining its worldwide provision for income taxes and recording the related assets and liabilities. In the ordinary course of the Company's business, there are many transactions and calculations where the ultimate tax determination is uncertain. The Company is regularly under audit by tax authorities.

At September 30, 2015, the Company had gross tax effected unrecognized tax benefits of \$393 million of which \$389 million, if recognized, would impact the effective tax rate. Total net accrued interest at September 30, 2015 was approximately \$10 million (net of tax benefit).

At September 30, 2014, the Company had gross tax effected unrecognized tax benefits of \$287 million of which \$283 million, if recognized, would impact the effective tax rate. Total net accrued interest at September 30, 2014 was approximately \$7 million (net of tax benefit).

At September 30, 2013, the Company had gross tax effected unrecognized tax benefits of \$239 million of which \$235 million, if recognized, would impact the effective tax rate. Total net accrued interest at September 30, 2013 was approximately \$5 million (net of tax benefit).

A reconciliation of the beginning and ending amount of unrecognized tax benefits is as follows (in millions):

	Year Ended September 30,		
	2015	2014	2013
Beginning balance	\$ 287	\$ 239	\$ 145
Additions for tax positions related to the current year	138	62	76
Additions for tax positions of prior years	—	—	18
Reductions for tax positions of prior years	(32)	(14)	—
Ending balance	<u>\$ 393</u>	<u>\$ 287</u>	<u>\$ 239</u>

Adient

Notes to Combined Financial Statements (Continued)

17. INCOME TAXES (Continued)

Other Tax Matters

In the fourth quarter of fiscal 2015, the Company completed its global automotive interiors joint venture with Yanfeng Automotive Trim Systems. Refer to Note 2, "Acquisitions and Divestitures," of the notes to combined financial statements for additional information. In connection with the divestiture of the business, the Company recorded a pre-tax gain on divestiture of \$127 million, \$20 million net of tax. The tax impact of the gain is due to the jurisdictional mix of gains and losses on the divestiture, which resulted in non-benefited expenses in certain countries and taxable gains in other countries. In addition, in the third and fourth quarters of fiscal 2015, the Company provided income tax expense for repatriation of cash and other tax reserves associated with the Interiors joint venture transaction, which resulted in a tax charge of \$75 million and \$218 million, respectively.

In the third quarter of fiscal 2014, the Company disposed of its Interiors headliner and sun visor product lines. Refer to Note 2, "Acquisitions and Divestitures," of the notes to combined financial statements for additional information. As a result, the Company recorded a pre-tax loss on divestiture of \$95 million and income tax expense of \$38 million. The income tax expense is due to the jurisdictional mix of gains and losses on the sale, which resulted in non-benefited losses in certain countries and taxable gains in other countries.

Income Tax Provision

Components of the provision for income taxes are as follows (in millions):

	Year Ended September 30,		
	2015	2014	2013
Current			
Federal	\$ 264	\$ 106	\$ 140
State	4	4	15
Foreign	201	178	95
	<u>469</u>	<u>288</u>	<u>250</u>
Deferred			
Federal	(63)	74	(36)
State	(26)	6	(11)
Foreign	38	(72)	(35)
	<u>(51)</u>	<u>8</u>	<u>(82)</u>
Income tax provision	<u>\$ 418</u>	<u>\$ 296</u>	<u>\$ 168</u>

Combined domestic income before income taxes and noncontrolling interests for the fiscal years ended September 30, 2015, 2014 and 2013 was income of \$788 million, \$742 million and \$638 million, respectively. Combined foreign income before income taxes and noncontrolling interests for the fiscal years ended September 30, 2015, 2014 and 2013 was income of \$171 million, \$(72) million and \$(225) million, respectively.

The Company has not provided additional U.S. income taxes on approximately \$3.7 billion of undistributed earnings of combined foreign subsidiaries included in Parent's net investment. Such

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Notes to Combined Financial Statements (Continued)

17. INCOME TAXES (Continued)

earnings could become taxable upon the sale or liquidation of these foreign subsidiaries or upon dividend repatriation. The Company's intent is for such earnings to be reinvested by the subsidiaries or to be repatriated when it would be tax effective through the utilization of foreign tax credits. It is not practicable to estimate the amount of unrecognized withholding taxes and deferred tax liability on such earnings.

Deferred taxes are classified in the combined statements of financial position as follows (in millions):

	September 30,	
	2015	2014
Other noncurrent assets	\$ 285	\$ 304
Other noncurrent liabilities	(93)	(138)
Net deferred tax asset	<u>\$ 192</u>	<u>\$ 166</u>

Temporary differences and carryforwards which gave rise to deferred tax assets and liabilities included (in millions):

	September 30,	
	2015	2014
Deferred tax assets		
Accrued expenses and reserves	\$ 150	\$ 212
Employee and retiree benefits	15	21
Net operating loss and other credit carryforwards	369	442
Research and development	11	22
Property, plant and equipment	—	2
Intangible assets	—	29
Joint ventures and partnerships	213	—
	758	728
Valuation allowances	(392)	(459)
	<u>366</u>	<u>269</u>
Deferred tax liabilities		
Property, plant and equipment	16	—
Intangible assets	88	—
Joint ventures and partnerships	—	37
Other	70	66
	<u>174</u>	<u>103</u>
Net deferred tax asset	<u>\$ 192</u>	<u>\$ 166</u>

At September 30, 2015, the Company had available net operating loss carryforwards of approximately \$1.4 billion, of which \$0.7 billion will expire at various dates between 2016 and 2035, and the remainder has an indefinite carryforward period. The valuation allowance, generally, is for loss

Adient**Notes to Combined Financial Statements (Continued)****17. INCOME TAXES (Continued)**

carryforwards for which realization is uncertain because it is unlikely that the losses will be realized given the lack of sustained profitability and/or limited carryforward periods in certain countries.

18. SEGMENT INFORMATION

ASC 280, "Segment Reporting," establishes the standards for reporting information about segments in financial statements. In applying the criteria set forth in ASC 280, the Company has determined that it has two reportable segments for financial reporting purposes.

Adient designs and manufactures interior systems and products for passenger cars and light trucks, including vans, pick-up trucks and sport utility/crossover vehicles.

- The Seating reportable segment produces automotive seat metal structures and mechanisms, foam, trim, fabric and complete seat systems.
- The Interiors reportable segment, primarily derived from its global automotive interiors joint venture completed on July 2, 2015, produces instrument panels, floor consoles, door panels, overhead consoles, cockpit systems, decorative trim and other products. Prior to the completion of the joint venture, the Interiors reportable segment produced instrument panels, floor consoles and door panels.

Management evaluates the performance of the segments based primarily on segment income, which represents income before income taxes and noncontrolling interests excluding net financing charges, restructuring and impairment costs, and net mark-to-market adjustments on pension and postretirement plans. General corporate and other overhead expenses are allocated to business segments in determining segment income. Financial information relating to the Company's reportable segments is as follows (in millions):

	Year Ended September 30,		
	2015	2014	2013
<i>Net Sales</i>			
Seating	\$ 16,859	\$ 17,871	\$ 16,621
Interiors	3,212	4,170	3,849
Total net sales	<u>\$ 20,071</u>	<u>\$ 22,041</u>	<u>\$ 20,470</u>

Adient

Notes to Combined Financial Statements (Continued)

18. SEGMENT INFORMATION (Continued)

	Year Ended September 30,		
	2015	2014	2013
<i>Segment Income (Loss)</i>			
Seating(1)	\$ 935	\$ 898	\$ 737
Interiors(2)	224	(5)	(21)
Total segment income	<u>\$ 1,159</u>	<u>\$ 893</u>	<u>\$ 716</u>
Net financing charges	(12)	(15)	(10)
Restructuring and impairment costs	(182)	(158)	(280)
Net mark-to-market adjustments on pension and postretirement plans	(6)	(50)	(13)
Income before income taxes	<u>\$ 959</u>	<u>\$ 670</u>	<u>\$ 413</u>

	September 30,		
	2015	2014	2013
<i>Assets</i>			
Seating	\$ 9,080	\$ 9,270	\$ 9,592
Interiors(3)	1,302	305	1,733
	10,382	9,575	11,325
Assets held for sale	55	1,631	62
Total	<u>\$ 10,437</u>	<u>\$ 11,206</u>	<u>\$ 11,387</u>

	Year Ended September 30,		
	2015	2014	2013
<i>Depreciation/Amortization</i>			
Seating	\$ 333	\$ 315	\$ 339
Interiors	14	122	111
Total	<u>\$ 347</u>	<u>\$ 437</u>	<u>\$ 450</u>

	Year Ended September 30,		
	2015	2014	2013
<i>Capital Expenditures</i>			
Seating	\$ 366	\$ 462	\$ 450
Interiors	112	162	209
Total	<u>\$ 478</u>	<u>\$ 624</u>	<u>\$ 659</u>

- (1) Seating segment income for the years ended September 30, 2015, 2014 and 2013 excludes \$182 million, \$29 million and \$152 million, respectively, of restructuring and impairment costs. For the years ended September 30, 2015, 2014 and 2013, Seating segment income includes \$264 million, \$249 million and \$286 million, respectively, of equity income.

Adient

Notes to Combined Financial Statements (Continued)

18. SEGMENT INFORMATION (Continued)

- (2) Interiors segment income for the years ended September 30, 2014 and 2013 excludes \$129 million and \$128 million, respectively, of restructuring and impairment costs. For the years ended September 30, 2015, 2014 and 2013, Interiors segment income includes \$31 million, \$35 million and \$16 million, respectively, of equity income.
- (3) The majority of Interiors assets were held for sale at September 30, 2014. At September 30, 2015, the Interiors assets primarily consist of investments in partially-owned affiliates.

Geographic Information

Financial information relating to the Company's operations by geographic area is as follows (in millions):

	Year Ended September 30,		
	2015	2014	2013
<i>Net Sales</i>			
United States	\$ 7,850	\$ 8,401	\$ 7,519
Germany	2,464	2,888	2,823
Mexico	1,299	1,339	1,331
Other European countries	5,050	6,321	5,287
Other foreign	3,408	3,092	3,510
Total	<u>\$ 20,071</u>	<u>\$ 22,041</u>	<u>\$ 20,470</u>
<i>Long-Lived Assets</i>			
United States	\$ 583	\$ 613	\$ 610
Germany	375	440	621
Mexico	225	220	245
Other European countries	722	820	1,058
Other foreign	234	313	364
Total	<u>\$ 2,139</u>	<u>\$ 2,406</u>	<u>\$ 2,898</u>

Net sales attributed to geographic locations are based on the location of the assets producing the sales. Long-lived assets by geographic location consist of net property, plant and equipment.

19. NONCONSOLIDATED PARTIALLY-OWNED AFFILIATES

Investments in the net assets of nonconsolidated partially-owned affiliates are stated in the "Investments in partially-owned affiliates" line in the combined statements of financial position as of September 30, 2015 and 2014. Equity in the net income of nonconsolidated partially-owned affiliates is stated in the "Equity income" line in the combined statements of income for the years ended September 30, 2015, 2014 and 2013.

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Notes to Combined Financial Statements (Continued)

19. NONCONSOLIDATED PARTIALLY-OWNED AFFILIATES (Continued)

The Company maintains total investments in partially-owned affiliates of \$1.6 billion and \$0.6 billion at September 30, 2015 and 2014, respectively. The Company's investments in partially-owned affiliates primarily consist of the following entities:

Name of partially-owned affiliate	% ownership	
	2015	2014
<i>Seating</i>		
Changchun FAWAY—Johnson Controls Automotive Systems Co., Ltd.	50.0%	50.0%
Shanghai Johnson Controls Yanfeng Seating Mechanism Co., Ltd	50.0%	50.0%
Shanghai Yanfeng Johnson Controls Seating Co., Ltd. (YFJC)	49.9%	49.9%
<i>Interiors</i>		
Yanfeng Global Automotive Interiors Systems Co., Ltd.	29.7%	—%

Financial information for nonconsolidated partially-owned affiliates that were significant to Adient's results is as follows:

Summarized balance sheet data (in millions):

	September 30, 2015		
	YFJC	All Other	Total
Current assets	\$ 1,595	\$ 3,923	\$ 5,518
Noncurrent assets	541	2,121	2,662
Total assets	\$ 2,136	\$ 6,044	\$ 8,180
Current liabilities	\$ 1,352	\$ 4,140	\$ 5,492
Noncurrent liabilities	41	108	149
Noncontrolling interests	67	11	78
Shareholders' equity	676	1,785	2,461
Total liabilities and shareholders' equity	\$ 2,136	\$ 6,044	\$ 8,180

	September 30, 2014		
	YFJC	All Other	Total
Current assets	\$ 1,469	\$ 1,396	\$ 2,865
Noncurrent assets	517	647	1,164
Total assets	\$ 1,986	\$ 2,043	\$ 4,029
Current liabilities	\$ 1,285	\$ 1,280	\$ 2,565
Noncurrent liabilities	33	41	74
Noncontrolling interests	64	—	64
Shareholders' equity	604	722	1,326
Total liabilities and shareholders' equity	\$ 1,986	\$ 2,043	\$ 4,029

Adient

Notes to Combined Financial Statements (Continued)

19. NONCONSOLIDATED PARTIALLY-OWNED AFFILIATES (Continued)

Summarized income statement data with reconciliation to Adient's equity in net income from nonconsolidated partially-owned affiliates for the years ended September 30 (in millions):

	2015		
	YFJC	All Other	Total
Net sales	\$ 3,855	\$ 5,594	\$ 9,449
Gross profit	538	662	1,200
Operating income	433	397	830
Net income	360	376	736
Income attributable to noncontrolling interests	46	6	52
Net income attributable to the entity	314	370	684
Equity in net income, before basis adjustments	\$ 157	\$ 149	\$ 306
Basis adjustments	(3)	(8)	(11)
Equity in net income	154	141	295

	2014		
	YFJC	All Other	Total
Net sales	\$ 3,646	\$ 3,898	\$ 7,544
Gross profit	497	416	913
Operating income	388	328	716
Net income	320	310	630
Income attributable to noncontrolling interests	28	—	28
Net income attributable to the entity	292	310	602
Equity in net income, before basis adjustments	\$ 146	\$ 141	\$ 287
Basis adjustments	(3)	0	(3)
Equity in net income	143	141	284

	2013		
	YFJC	All Other	Total
Net sales	\$ 3,053	\$ 3,238	\$ 6,291
Gross profit	427	297	724
Operating income	321	191	512
Net income	264	169	433
Income attributable to noncontrolling interests	19	—	19
Net income attributable to the entity	245	169	414
Equity in net income, before basis adjustments	\$ 123	\$ 74	\$ 197
Basis adjustments	(2)	1	(1)
Fair value adjustment to previously held interest	—	106	106
Equity in net income	121	181	302

Adient

Notes to Combined Financial Statements (Continued)

20. COMMITMENTS AND CONTINGENCIES

The Company accrues for potential environmental liabilities when it is probable a liability has been incurred and the amount of the liability is reasonably estimable. Reserves for environmental liabilities totaled \$7 million and \$8 million at September 30, 2015 and 2014, respectively. The Company reviews the status of its environmental sites on a quarterly basis and adjusts its reserves accordingly. Such potential liabilities accrued by the Company do not take into consideration possible recoveries of future insurance proceeds. They do, however, take into account the likely share other parties will bear at remediation sites. It is difficult to estimate the Company's ultimate level of liability at many remediation sites due to the large number of other parties that may be involved, the complexity of determining the relative liability among those parties, the uncertainty as to the nature and scope of the investigations and remediation to be conducted, the uncertainty in the application of law and risk assessment, the various choices and costs associated with diverse technologies that may be used in corrective actions at the sites, and the often quite lengthy periods over which eventual remediation may occur. Nevertheless, the Company does not currently believe that any claims, penalties or costs in connection with known environmental matters will have a material adverse effect on the Company's financial position, results of operations or cash flows.

The Company is involved in various lawsuits, claims and proceedings incident to the operation of its businesses, including those pertaining to product liability, environmental, safety and health, intellectual property, employment, commercial and contractual matters, and various other casualty matters. Although the outcome of any such lawsuit, claim or proceeding cannot be predicted with certainty and some may be disposed of unfavorably to Adient, it is management's opinion that none of these will have a material adverse effect on the Company's financial position, results of operations or cash flows. Costs related to such matters were not material to the periods presented.

21. RELATED PARTY TRANSACTIONS AND PARENT'S NET INVESTMENT

Related Party Transactions

In the ordinary course of business, the Company enters into transactions with related parties, such as equity affiliates and other businesses of the Parent. Such transactions consist of facility management services, the sale or purchase of goods and other arrangements.

Revision of Previously Reported Related Party Transactions

In connection with the preparation of the financial statements for the three and six months ended March 31, 2016, the Company identified misstatements in amounts classified as related party transactions in previously reported periods. The misstatements impacted the amounts previously disclosed in this footnote. The misstatements are not considered material, individually or in the aggregate, to previously issued financial statements. The misstatements had no impact on the combined financial statements.

Adient

Notes to Combined Financial Statements (Continued)

21. RELATED PARTY TRANSACTIONS AND PARENT'S NET INVESTMENT (Continued)

The following table sets forth the net sales to and purchases from related parties included in the combined statements of operations, including the impact of all revisions thereto:

(in millions)	Year Ended September 30,		
	2015	2014	2013
Net sales to related parties	\$ 196(1)	\$ 215(1)	\$ 272(1)
Purchases from related parties	166(2)	199(2)	118(2)

- (1) These amounts have been revised to correct for previously reported misstatements. The revisions decreased net sales to related parties by \$26 million and \$266 million for 2015 and 2014, respectively, and increased net sales to related parties by \$206 million for 2013.
- (2) These amounts have been revised to correct for previously reported misstatements. The revisions increased purchases from related parties by \$62 million, \$5 million and \$38 million for 2015, 2014 and 2013, respectively.

The following table sets forth the amount of accounts receivable due from and payable to related parties in the combined statements of financial position, including the impact of all revisions thereto:

(in millions)	September 30,	
	2015	2014
Receivable from related parties	\$ 254(1)	\$ 124(1)
Payable to related parties	122	101

- (1) These amounts have been revised to correct for previously reported misstatements. The revisions decreased receivables from related parties by \$2 million for 2015 and increased receivables from related parties by \$18 million for 2014.

Excluding the settlement of intercompany balances in advance of the separation of the Company from the Parent, average receivable and payable balances with related parties remained relatively consistent with the period end balances shown above.

Corporate Allocations and Parent's Net Investment

The combined statements of operations include allocations for certain support functions that are provided on a centralized basis by the Parent and subsequently recorded at the business unit level, such as expenses related to employee benefits, finance, human resources, risk management, information technology, facilities, and legal, among others. Included in cost of sales and selling, general and administrative expense during the years ended September 30, 2015, 2014 and 2013 were \$361 million, \$304 million and \$254 million, respectively, of corporate expenses incurred by JCI. These expenses have been allocated to the Company on the basis of direct usage when identifiable, with the remainder allocated on a proportional basis of combined sales, headcount or other measures of the Company or the Parent. Management believes the assumptions underlying the combined financial statements, including the assumptions regarding allocating general corporate expenses from the Parent, are reasonable. Nevertheless, the combined financial statements may not include all actual expenses that would have been incurred by the Company and may not reflect the combined results of operations, financial position and cash flows had it been a stand-alone company during the years presented. Actual

Adient

Notes to Combined Financial Statements (Continued)

21. RELATED PARTY TRANSACTIONS AND PARENT'S NET INVESTMENT (Continued)

costs that would have been incurred if the Company had been a stand-alone company would depend on multiple factors, including organizational structure and strategic decisions made in various areas, including information technology and infrastructure.

Approximately \$16 million of costs related to the separation of Adient have been incurred by the Parent for the year ended September 30, 2015. These costs include legal, consulting and advisory fees. The Parent has assumed these separation costs incurred to date and none of these separation costs were allocated to Adient's combined financial statements. To the extent separation costs are incurred that will directly benefit Adient as a stand-alone company, such costs will be allocated to Adient.

In addition to the transactions discussed above, certain intercompany transactions between the Company and the Parent have not been recorded as related party transactions. These transactions are considered to be effectively settled for cash at the time the transaction is recorded. The total net effect of the settlement of these intercompany transactions is reflected in the combined statements of cash flows as a financing activity and in the combined statements of financial position as Parent's net investment.

ADIENT AND SUBSIDIARIES

SCHEDULE II—VALUATION AND QUALIFYING ACCOUNTS

(In millions)

Year Ended September 30,	2015	2014	2013
<i>Accounts Receivable—Allowance for Doubtful Accounts</i>			
Balance at beginning of period	\$ 11	\$ 14	\$ 17
Provision charged to costs and expenses	14	17	28
Reserve adjustments	(13)	(18)	(29)
Accounts charged off	—	—	(2)
Transfers to held for sale	—	(2)	—
Balance at end of period	<u>\$ 12</u>	<u>\$ 11</u>	<u>\$ 14</u>
<i>Deferred Tax Assets—Valuation Allowance</i>			
Balance at beginning of period	\$ 459	\$ 426	\$ 306
Allowance provision for new operating and other loss carryforwards	24	33	56
Allowance provision (benefit) adjustments	(91)	—	64
Balance at end of period	<u>\$ 392</u>	<u>\$ 459</u>	<u>\$ 426</u>

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Adient Limited
Combined Statements of Financial Position
(unaudited)

(in millions)	March 31, 2016	September 30, 2015
Assets		
Cash and cash equivalents	\$ 66	\$ 44
Accounts receivable—net	2,195	2,134
Inventories	722	701
Assets held for sale	—	55
Other current assets	651	872
Current assets	3,634	3,806
Property, plant and equipment—net	2,125	2,139
Goodwill	2,184	2,160
Other intangible assets—net	121	129
Investments in partially-owned affiliates	1,768	1,646
Other noncurrent assets	482	557
Total assets	<u>\$ 10,314</u>	<u>\$ 10,437</u>
Liabilities and Invested Equity		
Short-term debt	\$ 132	\$ 17
Current portion of long-term debt	7	7
Accounts payable	2,595	2,653
Accrued compensation and benefits	338	392
Liabilities held for sale	—	42
Restructuring reserve	365	280
Other current liabilities	530	620
Current liabilities	3,967	4,011
Long-term debt	32	35
Pension and postretirement benefits	107	118
Other noncurrent liabilities	1,205	475
Long-term liabilities	1,344	628
Commitments and contingencies (Note 18)		
Redeemable noncontrolling interests	42	31
Parent's net investment	5,018	5,873
Accumulated other comprehensive loss	(208)	(247)
Invested equity attributable to Adient	4,810	5,626
Noncontrolling interests	151	141
Total invested equity	4,961	5,767
Total liabilities and invested equity	<u>\$ 10,314</u>	<u>\$ 10,437</u>

The accompanying notes are an integral part of the combined financial statements.

Adient Limited
Combined Statements of Income (Loss)
(unaudited)

(in millions)	Three Months Ended March 31,		Six Months Ended March 31,	
	2016	2015	2016	2015
Net sales	\$ 4,298	\$ 5,234	\$ 8,531	\$ 10,507
Cost of sales	3,868	4,762	7,733	9,591
Gross profit	430	472	798	916
Selling, general and administrative expenses	(252)	(298)	(505)	(607)
Restructuring and impairment costs	(169)	—	(169)	—
Net financing charges	(4)	(3)	(6)	(7)
Equity income	77	69	171	154
Income before income taxes	82	240	289	456
Income tax provision	838	21	891	36
Net income (loss)	(756)	219	(602)	420
Income attributable to noncontrolling interests	23	18	40	37
Net income (loss) attributable to Adient	<u>\$ (779)</u>	<u>\$ 201</u>	<u>\$ (642)</u>	<u>\$ 383</u>

The accompanying notes are an integral part of the combined financial statements.

Adient Limited

Combined Statements of Comprehensive Income (Loss)

(unaudited)

<u>(in millions)</u>	Three Months Ended March 31,		Six Months Ended March 31,	
	2016	2015	2016	2015
Net income (loss)	\$ (756)	\$ 219	\$ (602)	\$ 420
Other comprehensive income (loss), net of tax:				
Foreign currency translation adjustments	185	(441)	33	(670)
Realized and unrealized gains (losses) on derivatives	6	6	8	(3)
Other comprehensive income (loss)	191	(435)	41	(673)
Total comprehensive income (loss)	(565)	(216)	(561)	(253)
Comprehensive income attributable to noncontrolling interests	25	16	42	35
Comprehensive income (loss) attributable to Adient	<u>\$ (590)</u>	<u>\$ (232)</u>	<u>\$ (603)</u>	<u>\$ (288)</u>

The accompanying notes are an integral part of the combined financial statements.

Adient Limited
Combined Statements of Cash Flows
(unaudited)

(in millions)	Six Months Ended March 31,	
	2016	2015
Operating Activities		
Net income (loss) attributable to Adient	\$ (642)	\$ 383
Income attributable to noncontrolling interests	40	37
Net income (loss)	(602)	420
Adjustments to reconcile net income (loss) to cash provided (used) by operating activities:		
Depreciation	163	168
Amortization of intangibles	9	10
Pension and postretirement benefit expense	2	4
Pension and postretirement contributions	(18)	(20)
Equity in earnings of partially-owned affiliates, net of dividends received	(150)	(148)
Deferred income taxes	804	(174)
Equity-based compensation	6	16
Other	7	4
Changes in assets and liabilities:		
Receivables	(13)	(239)
Inventories	(9)	(23)
Other assets	239	(94)
Restructuring reserves	81	(53)
Accounts payable and accrued liabilities	(211)	(90)
Accrued income taxes	(14)	5
Cash provided (used) by operating activities	294	(214)
Investing Activities		
Capital expenditures	(186)	(260)
Sale of property, plant and equipment	11	11
Acquisition of businesses, net of cash acquired	—	(18)
Business divestitures	18	—
Changes in long-term investments	—	(45)
Other	5	11
Cash used by investing activities	(152)	(301)
Financing Activities		
Net transfers (to) from Parent	(212)	550
Increase (decrease) in short-term debt	117	(25)
Repayment of long-term debt	(4)	(5)
Other	(22)	(14)
Cash provided (used) by financing activities	(121)	506
Effect of exchange rate changes on cash and cash equivalents	1	4
Increase (decrease) in cash and cash equivalents	22	(5)
Cash and cash equivalents at beginning of period	44	45
Cash and cash equivalents at end of period	<u>\$ 66</u>	<u>\$ 40</u>

The accompanying notes are an integral part of the combined financial statements.

Adient Limited

Notes to Combined Financial Statements

March 31, 2016

(unaudited)

1. FINANCIAL STATEMENTS

In the opinion of management, the accompanying unaudited combined financial statements contain all adjustments (which include normal recurring adjustments) necessary to state fairly the financial position, results of operations and cash flows for the periods presented. Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) have been omitted pursuant to the rules and regulations of the United States Securities and Exchange Commission (SEC). These combined financial statements should be read in conjunction with the audited combined financial statements and notes thereto included in the Adient (the "Company") Form 10. The results of operations for the three and six month periods ended March 31, 2016 are not necessarily indicative of results for the Company's 2016 fiscal year because of seasonal and other factors.

The Separation

On July 24, 2015, Johnson Controls, Inc. ("JCI" or the "Parent") announced its intent to pursue a separation of the automotive seating and interiors businesses (the "Company" or "Adient") through a spin-off to shareholders. These combined financial statements reflect the combined historical results of the operations, financial position and cash flows of Adient. Adient designs and manufactures interior systems and products for passenger cars and light trucks, including vans, pick-up trucks and sport utility crossover vehicles and is the world's largest automotive seating supplier.* Adient has a leading market position in the Americas, Europe and China, and has relationships with the largest global auto manufacturers. Adient's technologies extend into virtually every area of automotive seating solutions, including complete seating systems, frames, mechanisms, foam, head restraints, armrests, trim covers and fabrics.

Basis of Presentation

These combined financial statements were prepared on a stand-alone basis derived from the consolidated financial statements and accounting records of JCI as if Adient had been operating as a stand-alone company for all periods presented. These combined financial statements have been prepared in accordance with U.S. GAAP. The assets and liabilities in the combined financial statements have been reflected on a historical cost basis, as included in the consolidated statements of financial position of JCI. The combined statements of operations include allocations for certain support functions that are provided on a centralized basis by the Parent and subsequently recorded at the business unit level, such as expenses related to employee benefits, finance, human resources, risk management, information technology, facilities, and legal, among others. These expenses have been allocated to the Company on the basis of direct usage when identifiable, with the remainder allocated on a proportional basis of combined sales, headcount or other measures of the Company or the Parent. Management believes the assumptions underlying the combined financial statements, including the assumptions regarding allocating general corporate expenses from the Parent, are reasonable. Nevertheless, the combined financial statements may not include all actual expenses that would have been incurred by Adient and may not reflect the combined results of operations, financial position and cash flows had it been a stand-alone company during the years presented. Actual costs that would have

* Based on production volumes. Source: IHS Automotive

Adient Limited

Notes to Combined Financial Statements (Continued)

March 31, 2016

(unaudited)

1. FINANCIAL STATEMENTS (Continued)

been incurred if Adient had been a stand-alone company would depend on multiple factors, including organizational structure and strategic decisions made in various areas, including information technology and infrastructure.

Principles of Combination

The combined financial statements include certain assets and liabilities that have historically been held at the Parent level but are specifically identifiable or otherwise attributable to Adient. All significant intercompany transactions and accounts within the Company's combined businesses have been eliminated. All intercompany transactions between the Company and the Parent have been included in these combined financial statements as Parent's net investment. Expenses related to corporate allocations from the Parent to the Company are considered to be effectively settled for cash in the combined financial statements at the time the transaction is recorded. In addition, transactions between the Company and the Parent's other businesses have been classified as related party, rather than intercompany, in the combined financial statements.

In addition to wholly-owned subsidiaries, the Company has investments which, in certain cases, may or may not require combination, as a result of only a partial-ownership interest and/or lack of significant influence over the investee. The Company's investments in partially-owned affiliates are accounted for by the equity method when the Company's interest exceeds 20% and the Company does not have a controlling interest.

Combined VIEs

Based upon the criteria set forth in Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 810, "Consolidation," the Company has determined that it was the primary beneficiary in two VIEs for the reporting periods ended March 31, 2016 and September 30, 2015, as the Company absorbs significant economics of the entities and has the power to direct the activities that are considered most significant to the entities.

The two VIEs manufacture seating products in North America for the automotive industry. The Company funds the entities' short-term liquidity needs through revolving credit facilities and has the power to direct the activities that are considered most significant to the entities through its key customer supply relationships.

Adient Limited**Notes to Combined Financial Statements (Continued)****March 31, 2016****(unaudited)****1. FINANCIAL STATEMENTS (Continued)**

The carrying amounts and classification of assets (none of which are restricted) and liabilities included in the Company's combined statements of financial position for the combined VIEs are as follows:

<u>(in millions)</u>	<u>March 31,</u> <u>2016</u>	<u>September 30,</u> <u>2015</u>
Current assets	\$ 303	\$ 279
Noncurrent assets	39	41
Total assets	<u>\$ 342</u>	<u>\$ 320</u>
Current liabilities	\$ 217	\$ 229
Total liabilities	<u>\$ 217</u>	<u>\$ 229</u>

The Company did not have a significant variable interest in any other combined VIEs for the presented reporting periods.

2. NEW ACCOUNTING STANDARDS

In March 2016, the FASB issued Accounting Standards Update (ASU) No. 2016-09, "Compensation—Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting." ASU No. 2016-09 changes the accounting for certain aspects of share-based payments to employees, including the income tax consequences, classification of awards as either equity or liabilities, and classification on the statement of cash flows. In addition, the guidance allows for a policy election to account for forfeitures as they occur rather than on an estimated basis. ASU No. 2016-09 will be effective for the Company for the quarter ending December 31, 2017, with early adoption permitted. The Company is currently assessing the impact adoption of this guidance will have on its combined financial statements.

In March 2016, the FASB issued ASU No. 2016-07, "Investments—Equity Method and Joint Ventures (Topic 323): Simplifying the Transition to the Equity Method of Accounting." ASU No. 2016-07 eliminates the requirement that when an investment qualifies for use of the equity method as a result of an increase in the level of ownership interest or degree of influence, an investor must adjust the investment, results of operations, and retained earnings retrospectively. ASU No. 2016-07 will be effective prospectively for the Company for increases in the level of ownership interest or degree of influence that result in the adoption of the equity method that occur during or after the quarter ending December 31, 2017, with early adoption permitted. The impact of this guidance for the Company is dependent on any future increases in the level of ownership interest or degree of influence that result in the adoption of the equity method.

In February 2016, the FASB issued ASU No. 2016-02, "Leases (Topic 842)." ASU No. 2016-02 requires recognition of operating leases as lease assets and lease liabilities on the balance sheet and disclosure of key information about leasing arrangements. ASU No. 2016-02 will be effective retrospectively for the Company for the quarter ending December 31, 2019, with early adoption permitted. The Company is currently assessing the impact adoption of this guidance will have on its combined financial statements.

Adient Limited

Notes to Combined Financial Statements (Continued)

March 31, 2016

(unaudited)

2. NEW ACCOUNTING STANDARDS (Continued)

In January 2016, the FASB issued ASU No. 2016-01, "Financial Instruments—Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Liabilities." ASU No. 2016-01 amends certain aspects of recognition, measurement, presentation and disclosure of financial instruments. ASU No. 2016-01 will be effective prospectively for the Company for the quarter ending December 31, 2018, with early adoption permitted. The Company is currently assessing the impact adoption of this guidance will have on its combined financial statements.

In November 2015, the FASB issued ASU No. 2015-17, "Income Taxes (Topic 740): Balance Sheet Classification of Deferred Taxes." ASU No. 2015-17 requires that deferred tax liabilities and assets be classified as noncurrent in the combined statements of financial position. ASU No. 2015-17 was early adopted by the Company for the quarter ended December 31, 2015 and was applied retrospectively to all periods presented.

In September 2015, the FASB issued ASU No. 2015-16, "Business Combinations (Topic 805): Simplifying the Accounting for Measurement—Period Adjustments." ASU No. 2015-16 requires that the cumulative impact of a measurement period adjustment (including the impact on prior periods) be recognized in the reporting period in which the adjustment is identified. ASU No. 2015-16 was early adopted by the Company in the quarter ended September 30, 2015. The adoption of this guidance did not have an impact on the Company's combined financial condition or results from operations.

In July 2015, the FASB issued ASU No. 2015-11, "Simplifying the Measurement of Inventory." ASU No. 2015-11 requires inventory that is recorded using the first-in, first-out method to be measured at the lower of cost or net realizable value. ASU No. 2015-11 will be effective retrospectively for the Company for the quarter ending December 31, 2017, with early adoption permitted. The adoption of this guidance is not expected to have a significant impact on the Company's combined financial statements.

In May 2015, the FASB issued ASU No. 2015-07, "Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent)." ASU No. 2015-07 removes the requirement to categorize within the fair value hierarchy all investments for which fair value is measured using the net asset value per share practical expedient. Such investments should be disclosed separate from the fair value hierarchy. ASU No. 2015-07 will be effective retrospectively for the Company for the quarter ending December 31, 2016, with early adoption permitted. The adoption of this guidance is not expected to have an impact on the Company's combined financial statements but will impact pension asset disclosures.

In April 2015, the FASB issued ASU No. 2015-03, "Interest—Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs." ASU No. 2015-03 requires that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of the debt liability. ASU No. 2015-03 will be effective retrospectively for the Company for the quarter ending December 31, 2016, with early adoption permitted. The adoption of this guidance is not expected to have a significant impact on the Company's historical combined financial statements. Any future impact will depend on future debt issuances.

Adient Limited

Notes to Combined Financial Statements (Continued)

March 31, 2016

(unaudited)

2. NEW ACCOUNTING STANDARDS (Continued)

In February 2015, the FASB issued ASU No. 2015-02, "Consolidation (Topic 810): Amendments to the Consolidation Analysis." ASU No. 2015-02 amends the analysis performed to determine whether a reporting entity should combine certain types of legal entities. ASU No. 2015-02 will be effective retrospectively for the Company for the quarter ending December 31, 2016, with early adoption permitted. The Company is currently assessing the impact adoption of this guidance will have on its combined financial statements.

In May 2014, the FASB issued ASU No. 2014-09, "Revenue from Contracts with Customers (Topic 606)." ASU No. 2014-09 clarifies the principles for recognizing revenue when an entity either enters into a contract with customers to transfer goods or services or enters into a contract for the transfer of non-financial assets. The original standard was effective retrospectively for the Company for the quarter ending December 31, 2017; however in August 2015, the FASB issued ASU No. 2015-14, "Revenue from Contracts with Customers (Topic 606): Deferral of the Effective Date," which defers the effective date of ASU 2014-09 by one year for all entities. The new standard will become effective retrospectively for the Company for the quarter ending December 31, 2018, with early adoption permitted, but not before the original effective date. Additionally, in March 2016 the FASB issued ASU No. 2016-08, "Revenue from Contracts with Customers (Topic 606): Principal versus Agent Considerations (Reporting Revenue Gross versus Net)," in April 2016 the FASB issued ASU No. 2016-10, "Revenue from Contracts with Customers (Topic 606): Identifying Performance Obligations and Licensing," and in May 2016 the FASB issued ASU No. 2016-12, "Revenue from Contracts with Customers (Topic 606): Narrow-Scope Improvements and Practical Expedients," which provide additional clarification on certain topics addressed in ASU 2014-09. ASU 2016-08, ASU 2016-10 and ASU 2016-12 follow the same implementation guidelines as ASU 2014-09. The Company is currently assessing the impact adoption of this guidance will have on its combined financial statements.

In April 2014, the FASB issued ASU No. 2014-08, "Presentation of Financial Statements (Topic 205) and Property, Plant and Equipment (Topic 360): Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity." ASU No. 2014-08 limits discontinued operations reporting to situations where the disposal represents a strategic shift that has (or will have) a major effect on an entity's operations and financial results, and requires expanded disclosures for discontinued operations. ASU No. 2014-08 was effective for the Company for the quarter ended December 31, 2015. The adoption of this guidance has not had any impact on the Company's combined financial statements.

3. ACQUISITIONS AND DIVESTITURES

No acquisitions occurred during the six months ended March 31, 2016. In the first six months of fiscal 2015, the Company completed three acquisitions for a combined purchase price, net of cash acquired, of \$47 million, \$18 million of which was paid during the six months ended March 31, 2015. The acquisitions in the aggregate were not material to the Company's combined financial statements. In connection with the acquisitions, the Company recorded goodwill of \$9 million.

Adient Limited

Notes to Combined Financial Statements (Continued)

March 31, 2016

(unaudited)

3. ACQUISITIONS AND DIVESTITURES (Continued)

During the six months ended March 31, 2016, the Company received \$18 million of cash related to a divestiture completed in fourth quarter of fiscal 2015.

4. ASSETS AND LIABILITIES HELD FOR SALE

The Company had determined that certain of its businesses met the criteria to be classified as held for sale. At September 30, 2015, \$55 million of assets and \$42 million of liabilities related to certain product lines were classified as held for sale. At March 31, 2016, these product lines no longer met the criteria to be classified as held for sale.

5. INVENTORIES

Inventories consisted of the following:

<u>(in millions)</u>	<u>March 31, 2016</u>	<u>September 30, 2015</u>
Raw materials and supplies	\$ 541	\$ 539
Work-in-process	39	40
Finished goods	142	122
Inventories	<u>\$ 722</u>	<u>\$ 701</u>

6. GOODWILL AND OTHER INTANGIBLE ASSETS

The change in the carrying amount of goodwill in the Company's Seating reporting segment for the six months ended March 31, 2016 is as follows:

<u>(in millions)</u>	<u>September 30, 2015</u>	<u>Currency Translation</u>	<u>March 31, 2016</u>
Seating	\$ 2,160	\$ 24	\$ 2,184

The Company's other intangible assets, primarily from business acquisitions valued in part on independent appraisals, consisted of:

<u>(in millions)</u>	<u>March 31, 2016</u>			<u>September 30, 2015</u>		
	<u>Gross Carrying Amount</u>	<u>Accumulated Amortization</u>	<u>Net</u>	<u>Gross Carrying Amount</u>	<u>Accumulated Amortization</u>	<u>Net</u>
Intangible assets						
Patented technology	\$ 27	\$ (12)	\$ 15	\$ 27	\$ (11)	\$ 16
Customer relationships	101	(43)	58	100	(38)	62
Trademarks	57	(18)	39	56	(15)	41
Miscellaneous	15	(6)	9	15	(5)	10
Total intangible assets	<u>\$ 200</u>	<u>\$ (79)</u>	<u>\$ 121</u>	<u>\$ 198</u>	<u>\$ (69)</u>	<u>\$ 129</u>

Adient Limited

Notes to Combined Financial Statements (Continued)

March 31, 2016

(unaudited)

6. GOODWILL AND OTHER INTANGIBLE ASSETS (Continued)

Amortization of other intangible assets for the three months ended March 31, 2016 and 2015 was \$5 million and \$5 million, respectively. Amortization of other intangible assets for the six months ended March 31, 2016 and 2015 was \$9 million and \$10 million, respectively. Excluding the impact of any future acquisitions, the Company anticipates amortization for fiscal 2017, 2018, 2019, 2020 and 2021 will be approximately \$17 million, \$17 million, \$17 million, \$17 million and \$15 million, respectively.

7. PRODUCT WARRANTIES

The Company offers warranties to its customers depending upon the specific product and terms of the customer purchase agreement. A typical warranty program requires that the Company replace defective products within a specified time period from the date of sale. The Company records an estimate for future warranty-related costs based on actual historical return rates and other known factors. Based on analysis of return rates and other factors, the Company's warranty provisions are adjusted as necessary. The Company monitors its warranty activity and adjusts its reserve estimates when it is probable that future warranty costs will be different than those estimates.

The Company's product warranty liability is recorded in the combined statements of financial position in other current liabilities.

The changes in the carrying amount of the Company's total product warranty liability are as follows:

<u>(in millions)</u>	Six Months Ended March 31,	
	2016	2015
Balance at beginning of period	\$ 12	\$ 19
Accruals for warranties issued during the period	4	3
Accruals related to pre-existing warranties (including changes in estimates)	1	(1)
Settlements made (in cash or in kind) during the period	(1)	(2)
Currency translation	—	(1)
Balance at end of period	<u>\$ 16</u>	<u>\$ 18</u>

8. SIGNIFICANT RESTRUCTURING AND IMPAIRMENT COSTS

To better align its resources with its growth strategies and reduce the cost structure of its global operations to address the softness in certain underlying markets, the Company commits to restructuring plans as necessary.

In fiscal 2016, the Company committed to a significant restructuring plan (2016 Plan) and recorded \$169 million of restructuring and impairment costs in the combined statements of income. This is the total amount incurred to date for this restructuring plan. The restructuring actions relate to cost reduction initiatives. The costs consist primarily of workforce reductions, plant closures and asset

Adient Limited

Notes to Combined Financial Statements (Continued)

March 31, 2016

(unaudited)

8. SIGNIFICANT RESTRUCTURING AND IMPAIRMENT COSTS (Continued)

impairments. The restructuring and impairment costs related to the Seating segment. The restructuring actions are expected to be substantially complete in fiscal 2017.

The following table summarizes the changes in the Company's 2016 Plan reserve:

<u>(in millions)</u>	<u>Employee Severance and Termination Benefits</u>	<u>Long-Lived Asset Impairments and Other</u>	<u>Currency Translation</u>	<u>Total</u>
Original Reserve	\$ 154	\$ 15	\$ —	\$ 169
Utilized—cash	(3)	(1)	—	(4)
Utilized—noncash	—	(9)	3	(6)
Balance at March 31, 2016	<u>\$ 151</u>	<u>\$ 5</u>	<u>\$ 3</u>	<u>\$ 159</u>

In fiscal 2015, the Company committed to a significant restructuring plan (2015 Plan) and recorded \$182 million of restructuring and impairment costs in the combined statements of income. This is the total amount incurred to date and the total amount expected to be incurred for this restructuring plan. The restructuring actions relate to cost reduction initiatives. The costs consist primarily of workforce reductions, plant closures and asset impairments. The restructuring and impairment costs related to the Seating segment. The restructuring actions are expected to be substantially complete in fiscal 2016.

The following table summarizes the changes in the Company's 2015 Plan reserve:

<u>(in millions)</u>	<u>Employee Severance and Termination Benefits</u>	<u>Long-Lived Asset Impairments</u>	<u>Currency Translation</u>	<u>Total</u>
Original Reserve	\$ 155	\$ 27	\$ —	\$ 182
Utilized—cash	(1)	—	—	(1)
Utilized—noncash	—	(27)	—	(27)
Balance at September 30, 2015	\$ 154	\$ —	\$ —	\$ 154
Utilized—cash	(18)	—	—	(18)
Utilized—noncash	—	—	1	1
Balance at March 31, 2016	<u>\$ 136</u>	<u>\$ —</u>	<u>\$ 1</u>	<u>\$ 137</u>

In fiscal 2014, the Company committed to a significant restructuring plan (2014 Plan) and recorded \$158 million of restructuring and impairment costs in the combined statements of income. This is the total amount incurred to date and the total amount expected to be incurred for this restructuring plan. The restructuring actions related primarily to cost reduction initiatives and included workforce reductions, plant closures and asset impairments. Of the restructuring and impairment costs recorded, \$129 million related to the Interiors segment and \$29 million related to the Seating segment. The restructuring actions are expected to be substantially complete in fiscal 2016.

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Notes to Combined Financial Statements (Continued)

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8. SIGNIFICANT RESTRUCTURING AND IMPAIRMENT COSTS (Continued)

The following table summarizes the changes in the Company's 2014 Plan reserve:

(in millions)	Employee Severance and Termination Benefits	Long-Lived Asset Impairments	Currency Translation	Total
Original Reserve	\$ 106	\$ 52	\$ —	\$ 158
Utilized—noncash	—	(52)	(5)	(57)
Balance at September 30, 2014	\$ 106	\$ —	\$ (5)	\$ 101
Utilized—cash	(24)	—	—	(24)
Utilized—noncash	—	—	(9)	(9)
Balance at September 30, 2015	\$ 82	\$ —	\$ (14)	\$ 68
Utilized—cash	(25)	—	—	(25)
Utilized—noncash	—	—	(1)	(1)
Balance at March 31, 2016	<u>\$ 57</u>	<u>\$ —</u>	<u>\$ (15)</u>	<u>\$ 42</u>

In fiscal 2013, the Company committed to a significant restructuring plan (2013 Plan) and recorded \$280 million of restructuring and impairment costs in the combined statements of income. This is the total amount incurred to date and the total amount expected to be incurred for this restructuring plan. The restructuring actions related to cost reduction initiatives and included workforce reductions, plant closures, and asset impairments. Of the restructuring and impairment costs recorded, \$152 million related to the Seating segment and \$128 million related to the Interiors segment. The restructuring actions are expected to be substantially complete in fiscal 2016.

The following table summarizes the changes in the Company's 2013 Plan reserve:

(in millions)	Employee Severance and Termination Benefits	Long-Lived Asset Impairments	Other	Currency Translation	Total
Original Reserve	\$ 199	\$ 79	\$ 2	\$ —	\$ 280
Utilized—cash	(15)	—	—	—	(15)
Utilized—noncash	—	(79)	(2)	3	(78)
Balance at September 30, 2013	\$ 184	\$ —	\$ —	\$ 3	\$ 187
Utilized—cash	(54)	—	—	—	(54)
Utilized—noncash	—	—	—	(9)	(9)
Balance at September 30, 2014	\$ 130	\$ —	\$ —	\$ (6)	\$ 124
Utilized—cash	(66)	—	—	—	(66)
Utilized—noncash	—	—	—	(10)	(10)
Balance at September 30, 2015	\$ 64	\$ —	\$ —	\$ (16)	\$ 48
Utilized—cash	(29)	—	—	—	(29)
Utilized—noncash	—	—	—	(1)	(1)
Balance at March 31, 2016	<u>\$ 35</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ (17)</u>	<u>\$ 18</u>

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8. SIGNIFICANT RESTRUCTURING AND IMPAIRMENT COSTS (Continued)

The Parent's fiscal 2016, 2015, 2014 and 2013 restructuring plans included workforce reductions of approximately 10,000 for Adient. Restructuring charges associated with employee severance and termination benefits are paid over the severance period granted to each employee or on a lump sum basis in accordance with individual severance agreements. As of March 31, 2016, approximately 6,200 of the employees have been separated from the Company pursuant to the restructuring plans. In addition, the restructuring plans included eighteen plant closures for Adient. As of March 31, 2016, nine of the eighteen plants have been closed.

Company management closely monitors its overall cost structure and continually analyzes each of its businesses for opportunities to consolidate current operations, improve operating efficiencies and locate facilities in low cost countries in close proximity to customers. This ongoing analysis includes a review of its manufacturing, engineering and purchasing operations, as well as the overall global footprint for all its businesses. Because of the importance of new vehicle sales by major automotive manufacturers to operations, the Company is affected by the general business conditions in this industry. Future adverse developments in the automotive industry could impact the Company's liquidity position, lead to impairment charges and/or require additional restructuring of its operations.

9. INCOME TAXES

In calculating the provision for income taxes, the Company uses an estimate of the annual effective tax rate based upon the facts and circumstances known at each interim period. On a quarterly basis, the actual effective tax rate is adjusted, as appropriate, based upon changed facts and circumstances, if any, as compared to those forecasted at the beginning of the fiscal year and each interim period thereafter. For the three and six months ended March 31, 2016, the Company's effective tax rate was 1,022% and 308%, respectively. The effective rate was higher than the U.S. federal statutory rate of 35% primarily due to the Company's change in assertion over permanently reinvested earnings as a result of the spin-off (\$778 million), the jurisdictional mix of restructuring and impairment costs, and the tax impacts of separation costs, partially offset by the benefits of global tax planning initiatives and foreign tax rate differentials. For the three and six months ended March 31, 2015, the Company's effective tax rate was 9% and 8%, respectively. The effective rate was lower than the U.S. federal statutory rate of 35% primarily due to global tax planning and foreign tax rate differentials, partially offset by a tax law change in Japan.

Valuation Allowance

The Company reviews the realizability of its deferred tax assets on a quarterly basis, or whenever events or changes in circumstances indicate that a review is required. In determining the requirement for a valuation allowance, the historical and projected financial results of the legal entity or consolidated group recording the net deferred tax asset are considered, along with any other positive or negative evidence. Since future financial results may differ from previous estimates, periodic adjustments to the Company's valuation allowances may be necessary.

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Notes to Combined Financial Statements (Continued)

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9. INCOME TAXES (Continued)

Uncertain Tax Positions

At March 31, 2016, the Company had gross tax effected unrecognized tax benefits of \$388 million, of which \$385 million, if recognized, would impact the effective tax rate. Total net accrued interest at March 31, 2016 was approximately \$11 million (net of tax benefit). The interest and penalties accrued during the six months ended March 31, 2016 and 2015 was not material. The Company recognizes interest and penalties related to unrecognized tax benefits as a component of income tax expense.

Impacts of Tax Legislation

The "look-through rule," under subpart F of the U.S. Internal Revenue Code, expired for the Company on September 30, 2015. The "look-through rule" had provided an exception to the U.S. taxation of certain income generated by foreign subsidiaries. The rule was extended in December 2015 retroactive to the beginning of the Company's 2016 fiscal year. The retroactive extension was signed into legislation and was made permanent through the Company's 2020 fiscal year.

During the six months ended March 31, 2016, other tax legislation was adopted in various jurisdictions. These law changes did not have a material impact on the Company's combined financial statements.

During the six months ended March 31, 2015, tax legislation was adopted in Japan which reduced its statutory income tax rate. As a result of the law change, the Company recorded income tax expense of \$4 million.

Other Tax Matters

In the three months ended March 31, 2016, the Company recorded \$169 million of restructuring and impairment costs. Refer to Note 8, "Significant Restructuring and Impairment Costs," of the notes to combined financial statements for additional information. The restructuring and impairment costs generated a \$5 million tax benefit, which was negatively impacted by the geographic mix, the Company's current tax position in these jurisdictions and the underlying tax basis in the impaired assets.

In the three months ended March 31, 2016, the Company provided income tax expense on the foreign undistributed earnings of certain non-U.S. subsidiaries associated with the spin-off, which resulted in a non-cash tax charge and deferred tax liability of \$778 million. As a result of the anticipated spin-off, the Parent and the Company were no longer able to assert permanent reinvestment of foreign undistributed earnings as of March 31, 2016 which resulted in this non-cash tax charge.

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Notes to Combined Financial Statements (Continued)

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9. INCOME TAXES (Continued)

Deferred taxes are classified in the combined statements of financial position as follows:

<u>(in millions)</u>	<u>March 31, 2016</u>	<u>September 30, 2015</u>
Other noncurrent assets	\$ 232	\$ 285
Other noncurrent liabilities	(831)	(93)
Net deferred tax asset (liability)	<u>\$ (599)</u>	<u>\$ 192</u>

10. RETIREMENT PLANS

Participation in Parent Pension and Other Postemployment Benefit Plans

JCI provides defined benefit pension, postretirement health care and defined contribution benefits to its eligible employees and retirees, including eligible employees and retirees of Adient. These liabilities are not reflected in the combined statements of financial position.

The combined statements of income include expense allocations for these benefits which were determined using a proportional allocation based on headcount and payroll expense for the Company's employees. Management considers the expense allocation methodology and results to be reasonable for all periods presented. Total Parent benefit plan net expense allocated to Adient amounted to \$3 million and \$7 million for the three months ended March 31, 2016 and 2015, respectively. Total Parent benefit plan net expense allocated to Adient amounted to \$6 million and \$16 million for the six months ended March 31, 2016 and 2015, respectively. These costs are reflected in cost of sales and selling, general and administrative expenses. These costs were funded through intercompany transactions with Parent which are now reflected within the net parent investment equity balance.

Retirement Benefits

The components of the Company's net periodic benefit costs, which are primarily related to its non-U.S. retirement plans, are shown in the table below in accordance with ASC 715, "Compensation—Retirement Benefits":

<u>(in millions)</u>	Retirement Benefits			
	Three Months Ended March 31,		Six Months Ended March 31,	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Service cost	\$ 2	\$ 3	\$ 4	\$ 6
Interest cost	4	5	8	10
Expected return on plan assets	(6)	(5)	(11)	(11)
Net periodic benefit cost	<u>\$ —</u>	<u>\$ 3</u>	<u>\$ 1</u>	<u>\$ 5</u>

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Notes to Combined Financial Statements (Continued)

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11. FINANCING ARRANGEMENTS

The Company's net financing charges line item in the combined statements of income contained the following components:

(in millions)	Three Months Ended March 31,		Six Months Ended March 31,	
	2016	2015	2016	2015
Interest expense	\$ 2	\$ 3	\$ 3	\$ 6
Banking fees	1	—	2	1
Other	1	—	1	—
Net financing charges	<u>\$ 4</u>	<u>\$ 3</u>	<u>\$ 6</u>	<u>\$ 7</u>

12. EQUITY AND NONCONTROLLING INTERESTS

The following schedule presents changes in combined equity attributable to Adient and noncontrolling interests:

(in millions, net of tax)	Three Months Ended March 31, 2016			Three Months Ended March 31, 2015		
	Equity Attributable to Adient	Equity Attributable to Noncontrolling Interests	Total Invested Equity	Equity Attributable to Adient	Equity Attributable to Noncontrolling Interests	Total Invested Equity
Beginning balance	\$ 5,604	\$ 145	\$ 5,749	\$ 5,660	\$ 166	\$ 5,826
Comprehensive income (loss):						
Net income (loss)	(779)	17	(762)	201	14	215
Foreign currency translation adjustments	183	1	184	(439)	(3)	(442)
Realized and unrealized gains (losses) on derivatives	6	—	6	6	—	6
Other comprehensive income (loss)	189	1	190	(433)	(3)	(436)
Comprehensive income (loss)	(590)	18	(572)	(232)	11	(221)
Other change in equity:						
Dividends attributable to noncontrolling interests	—	(12)	(12)	—	(7)	(7)
Change in Parent's net investment	(204)	—	(204)	276	—	276
Ending balance	<u>\$ 4,810</u>	<u>\$ 151</u>	<u>\$ 4,961</u>	<u>\$ 5,704</u>	<u>\$ 170</u>	<u>\$ 5,874</u>

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Notes to Combined Financial Statements (Continued)

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12. EQUITY AND NONCONTROLLING INTERESTS (Continued)

(in millions, net of tax)	Six Months Ended March 31, 2016			Six Months Ended March 31, 2015		
	Equity Attributable to Adient	Equity Attributable to Noncontrolling Interests	Total Invested Equity	Equity Attributable to Adient	Equity Attributable to Noncontrolling Interests	Total Invested Equity
Beginning balance	\$ 5,626	\$ 141	\$ 5,767	\$ 5,453	\$ 159	\$ 5,612
Comprehensive income (loss):						
Net income (loss)	(642)	28	(614)	383	29	412
Foreign currency translation adjustments	31	1	32	(668)	(3)	(671)
Realized and unrealized gains (losses) on derivatives	8	—	8	(3)	—	(3)
Other comprehensive income (loss)	39	1	40	(671)	(3)	(674)
Comprehensive income (loss)	(603)	29	(574)	(288)	26	(262)
Other change in equity:						
Dividends attributable to noncontrolling interests	—	(19)	(19)	—	(15)	(15)
Change in Parent's net investment	(213)	—	(213)	539	—	539
Ending balance	\$ 4,810	\$ 151	\$ 4,961	\$ 5,704	\$ 170	\$ 5,874

The Company consolidates certain subsidiaries in which the noncontrolling interest party has within their control the right to require the Company to redeem all or a portion of its interest in the subsidiary. These redeemable noncontrolling interests are reported at their estimated redemption value. Any adjustment to the redemption value impacts retained earnings but does not impact net income. Redeemable noncontrolling interests which are redeemable only upon future events, the occurrence of which is not currently probable, are recorded at carrying value.

The following schedule presents changes in the redeemable noncontrolling interests:

(in millions)	Three Months Ended March 31,		Six Months Ended March 31,	
	2016	2015	2016	2015
Beginning balance	\$ 35	\$ 29	\$ 31	\$ 27
Net income	6	4	12	8
Foreign currency translation adjustments	1	1	1	1
Dividends	—	—	(2)	(2)
Ending balance	\$ 42	\$ 34	\$ 42	\$ 34

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Notes to Combined Financial Statements (Continued)

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12. EQUITY AND NONCONTROLLING INTERESTS (Continued)

The following schedule presents changes in accumulated other comprehensive income (AOCI) attributable to Adient:

(in millions, net of tax)	Three Months Ended March 31,		Six Months Ended March 31,	
	2016	2015	2016	2015
Foreign currency translation adjustments				
Balance at beginning of period	\$ (381)	\$ 54	\$ (229)	\$ 283
Aggregate adjustment for the period (net of tax effect of \$(1), \$0, \$10 and \$6)	183	(439)	31	(668)
Balance at end of period	(198)	(385)	(198)	(385)
Realized and unrealized losses on derivatives				
Balance at beginning of period	(15)	(15)	(17)	(6)
Current period changes in fair value (net of tax effect of \$5, \$7, \$7 and \$4)	12	11	17	2
Reclassification to income (net of tax effect of \$(4), \$(3), \$(6) and \$(3)) *	(6)	(5)	(9)	(5)
Balance at end of period	(9)	(9)	(9)	(9)
Pension and postretirement plans				
Balance at beginning of period	(1)	(1)	(1)	(1)
Balance at end of period	(1)	(1)	(1)	(1)
Accumulated other comprehensive income (loss), end of period	<u>\$ (208)</u>	<u>\$ (395)</u>	<u>\$ (208)</u>	<u>\$ (395)</u>

* Refer to Note 13, "Derivative Instruments and Hedging Activities," of the notes to combined financial statements for disclosure of the line items on the combined statements of income affected by reclassifications from AOCI into income related to derivatives.

13. DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES

The Parent selectively uses derivative instruments to reduce Adient's market risk associated with changes in foreign currency. Under the Parent's policy, the use of derivatives is restricted to those intended for hedging purposes; the use of any derivative instrument for speculative purposes is strictly prohibited. A description of each type of derivative utilized by the Parent to manage Adient's risk is included in the following paragraphs. In addition, refer to Note 14, "Fair Value Measurements," of the notes to combined financial statements for information related to the fair value measurements and valuation methods utilized by the Company for each derivative type.

The Company has global operations and participates in the foreign exchange markets to minimize its risk of loss from fluctuations in foreign currency exchange rates. The Parent primarily uses foreign currency exchange contracts to hedge certain of Adient's foreign exchange rate exposures. The Parent hedges 70% to 90% of the nominal amount of each of its known foreign exchange transactional

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13. DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES (Continued)

exposures. Gains and losses on derivative contracts offset gains and losses on underlying foreign currency exposures.

The Parent has entered into cross-currency interest rate swaps to selectively hedge portions of Adient's net investment in Japan. The currency effects of the cross-currency interest rate swaps are reflected in the AOCI account within invested equity attributable to Adient where they offset gains and losses recorded on the Company's net investment in Japan. At March 31, 2016, the Parent had two cross-currency interest rate swaps outstanding totaling 10 billion yen. At September 30, 2015 the Parent had four cross-currency interest rate swaps outstanding for Adient totaling 20 billion yen.

The following table presents the location and fair values of derivative instruments and hedging activities included in the Company's combined statements of financial position:

(in millions)	Derivatives and Hedging Activities Designated as Hedging Instruments under ASC 815		Derivatives and Hedging Activities Not Designated as Hedging Instruments under ASC 815	
	March 31, 2016	September 30, 2015	March 31, 2016	September 30, 2015
Other current assets				
Foreign currency exchange derivatives	\$ 4	\$ 5	\$ 23	\$ 41
Cross-currency interest rate swaps	—	5	—	—
Total assets	\$ 4	\$ 10	\$ 23	\$ 41
Other current liabilities				
Foreign currency exchange derivatives	\$ 18	\$ 27	\$ 7	\$ 17
Cross-currency interest rate swaps	7	1	—	—
Total liabilities	\$ 25	\$ 28	\$ 7	\$ 17

The Parent enters into International Swaps and Derivatives Associations (ISDA) master netting agreements with counterparties that permit the net settlement of amounts owed under the derivative contracts. The master netting agreements generally provide for net settlement of all outstanding contracts with a counterparty in the case of an event of default or a termination event. The Company has not elected to offset the fair value positions of the derivative contracts recorded in the combined statements of financial position. Collateral is generally not required of the Company or the counterparties under the master netting agreements. As of March 31, 2016 and September 30, 2015, no cash collateral was received or pledged under the master netting agreements.

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Notes to Combined Financial Statements (Continued)

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13. DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES (Continued)

The gross and net amounts of derivative assets and liabilities are as follows:

(in millions)	Fair Value of Assets		Fair Value of Liabilities	
	March 31, 2016	September 30, 2015	March 31, 2016	September 30, 2015
Gross amount recognized	\$ 27	\$ 51	\$ 32	\$ 45
Gross amount eligible for offsetting	(9)	(2)	(9)	(2)
Net amount	<u>\$ 18</u>	<u>\$ 49</u>	<u>\$ 23</u>	<u>\$ 43</u>

The following tables present the location and amount of the effective portion of gains and losses gross of tax on derivative instruments and related hedge items reclassified from AOCI into the Company's combined statements of income and amounts recorded in AOCI net of tax in the combined statements of financial position (in millions):

Derivatives in ASC 815 Cash Flow Hedging Relationships	Location of Gain Reclassified from AOCI into Income	Amount of Gain Reclassified from AOCI into Income			
		Three Months Ended March 31,		Six Months Ended March 31,	
		2016	2015	2016	2015
Foreign currency exchange derivatives	Cost of sales	\$ 10	\$ 8	\$ 15	\$ 8

Derivatives in ASC 815 Cash Flow Hedging Relationships	Amount of Loss Recognized in AOCI on Derivative	
	March 31, 2016	September 30, 2015
Foreign currency exchange derivatives	\$ (9)	\$ (17)

Derivatives Not Designated as Hedging Instruments under ASC 815	Location of Gain (Loss) Recognized in Income on Derivative	Amount of Gain (Loss) Recognized in Income on Derivative			
		Three Months Ended March 31,		Six Months Ended March 31,	
		2016	2015	2016	2015
Foreign currency exchange derivatives	Cost of sales	\$ (1)	\$ (1)	\$ (5)	\$ (1)
Foreign currency exchange derivatives	Net financing charges	(19)	(2)	(12)	11
Total		<u>\$ (20)</u>	<u>\$ (3)</u>	<u>\$ (17)</u>	<u>\$ 10</u>

The amount of losses recognized as cumulative translation adjustment (CTA) within AOCI on the effective portion of outstanding net investment hedges was \$4 million at March 31, 2016. The amount of gains recognized in CTA within AOCI on the effective portion of outstanding net investment hedges was \$2 million at September 30, 2015. For the six months ended March 31, 2016 and 2015, no gains or

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Notes to Combined Financial Statements (Continued)

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13. DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES (Continued)

losses were reclassified from CTA into income for the Company's outstanding net investment hedges, and no gains or losses were recognized in income for the ineffective portion of cash flow hedges.

14. FAIR VALUE MEASUREMENTS

ASC 820, "Fair Value Measurement," defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. ASC 820 also establishes a three-level fair value hierarchy that prioritizes information used in developing assumptions when pricing an asset or liability as follows:

Level 1: Observable inputs such as quoted prices in active markets;

Level 2: Inputs, other than quoted prices in active markets, that are observable either directly or indirectly; and

Level 3: Unobservable inputs where there is little or no market data, which requires the reporting entity to develop its own assumptions.

ASC 820 requires the use of observable market data, when available, in making fair value measurements. When inputs used to measure fair value fall within different levels of the hierarchy, the level within which the fair value measurement is categorized is based on the lowest level input that is significant to the fair value measurement.

Recurring Fair Value Measurements

The following tables present the Company's fair value hierarchy for those assets and liabilities measured at fair value:

(in millions)	Fair Value Measurements Using:			
	Total as of March 31, 2016	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Other current assets				
Foreign currency exchange derivatives	\$ 27	\$ —	\$ 27	\$ —
Cross-currency interest rate swaps	—	—	—	—
Total assets	<u>\$ 27</u>	<u>\$ —</u>	<u>\$ 27</u>	<u>\$ —</u>
Other current liabilities				
Foreign currency exchange derivatives	\$ 25	\$ —	\$ 25	\$ —
Cross-currency interest rate swaps	7	—	7	—
Total liabilities	<u>\$ 32</u>	<u>\$ —</u>	<u>\$ 32</u>	<u>\$ —</u>

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14. FAIR VALUE MEASUREMENTS (Continued)

(in millions)	Total as of September 30, 2015	Fair Value Measurements Using:		
		Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Other current assets				
Foreign currency exchange derivatives	\$ 46	\$ —	\$ 46	\$ —
Cross-currency interest rate swaps	5	—	5	—
Total assets	<u>\$ 51</u>	<u>\$ —</u>	<u>\$ 51</u>	<u>\$ —</u>
Other current liabilities				
Foreign currency exchange derivatives	\$ 44	\$ —	\$ 44	\$ —
Cross-currency interest rate swaps	1	—	1	—
Total liabilities	<u>\$ 45</u>	<u>\$ —</u>	<u>\$ 45</u>	<u>\$ —</u>

Valuation Methods

Foreign currency exchange derivatives—The Parent selectively hedges anticipated transactions that are subject to foreign exchange rate risk primarily using foreign currency exchange hedge contracts. The foreign currency exchange derivatives are valued under a market approach using publicized spot and forward prices. As cash flow hedges under ASC 815, "Derivatives and Hedging," the effective portion of the hedge gains or losses due to changes in fair value are initially recorded as a component of AOCI and are subsequently reclassified into earnings when the hedged transactions occur and affect earnings. Any ineffective portion of the hedge is reflected in the combined statements of income. These contracts were highly effective in hedging the variability in future cash flows attributable to changes in currency exchange rates at March 31, 2016 and September 30, 2015. The fair value of foreign currency exchange derivatives not designated as hedging instruments under ASC 815 are recorded in the combined statements of income.

Cross-currency interest rate swaps—The Parent selectively uses cross-currency interest rate swaps to hedge the foreign currency rate risk associated with certain of Adient's investments in Japan. The cross-currency interest rate swaps are valued using observable market data. Changes in the market value of the swaps are reflected in the CTA component of AOCI where they offset gains and losses recorded on the Company's net investment in Japan. At March 31, 2016, the Parent had two cross-currency interest rate swaps outstanding totaling 10 billion yen. At September 30, 2015, the Parent had four cross-currency interest rate swaps outstanding totaling 20 billion yen.

15. SEGMENT INFORMATION

ASC 280, "Segment Reporting," establishes the standards for reporting information about segments in financial statements. In applying the criteria set forth in ASC 280, the Company has determined that it has two reportable segments for financial reporting purposes.

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15. SEGMENT INFORMATION (Continued)

Adient designs and manufactures interior systems and products for passenger cars and light trucks, including vans, pick-up trucks and sport utility/crossover vehicles.

- The Seating reportable segment produces automotive seat metal structures and mechanisms, foam, trim, fabric and complete seat systems.
- The Interiors reportable segment, primarily derived from its global automotive interiors joint venture completed on July 2, 2015, produces instrument panels, floor consoles, door panels, overhead consoles, cockpit systems, decorative trim and other products. Prior to the completion of the joint venture, the Interiors reportable segment produced instrument panels, floor consoles and door panels.

Management evaluates the performance of the segments based primarily on segment income, which represents income before income taxes and noncontrolling interests excluding net financing charges, restructuring and impairment costs, and net mark-to-market adjustments on pension and postretirement plans. General corporate and other overhead expenses are allocated to business segments in determining segment income. Financial information relating to the Company's reportable segments is as follows:

(in millions)	Three Months Ended March 31,		Six Months Ended March 31,	
	2016	2015	2016	2015
<i>Net Sales</i>				
Seating	\$ 4,266	\$ 4,224	\$ 8,438	\$ 8,430
Interiors	32	1,010	93	2,077
Total net sales	<u>\$ 4,298</u>	<u>\$ 5,234</u>	<u>\$ 8,531</u>	<u>\$ 10,507</u>

(in millions)	Three Months Ended March 31,		Six Months Ended March 31,	
	2016	2015	2016	2015
<i>Segment Income</i>				
Seating	\$ 228	\$ 225	\$ 426	\$ 415
Interiors	27	18	38	48
Total segment income	\$ 255	\$ 243	\$ 464	\$ 463
Total restructuring and impairment costs	(169)	—	(169)	—
Net financing charges	(4)	(3)	(6)	(7)
Income before income taxes	<u>\$ 82</u>	<u>\$ 240</u>	<u>\$ 289</u>	<u>\$ 456</u>

16. IMPAIRMENT OF LONG-LIVED ASSETS

The Company reviews long-lived assets, including property, plant and equipment and other intangible assets with definite lives, for impairment whenever events or changes in circumstances indicate that the asset's carrying amount may not be recoverable. The Company conducts its long-lived

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Notes to Combined Financial Statements (Continued)

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(unaudited)

16. IMPAIRMENT OF LONG-LIVED ASSETS (Continued)

asset impairment analyses in accordance with ASC 360-10-15, "Impairment or Disposal of Long-Lived Assets." ASC 360-10-15 requires the Company to group assets and liabilities at the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets and liabilities and evaluate the asset group against the sum of the undiscounted future cash flows. If the undiscounted cash flows do not indicate the carrying amount of the asset is recoverable, an impairment charge is measured as the amount by which the carrying amount of the asset group exceeds its fair value based on discounted cash flow analysis or appraisals.

During the three months ended March 31, 2016, the Company concluded it had triggering events requiring assessment of impairment for certain of its long-lived assets in conjunction with its announced restructuring actions. As a result, the Company reviewed the long-lived assets for impairment and recorded a \$9 million impairment charge within restructuring and impairment costs on the combined statements of income. The total impairment charge related to the Seating segment. Refer to Note 8, "Significant Restructuring and Impairment Costs," of the notes to combined financial statements for additional information. The impairment was measured, depending on the asset, either under an income approach utilizing forecasted discounted cash flows or a market approach utilizing an appraisal to determine fair values of the impaired assets. These methods are consistent with the methods the Company employed in prior periods to value other long-lived assets. The inputs utilized in the analyses are classified as Level 3 inputs within the fair value hierarchy as defined in ASC 820, "Fair Value Measurement" and primarily consist of expected future cash flows, estimated production volumes, discount rates, estimated salvage values and third-party appraisals.

At March 31, 2015, the Company concluded it did not have any triggering events requiring assessment of impairment of its long-lived assets.

17. NONCONSOLIDATED PARTIALLY-OWNED AFFILIATES

Investments in the net assets of nonconsolidated partially-owned affiliates are stated in the "Investments in partially-owned affiliates" line in the combined statements of financial position as of March 31, 2016 and September 30, 2015. Equity in the net income of nonconsolidated partially-owned affiliates is stated in the "Equity income" line in the combined statements of income for the three and six months ended March 31, 2016 and 2015.

Adient Limited

Notes to Combined Financial Statements (Continued)

March 31, 2016

(unaudited)

17. NONCONSOLIDATED PARTIALLY-OWNED AFFILIATES (Continued)

The Company maintains total investments in partially-owned affiliates of \$1.8 billion and \$1.6 billion at March 31, 2016 and September 30, 2015, respectively. Financial information for nonconsolidated partially-owned affiliates that were significant to Adient's results is as follows:

Summarized balance sheet data:

(in millions)	March 31, 2016		
	YFJC	All Other	Total
Current assets	\$ 2,017	\$ 3,756	\$ 5,773
Noncurrent assets	570	2,206	2,776
Total assets	\$ 2,587	\$ 5,962	\$ 8,549
Current liabilities	\$ 1,627	\$ 3,811	\$ 5,438
Noncurrent liabilities	39	128	167
Noncontrolling interests	90	30	120
Shareholders' equity	831	1,993	2,824
Total liabilities and shareholders' equity	\$ 2,587	\$ 5,962	\$ 8,549

(in millions)	September 30, 2015		
	YFJC	All Other	Total
Current assets	\$ 1,595	\$ 3,923	\$ 5,518
Noncurrent assets	541	2,121	2,662
Total assets	\$ 2,136	\$ 6,044	\$ 8,180
Current liabilities	\$ 1,352	\$ 4,140	\$ 5,492
Noncurrent liabilities	41	108	149
Noncontrolling interests	67	11	78
Shareholders' equity	676	1,785	2,461
Total liabilities and shareholders' equity	\$ 2,136	\$ 6,044	\$ 8,180

Summarized income statement data with reconciliation to Adient's equity in net income from nonconsolidated partially-owned affiliates:

(in millions)	Six Months Ended March 31, 2016		
	YFJC	All Other	Total
Net sales	\$ 2,191	\$ 6,320	\$ 8,511
Gross profit	300	489	789
Operating income	229	358	587
Net income	190	303	493
Income attributable to noncontrolling interests	25	14	39
Net income attributable to the entity	165	289	454
Equity in net income of affiliated companies, before basis adjustments	\$ 83	\$ 100	\$ 183
Basis adjustments	(2)	(10)	(12)
Equity in net income of affiliated companies	81	90	171

Adient Limited

Notes to Combined Financial Statements (Continued)

March 31, 2016

(unaudited)

17. NONCONSOLIDATED PARTIALLY-OWNED AFFILIATES (Continued)

(in millions)	Six Months Ended March 31, 2015		
	YFJC	All Other	Total
Net sales	\$ 2,017	\$ 1,991	\$ 4,008
Gross profit	275	244	519
Operating income	218	186	404
Net income	180	173	353
Income attributable to noncontrolling interests	20	—	20
Net income attributable to the entity	160	173	333
Equity in net income of affiliated companies, before basis adjustments	\$ 80	\$ 75	\$ 155
Basis adjustments	(1)	—	(1)
Equity in net income of affiliated companies	79	75	154

18. COMMITMENTS AND CONTINGENCIES

The Company accrues for potential environmental liabilities when it is probable a liability has been incurred and the amount of the liability is reasonably estimable. Reserves for environmental liabilities totaled \$6 million and \$7 million at March 31, 2016 and September 30, 2015, respectively. The Company reviews the status of its environmental sites on a quarterly basis and adjusts its reserves accordingly. Such potential liabilities accrued by the Company do not take into consideration possible recoveries of future insurance proceeds. They do, however, take into account the likely share other parties will bear at remediation sites. It is difficult to estimate the Company's ultimate level of liability at many remediation sites due to the large number of other parties that may be involved, the complexity of determining the relative liability among those parties, the uncertainty as to the nature and scope of the investigations and remediation to be conducted, the uncertainty in the application of law and risk assessment, the various choices and costs associated with diverse technologies that may be used in corrective actions at the sites, and the often quite lengthy periods over which eventual remediation may occur. Nevertheless, the Company does not currently believe that any claims, penalties or costs in connection with known environmental matters will have a material adverse effect on the Company's financial position, results of operations or cash flows.

The Company is involved in various lawsuits, claims and proceedings incident to the operation of its businesses, including those pertaining to product liability, environmental, safety and health, intellectual property, employment, commercial and contractual matters, and various other casualty matters. Although the outcome of any such lawsuit, claim or proceeding cannot be predicted with certainty and some may be disposed of unfavorably to Adient, it is management's opinion that none of these will have a material adverse effect on the Company's financial position, results of operations or cash flows. Costs related to such matters were not material to the periods presented.

Adient Limited

Notes to Combined Financial Statements (Continued)

March 31, 2016

(unaudited)

19. RELATED PARTY TRANSACTIONS AND PARENT'S NET INVESTMENT

Related Party Transactions

In the ordinary course of business, the Company enters into transactions with related parties, such as equity affiliates and other businesses of the Parent. Such transactions consist of facility management services, the sale or purchase of goods and other arrangements.

Revision of Previously Reported Related Party Transactions

In connection with the preparation of the financial statements for the three and six months ended March 31, 2016, the Company identified misstatements in amounts classified as related party transactions in previously reported periods. The misstatements are not considered material, individually or in the aggregate, to previously issued financial statements. The misstatements had no impact on the combined financial statements.

The following table sets forth the net sales to and purchases from related parties included in the combined statements of operations, including revisions to previously reported interim periods:

<u>(in millions)</u>	<u>Three Months Ended December 31,</u>		<u>Three Months Ended March 31,</u>		<u>Six Months Ended March 31,</u>	
	<u>2015</u>	<u>2014</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Net sales to related parties	\$ 60(1)	\$ 49(1)	\$ 76	\$ 47	\$ 136	\$ 96
Purchases from related parties	36	32(2)	41	26	77	58

- (1) These amounts have been revised to correct for previously reported misstatements. The revisions decreased net sales to related parties by \$26 million and \$18 million for the three months ended December 31, 2015 and 2014, respectively.
- (2) This amount has been revised to correct for a previously reported misstatement. The revision decreased purchases from related parties by \$3 million for the three months ended December 31, 2014.

The following table sets forth the amount of accounts receivable due from and payable to related parties in the combined statements of financial position, including the impact of all revisions thereto:

<u>(in millions)</u>	<u>March 31, 2016</u>	<u>December 31, 2015</u>	<u>September 30, 2015</u>
Receivable from related parties	\$ 84	\$ 252(1)	\$ 254(1)
Payable to related parties	33	88	122

- (1) These amounts have been revised to correct for previously reported misstatements. The revisions increased receivables from related parties by \$12 million at December 31, 2015 and decreased receivables from related parties by \$2 million at September 30, 2015.

Excluding the settlement of intercompany balances in advance of the separation of the Company from the Parent, average receivable and payable balances with related parties remained relatively consistent with the period end balances shown above.

Adient Limited

Notes to Combined Financial Statements (Continued)

March 31, 2016

(unaudited)

19. RELATED PARTY TRANSACTIONS AND PARENT'S NET INVESTMENT (Continued)

Corporate Allocations and Parent's Net Investment

The combined statements of operations include allocations for certain support functions that are provided on a centralized basis by the Parent and subsequently recorded at the business unit level, such as expenses related to employee benefits, finance, human resources, risk management, information technology, facilities, and legal, among others. Included in cost of sales and selling, general and administrative expense during the three months ended March 31, 2016 and 2015 were \$69 million and \$101 million, respectively, of corporate expenses incurred by JCI. Included in cost of sales and selling, general and administrative expense during the six months ended March 31, 2016 and 2015 were \$139 million and \$182 million, respectively, of corporate expenses incurred by JCI. These expenses have been allocated to the Company on the basis of direct usage when identifiable, with the remainder allocated on a proportional basis of combined sales, headcount or other measures of the Company or the Parent. Management believes the assumptions underlying the combined financial statements, including the assumptions regarding allocating general corporate expenses from the Parent, are reasonable. Nevertheless, the combined financial statements may not include all actual expenses that would have been incurred by the Company and may not reflect the combined results of operations, financial position and cash flows had it been a stand-alone company during the years presented. Actual costs that would have been incurred if the Company had been a stand-alone company would depend on multiple factors, including organizational structure and strategic decisions made in various areas, including information technology and infrastructure.

In addition to the amounts above, approximately \$107 million and \$194 million of costs related to the separation of Adient have been incurred by the Parent for the three and six months ended March 31, 2016, respectively. Of these amounts, \$72 million and \$132 million was deemed to directly benefit Adient as a stand-alone company for the three and six months ended March 31, 2016, respectively. Accordingly, these costs have been allocated to Adient and are reflected within selling, general and administrative expenses in the combined statements of income.

In addition to the transactions discussed above, certain intercompany transactions between the Company and the Parent have not been recorded as related party transactions. These transactions are considered to be effectively settled for cash at the time the transaction is recorded. The total net effect of the settlement of these intercompany transactions is reflected in the combined statements of cash flows as a financing activity and in the combined statements of financial position as Parent's net investment.

SHANGHAI YANFENG JOHNSON CONTROLS SEATING CO., LTD.

Independent Auditor's Report

To the Board of Directors of Shanghai Yanfeng Johnson Controls Seating Co., Ltd.:

We have audited the accompanying consolidated financial statements of Shanghai Yanfeng Johnson Controls Seating Co., Ltd. (the "Company") and its subsidiaries, which comprise the consolidated balance sheets as of 31 December 2014 and 2013, and the related consolidated income statements, cash flow statements and statements of changes in owners' equity for each of the two years ended 31 December 2014 and 2013.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the requirements of Accounting Standards for Business Enterprises in the People's Republic of China; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company and its subsidiaries as of 31 December 2014 and 2013, and the results of their operations and their cash flows for each of the two years ended 31 December 2014 and 2013 in accordance with the requirements of Accounting Standards for Business Enterprises in the People's Republic of China.

Other Matters

The accompanying consolidated balance sheet as of 31 December 2015, and the related consolidated income statement, cash flow statement and statement of changes in owners' equity for the year then ended are presented for purposes of complying with Rule 3-09 of SEC Regulation S-X; however, Rule 3-09 does not require the financial statements as of and for the year ended 31 December 2015 to be audited and they are, therefore, not covered by this report.

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Accounting Standards for Business Enterprises in the People's Republic of China vary in certain significant respects from accounting principles generally accepted in the United States of America. Information relating to the nature and effect of such differences is presented in **Note 14** to the consolidated financial statements.

/s/ PricewaterhouseCoopers Zhong Tian LLP

PricewaterhouseCoopers Zhong Tian LLP

26 April 2016

Shanghai, the People's Republic of China

F-91

SHANGHAI YANFENG JOHNSON CONTROLS SEATING CO., LTD.

CONSOLIDATED BALANCE SHEETS
AS OF 31 DECEMBER 2015, 2014 AND 2013

(AMOUNTS AS OF AND FOR THE YEAR ENDED 31 DECEMBER 2015
ARE UNAUDITED)

(All amounts in RMB Yuan unless otherwise stated)

ASSETS	Note	31 December 2015 Consolidated (Unaudited)	31 December 2014 Consolidated	31 December 2013 Consolidated
Current assets				
Cash at bank and on hand	7(1)	3,939,894,113	3,165,627,901	3,009,341,225
Notes receivable	7(2)	1,198,378,148	1,030,656,745	846,422,674
Accounts receivable	7(3(a))	5,697,029,340	4,688,450,612	4,498,658,134
Advances to suppliers		130,127,043	162,716,875	126,838,132
Interest receivable		1,678,489	394,637	1,095,888
Dividends receivable		16,336,555	—	—
Other receivables	7(3(b))	228,573,927	464,461,266	367,600,678
Inventories	7(4)	701,202,676	638,115,225	622,120,216
Other current assets	7(5)	352,709,670	49,714,736	75,796,692
Total current assets		12,265,929,961	10,200,137,997	9,547,873,639
Non-current assets				
Long-term equity investments	7(6)	158,752,993	76,331,842	62,434,370
Fixed assets	7(7)	1,778,145,645	1,537,142,169	1,327,582,914
Construction in progress	7(8)	334,405,828	485,022,530	453,220,391
Intangible assets	7(9)	290,139,232	362,271,077	587,790,417
Long-term prepaid expenses	7(10)	195,116,898	202,556,024	124,512,878
Deferred tax assets	7(20(a))	546,116,880	335,832,409	252,343,326
Other non-current assets	7(11)	99,787,600	53,009,636	93,019,363
Goodwill	7(12)	71,566,642	71,566,642	71,566,642
Total non-current assets		3,474,031,718	3,123,732,329	2,972,470,301
TOTAL ASSETS		15,739,961,679	13,323,870,326	12,520,343,940

The accompanying notes form an integral part of these financial statements.

SHANGHAI YANFENG JOHNSON CONTROLS SEATING CO., LTD.

CONSOLIDATED BALANCE SHEETS
AS OF 31 DECEMBER 2015, 2014 AND 2013 (Continued)

(AMOUNTS AS OF AND FOR THE YEAR ENDED 31 DECEMBER 2015
ARE UNAUDITED)

(All amounts in RMB Yuan unless otherwise stated)

LIABILITIES AND OWNERS' EQUITY	Note	31 December 2015 Consolidated (Unaudited)	31 December 2014 Consolidated	31 December 2013 Consolidated
Current liabilities				
Short-term borrowings	7(13)	75,000,000	100,000,000	299,300,500
Notes payable	7(14)	457,179,867	441,557,489	459,996,380
Accounts payable	7(15)	8,468,879,463	6,510,519,647	5,850,740,700
Advances from customers		55,982,936	50,804,021	66,160,399
Employee benefits payable	7(16)	621,152,813	548,588,559	466,055,388
Taxes payable	7(17)	560,021,549	407,355,491	449,618,177
Interest payable		—	—	1,769,746
Dividends payable		—	36,552,986	9,000,000
Other payables	7(18)	1,546,190,411	1,652,806,503	1,320,308,049
Current portion of Long-term borrowings	7(19)	5,398,000	5,398,000	2,699,000
Total current liabilities		<u>11,789,805,039</u>	<u>9,753,582,696</u>	<u>8,925,648,339</u>
Non-current liabilities				
Long-term borrowings	7(19)	13,505,000	18,903,000	24,301,000
Deferred income		7,402,636	5,440,000	5,440,000
Deferred tax liabilities	7(20(b))	241,500	18,599,893	69,724,286
Provisions		4,206,400	4,037,176	3,454,415
Total non-current liabilities		<u>25,355,536</u>	<u>46,980,069</u>	<u>102,919,701</u>
Total liabilities		<u>11,815,160,575</u>	<u>9,800,562,765</u>	<u>9,028,568,040</u>
Owners' equity				
Paid-in capital	7(21)	439,853,380	439,853,380	439,853,380
Capital surplus	7(22)	—	—	1,148,851
Other Comprehensive income	7(33(b))	(307,041)	(32,010)	(147,000)
Surplus reserve	7(23)	329,063,052	284,833,010	242,136,006
Undistributed profits	7(24)	2,635,032,872	2,354,813,576	2,266,775,854
Total equity attributable to equity holders of the Company		3,403,642,263	3,079,467,956	2,949,767,091
Minority interest		521,158,841	443,839,605	542,008,809
Total owners' equity		<u>3,924,801,104</u>	<u>3,523,307,561</u>	<u>3,491,775,900</u>
TOTAL LIABILITIES AND OWNERS' EQUITY		<u>15,739,961,679</u>	<u>13,323,870,326</u>	<u>12,520,343,940</u>

The accompanying notes form an integral part of these financial statements.

Legal representative:
Zhengang Ma

Principal in charge of accounting:
Haifeng Mao

Head of accounting department:
Jianjun Chu

SHANGHAI YANFENG JOHNSON CONTROLS SEATING CO., LTD.

**CONSOLIDATED INCOME STATEMENTS
FOR THE YEARS ENDED 31 DECEMBER 2015, 2014 AND 2013
(AMOUNTS AS OF AND FOR THE YEAR ENDED 31 DECEMBER 2015
ARE UNAUDITED)**

(All amounts in RMB Yuan unless otherwise stated)

Item	Note	2015 Consolidated (Unaudited)	2014 Consolidated	2013 Consolidated
Revenue	7(25)	26,572,050,764	24,485,129,870	21,572,906,592
Less: Cost of sales	7(25)(28)	(22,023,017,968)	(20,287,565,383)	(17,638,266,869)
Taxes and surcharges	7(26)	(119,877,553)	(85,497,846)	(77,345,731)
Selling and distribution expenses	7(28)	(175,878,437)	(174,129,174)	(172,411,220)
General and administrative expenses	7(28)	(1,838,254,817)	(1,834,888,595)	(1,554,353,927)
Financial expenses—net	7(27)	59,098,880	25,205,319	(26,052,533)
Asset impairment losses	7(29)	(9,380,519)	(4,671,239)	(10,943,037)
Add: Investment income—net	7(30)	48,357,857	13,897,472	1,083,789
Including: Share of profit of associates and joint ventures		40,459,106	13,897,472	1,083,789
Operating profit		2,513,098,207	2,137,480,424	2,094,617,064
Add: Non-operating income	7(31(a))	45,819,087	45,272,000	35,833,374
Including: gains on disposal of non-current assets		1,676,650	13,714,861	5,306,453
Less: Non-operating expenses	7(31(b))	(14,512,924)	(14,525,030)	(11,603,001)
Including: Losses on disposal of non-current assets		(4,669,157)	(10,808,449)	(6,638,252)
Total profit		2,544,404,370	2,168,227,394	2,118,847,437
Less: Income tax expenses	7(32)	(463,389,635)	(388,801,668)	(371,443,481)
Net profit		2,081,014,735	1,779,425,726	1,747,403,956
Attributable to equity holders of the Company		1,775,435,020	1,591,845,675	1,674,363,531
Minority interest		305,579,715	187,580,051	73,040,425
Other comprehensive income, net of tax				
Attributable to equity owners of the Company	7(33(a))	(275,031)	114,990	(147,000)
Translation differences on translation of foreign currency financial statements		(275,031)	114,990	(147,000)
Total comprehensive income		2,080,739,704	1,779,540,716	1,747,256,956
Attributable to equity owners of the Company		1,775,159,989	1,591,960,665	1,674,216,531
Attributable to minority interests		305,579,715	187,580,051	73,040,425

The accompanying notes form an integral part of these financial statements.

Legal representative:
Zhengang Ma

Principal in charge of accounting:
Haifeng Mao

Head of accounting department:
Jianjun Chu

SHANGHAI YANFENG JOHNSON CONTROLS SEATING CO., LTD.

**CONSOLIDATED CASH FLOW STATEMENTS
FOR THE YEARS ENDED 31 DECEMBER 2015, 2014 AND 2013
(AMOUNTS AS OF AND FOR THE YEAR ENDED 31 DECEMBER 2015
ARE UNAUDITED)**

(All amounts in Rmb Yuan unless otherwise stated)

Item	Note	2015 Consolidated (Unaudited)	2014 Consolidated	2013 Consolidated
Cash flows from operating activities				
Cash received from sales of goods or rendering of services		30,668,864,213	28,945,292,864	23,847,583,444
Refund of taxes and surcharges		13,781,018	34,090,499	4,542
Cash received relating to other operating activities		74,044,037	43,456,279	64,838,551
Sub-total of cash inflows		30,756,689,268	29,022,839,642	23,912,426,537
Cash paid for goods and services		(22,770,981,843)	(22,077,186,618)	(18,098,199,881)
Cash paid to and on behalf of employees		(1,553,146,820)	(1,402,532,782)	(1,158,938,499)
Payments of taxes and surcharges		(1,781,651,976)	(1,434,245,412)	(991,365,833)
Cash paid relating to other operating activities	7(34(d))	(1,653,278,352)	(1,441,512,528)	(1,062,458,998)
Sub-total of cash outflows		(27,759,058,991)	(26,355,477,340)	(21,310,963,211)
Net cash flows from operating activities	7(34(a))	2,997,630,277	2,667,362,302	2,601,463,326
Cash flows from investing activities				
Cash received from disposal of investments		50,646,471	89,724,800	—
Cash received from returns on investments		16,244,436	3,070,735	1,180,994
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		211,692,165	191,304,314	22,134,823
Net cash received from disposal of subsidiaries and other business units		13,510,827	—	—
Cash received relating to other investing activities		—	—	220,000,000
Sub-total of cash inflows		292,093,899	284,099,849	243,315,817
Cash paid to acquire fixed assets, intangible assets and other long-term assets		(476,099,495)	(767,637,244)	(554,705,790)
Cash paid to acquire investments		(315,000,000)	(90,371,271)	(50,251,692)
Net cash paid to acquire subsidiaries and other business units		(62,298,600)	—	(412,534,635)
Cash paid relating to other investing activities		—	—	(220,000,000)
Sub-total of cash outflows		(853,398,095)	(858,008,515)	(1,237,492,117)
Net cash flows from investing activities		(561,304,196)	(573,908,666)	(994,176,300)
Cash flows from financing activities				
Cash received from capital contributions		—	—	17,500,000
Including: Cash received from capital contributions by minority shareholders of subsidiaries		—	—	17,500,000
Cash received from borrowings		75,855,064	400,000,000	458,793,339
Sub-total of cash inflows		75,855,064	400,000,000	476,293,339
Cash repayments of borrowings		(105,496,657)	(601,999,500)	(282,092,839)
Cash payments for interest expenses, distribution of dividends or profits		(1,664,108,967)	(1,567,648,168)	(1,451,764,972)
Including: Cash payments for dividends or profit to minority shareholders of subsidiaries		(250,598,100)	(142,793,799)	(122,042,022)
Cash payments relating to other financing activities		—	(87,504,313)	—
Sub-total of cash outflows		(1,769,605,624)	(2,257,151,981)	(1,733,857,811)
Net cash flows from financing activities		(1,693,750,560)	(1,857,151,981)	(1,257,564,472)
Effect of foreign exchange rate changes on cash and cash equivalents		—	—	—
Net increase in cash	7(34(b))	742,575,521	236,301,655	349,722,554
Add: Cash at beginning of year	7(34(b))	2,998,757,581	2,762,455,926	2,412,733,372
Cash at end of year	7(34(b))	3,741,333,102	2,998,757,581	2,762,455,926

The accompanying notes form an integral part of these financial statements.

Legal representative:
Zhengang Ma

Principal in charge of accounting:
Haifeng Mao

Head of accounting department:
Jianjun Chu

SHANGHAI YANFENG JOHNSON CONTROLS SEATING CO., LTD.
CONSOLIDATED STATEMENT OF CHANGES IN OWNERS' EQUITY
FOR THE YEARS ENDED 31 DECEMBER 2015, 2014 AND 2013
(AMOUNTS AS OF AND FOR THE YEAR ENDED 31 DECEMBER 2015
ARE UNAUDITED)

(All amounts in Rmb Yuan unless otherwise stated)

Item	Note	Attributable to equity holders of the Company					Minority interest	Total owners' equity
		Paid-in capital	Capital surplus	Surplus reserves	Undistributed profits	Other comprehensive income		
Balance at 1 January 2013		439,853,380	1,148,851	197,012,397	2,005,163,942	—	565,376,934	3,208,555,504
Movements for the year ended 31 December 2013								
Total Comprehensive income								
Net profit		—	—	—	1,674,363,531	—	73,040,425	1,747,403,956
Other comprehensive income								
Foreign currency exchange differences	7(33)	—	—	—	—	(147,000)	—	(147,000)
Total Comprehensive income for the year		—	—	—	1,674,363,531	(147,000)	73,040,425	1,747,256,956
Capital contribution and withdrawal by owners								
New subsidiaries		—	—	—	—	—	17,500,000	17,500,000
Profit distribution								
Appropriation to surplus reserves		—	—	45,123,609	(45,123,609)	—	—	—
Profit distribution to equity owners		—	—	—	(1,322,403,562)	—	(113,703,818)	(1,436,107,380)
Appropriation to staff welfare and incentive funds		—	—	—	(45,224,448)	—	(204,732)	(45,429,180)
Balance at 31 December 2013		439,853,380	1,148,851	242,136,006	2,266,775,854	(147,000)	542,008,809	3,491,775,900
Balance at 1 January 2014		439,853,380	1,148,851	242,136,006	2,266,775,854	(147,000)	542,008,809	3,491,775,900
Movements for the year ended 31 December 2014								
Total Comprehensive income								
Net profit		—	—	—	1,591,845,675	—	187,580,051	1,779,425,726
Other comprehensive income								
Foreign currency exchange differences	7(33)	—	—	—	—	114,990	—	114,990
Total Comprehensive income for the year		—	—	—	1,591,845,675	114,990	187,580,051	1,779,540,716
Capital contribution and withdrawal by owners								
New subsidiaries		—	—	—	—	—	(34,123,771)	(34,123,771)
Transaction with minority interest		—	(1,148,851)	(2,189,800)	—	—	(80,951,299)	(84,289,950)
Profit distribution								
Appropriation to surplus reserves		—	—	44,886,804	(44,886,804)	—	—	—
Profit distribution to equity owners		—	—	—	(1,413,873,089)	—	(170,346,785)	(1,584,219,874)
Appropriation to staff welfare and incentive funds		—	—	—	(45,048,060)	—	(327,400)	(45,375,460)
Balance at 31 December 2014		439,853,380	—	284,833,010	2,354,813,576	(32,010)	443,839,605	3,523,307,561
Balance at 1 January 2015		439,853,380	—	284,833,010	2,354,813,576	(32,010)	443,839,605	3,523,307,561
Movements for the year ended 31 December 2015 (Unaudited)								
Total Comprehensive income								
Net profit		—	—	—	1,775,435,020	—	305,579,715	2,081,014,735
Other comprehensive income								
Foreign currency exchange differences	7(33)	—	—	—	—	(275,031)	—	(275,031)
Total Comprehensive income for the year		—	—	—	1,775,435,020	(275,031)	305,579,715	2,080,739,704
New subsidiaries		—	—	—	—	—	(13,601,251)	(13,601,251)
Profit distribution								
Appropriation to surplus reserves		—	—	44,230,042	(44,230,042)	—	—	—
Profit distribution to equity owners		—	—	—	(1,406,453,166)	—	(214,045,114)	(1,620,498,280)
Appropriation to staff welfare and incentive funds		—	—	—	(44,532,516)	—	(614,114)	(45,146,630)
Balance at 31 December 2015 (Unaudited)		439,853,380	—	329,063,052	2,635,032,872	(307,041)	521,158,841	3,924,801,104

The accompanying notes form an integral part of these consolidated financial statements.

Legal representative:
Zhengang Ma

Principal in charge of accounting:
Haifeng Mao

Head of accounting department:
Jianjun Chu

SHANGHAI YANFENG JOHNSON CONTROLS SEATING CO., LTD.

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(All amounts in RMB Yuan unless otherwise stated)

1 General information

Shanghai Yanfeng Johnson Controls Seating Co., Ltd. ("the Company") is a sino-foreign joint venture company set up by Yanfeng Automotive Trim Systems Co., Ltd. ("Yanfeng Trim" and formerly known as "Yanfeng Visteon Automotive Trim Systems Co., Ltd.") and Johnson Controls International Inc. ("JCI International") on 18 December 1997. The approved operating period is 25 years and the registered capital is USD 24,770,700. Yanfeng Trim and JCI International hold 50.01% and 49.99% equity interest of the Company, respectively. Yanfeng Trim is ultimately held by Shanghai Automotive Industry Corporation (Group) ("SAIC").

In July 2007, according to equity transfer contract, JCI International transferred all the equity interest (49.99%) of the Company to Johnson Controls Asia Holding Co., Ltd. ("JCI Asia"). JCI International and JCI Asia are ultimately held by Johnson Controls, Inc. ("JCI"). In accordance with the resolution of the Board of Directors' meeting on 30 August 2011 and the revised joint venture contract and Articles of Association, the Company completed the transfer from surplus reserve to paid-in capital for USD 12,000,000 (Yanfeng Trim: USD 6,001,200, JCI Asia: USD 5,998,800) and the transfer from undistributed profits to paid-in capital for USD 25,229,300 (Yanfeng Trim: USD 12,617,190, JCI Asia: USD 12,612,110) on 8 November 2012, thus the registered capital was increased to USD 62,000,000.

The approved scope of business operation of the Company and its subsidiaries (together "the Group") is to develop and manufacture automobile seats and their spare parts, provide technical service for automobile seating, and sell its own products.

These financial statements are authorised for issue by the Company's responsible person on 26 April 2016.

2 Basis of preparation

The financial statements are prepared in accordance with the Accounting Standard for Business Enterprises—Basic Standard, the specific accounting standards and other relevant regulations issued by the Ministry of Finance on 15 February 2006 and in subsequent periods (hereafter collectively referred to as "the Accounting Standard for Business Enterprises" or "CAS"). In addition, information relating to the nature and effect of significant difference between CAS and accounting principles generally accepted in the United State of America is presented in Note 14 to the consolidated financial statement of the Group.

The financial statements are prepared on a going concern basis.

3 Statement of compliance with the Accounting Standards for Business Enterprises

The financial statements of the Group for the year ended 31 December 2015, 2014 and 2013 are in compliance with the Accounting Standards for Business Enterprises, and truly and completely present the consolidated financial position of the Group as at 31 December 2015, 2014 and 2013 and of their financial performance, cash flows and other information for the years then ended.

SHANGHAI YANFENG JOHNSON CONTROLS SEATING CO., LTD.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE
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4 Summary of significant accounting policies and accounting estimates

(1) Accounting year

The Company's accounting year starts on 1 January and ends on 31 December.

(2) Functional currency

The functional currency is Renminbi (RMB).

(3) Foreign currency translation

(a) Foreign currency transactions

Foreign currency transactions are translated into RMB using the exchange rates prevailing at the dates of the transactions.

At the balance sheet date, monetary items denominated in foreign currencies are translated into RMB using the spot exchange rates on the balance sheet date. Exchange differences arising from these translations are recognised in profit or loss for the current period, except for those attributable to foreign currency borrowings that have been taken out specifically for acquisition or construction of qualifying assets, which are capitalised as part of the cost of those assets. Non-monetary items denominated in foreign currencies that are measured at historical costs are translated at the balance sheet date using the spot exchange rates at the date of the transactions. The effect of exchange rate changes on cash is presented separately in the cash flow statement.

(b) Translation of foreign currency financial statements

The asset and liability items in the balance sheets for overseas operations are translated at the spot exchange rates on the balance sheet date. Among the owners' equity items, the items other than "undistributed profits" are translated at the spot exchange rates of the transaction dates. The income and expense items in the income statements of overseas operations are translated at the spot exchange rates of the transaction dates. The differences arising from the above translation are presented in other comprehensive income. The cash flows of overseas operations are translated at the spot exchange rates on the dates of the cash flows. The effect of exchange rate changes on cash is presented separately in the cash flow statement.

(4) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, deposits that can be readily drawn on demand, and short-term and highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(5) Financial assets

Financial assets are classified into the following categories at initial recognition: financial assets at fair value through profit or loss, receivables, available-for-sale financial assets and held-to-maturity investments. The classification of financial assets depends on the Group's intention and ability to hold the financial assets. The financial assets held by the Group are mainly receivables.

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4 Summary of significant accounting policies and accounting estimates (Continued)

(a) Receivables

Receivables, including accounts receivable and other receivables, are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market (Note 4(6)).

(b) Recognition and measurement

Financial assets are recognised at fair value on the balance sheet when the Group becomes a party to the contractual provisions of the financial instrument. In the case of financial assets at fair value through profit or loss, the related transaction costs incurred at the time of acquisition are recognised in profit or loss for the current period. For other financial assets, transaction costs that are attributable to acquisition of the financial assets are included in their initially recognised amounts. A financial asset is derecognised when the contractual rights to receive the cash flows from the financial asset have expired, or all the substantial risks and rewards of ownership of the financial asset have been transferred. Receivables are subsequently measured at amortised cost by using the effective interest method.

(c) Impairment of financial assets

The Group assesses the carrying amounts of financial assets other than those at fair value through profit or loss at each balance sheet date. If there is objective evidence that a financial asset is impaired, an impairment loss is provided for.

When an impairment loss on a financial asset carried at amortised cost has occurred, the amount of loss is provided for at the difference between the asset's carrying amount and the present value of its estimated future cash flows (excluding future credit losses that have not been incurred). If there is objective evidence that the value of the financial asset recovered and the recovery is related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed and the amount of reversal is recognised in profit or loss.

(6) Receivables

Receivables comprise accounts receivable and other receivables. Accounts receivable arising from sale of goods or rendering of services are initially recognised at fair value of the contractual payments from the buyers or service recipients.

Receivables with amounts that are individually significant are subject to separate assessment for impairment. If there exists objective evidence that the Group will not be able to collect the amount under the original terms, a provision for bad debts of that receivable is made at the difference between its carrying amount and the present value of its estimated future cash flows.

Receivables with amounts that are not individually significant and those receivables that have been individually assessed for impairment and have not been found impaired are classified into certain groupings based on their credit risk characteristics. Provision for bad debts is determined based on the

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE
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4 Summary of significant accounting policies and accounting estimates (Continued)

historical loss experience for groupings of receivables with similar credit risk characteristics, taking into consideration of the current circumstances.

When the Group transfers the accounts receivable to the financial institutions without recourse, the difference between the proceeds received from the transaction and their carrying amounts and the related taxes is recognised in profit or loss for the current period.

(7) Inventories

Inventories include raw materials, work in progress, and finished goods, and are measured at the lower of cost and net realisable value.

Cost is determined using weighted average method base on standard cost. The cost of finished goods and work in progress comprises raw materials, direct labour and an allocation of all production overhead expenditures incurred based on normal operating capacity.

Provision for decline in the value of inventories is determined at the excess amount of the carrying amounts of the inventories over their net realisable value. Net realisable value is determined based on the estimated selling price in the ordinary course of business, less the estimated costs to completion and estimated costs necessary to make the sale and related taxes

The Group adopts the perpetual inventory system.

(8) Long-term equity investments

Long-term equity investments comprise the Company's long-term equity investments in its subsidiaries, and the Group's long-term equity investments in its joint ventures and associates.

(a) Subsidiaries

Subsidiaries are the investees over which the Company is able to exercise control. Investments in subsidiaries are presented in the Company's financial statements using the cost method, and are adjusted to the equity method when preparing the consolidated financial statements.

Long-term equity investments accounted for using the cost method are measured at the initial investment cost. Cash dividends or profit distribution declared by the investees are recognized as investment income in profit or loss.

(b) Joint ventures and associates

A joint venture is a joint arrangement which is structured through a separate vehicle over which the Group has joint control together with other parties and only has rights to the net assets of the arrangement based on legal forms, contractual terms and other facts and circumstances; An associate is the investee over which the Group has significant influence on its financial and operating policy decisions.

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE
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4 Summary of significant accounting policies and accounting estimates (Continued)

Investments in joint ventures and associates are accounted for using the equity method. Where the initial investment cost exceeds the Group's share of the fair value of the investee's identifiable net assets at the time of acquisition, the investment is initially measured at cost. Where the initial investment cost is less than the Group's share of the fair value of the investee's identifiable net assets at the time of acquisition, the difference is included in profit or loss for the current period and the cost of the long-term equity investment is adjusted upwards accordingly.

Under the equity method of accounting, the Group recognises the investment income according to its share of net profit or loss of the investee. The Group does not recognise further losses when the carrying amounts of the long-term equity investment together with any long-term interests that, in substance, form part of the Group's net investment in investees are reduced to zero. However, if the Group has obligations for additional losses and the criteria with respect to recognition of provisions under the accounting standards on contingencies are satisfied, the Group continues recognising the investment losses and the provisions. The Group's share of the changes in investee's owner's equity other than those arising from the net profit or loss, other comprehensive income and profit distribution is recognised in capital surplus with a corresponding adjustment to the carrying amounts of the long-term equity investment. The carrying amount of the investment is reduced by the Group's share of the profit distribution or cash dividends declared by the investees. Unrealised gains or losses on transactions between the Group and its investees are eliminated to the extent of the Group's equity interest in the investees, based on which the investment income or losses are recognised. Any losses resulting from transactions between the Group and its investees, which are attributable to asset impairment losses are not eliminated.

(9) Fixed assets

Fixed assets comprise buildings, machinery and equipment, motor vehicles, computer and electronic equipment, tooling and office equipment. Fixed assets purchased or constructed by the Group are initially measured at cost at the time of acquisition. Fixed assets contributed by the Chinese investors are initially measured at the value as stipulated in the investment contract or agreement.

Subsequent expenditures incurred for a fixed asset are included in the cost of the fixed asset when it is probable that the associated economic benefits will flow to the Group and the related cost can be reliably measured. The carrying amount of the replaced part is derecognised. All the other subsequent expenditures are recognised in profit or loss in the period in which they are incurred.

Fixed assets are depreciated using the straight-line method to allocate the cost of the assets to their estimated residual values over their estimated useful lives. For the fixed assets that have been provided for impairment loss, the related depreciation charge is prospectively determined based upon the adjusted carrying amounts over their remaining useful lives.

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4 Summary of significant accounting policies and accounting estimates (Continued)

The estimated useful lives, the estimated residual values expressed as a percentage of cost and the annual depreciation rates are as follows:

	Estimated useful lives	Estimated residual values	Annual depreciation rates
Buildings	20 years	10%	4.5%
Machinery and equipment	3 - 15 years	0% - 5%	6.33 - 33.3%
Motor vehicles	3 - 6 years	0% - 5%	15.83 - 33.3%
Computer and electronic equipment	3 - 5 years	0% - 5%	19 - 33.3%
Tooling	3 - 5 years	0% - 5%	19 - 33.3%
Office equipment	3 - 7 years	0% - 5%	13.57 - 33.3%

The estimated useful life and the estimated residual value of a fixed asset and the depreciation method applied to the asset are reviewed, and adjusted as appropriate at each year-end.

A fixed asset is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The amount of proceeds from disposals on sale, transfer, retirement or damage of a fixed asset net of its carrying amount and related taxes and expenses is recognised in profit or loss for the current period.

(10) Construction in progress

Construction in progress is measured at actual cost. Actual cost comprises construction costs, installation cost, borrowing costs that are eligible for capitalisation and other costs necessary to bring the fixed assets ready for their intended use. Construction in progress is transferred to fixed assets when the assets are ready for their intended use, and depreciation is charged starting from the following month.

(11) Intangible assets

Intangible assets, including land use rights patent rights and non-patented technology and software are measured at cost. Intangible assets also include identifiable assets acquired from business combinations involving enterprises not under common control, such as customer relationship, and are measured at fair value at the time of acquisition.

(a) Land use rights

Land use rights are amortised on the straight-line basis over their estimated useful lives. If the acquisition costs of the land use rights and the buildings located thereon cannot be reasonably allocated between the land use rights and the buildings, all of the acquisition costs are recognised as fixed assets.

(b) Patent rights and non-patented technology

Patent rights and non-patented technology are amortised on a straight-line basis over the patent protection period as stipulated by the laws.

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4 Summary of significant accounting policies and accounting estimates (Continued)

(c) Software

Software is amortised on a straight-line basis over the patent protection period.

(d) Customer relationship

Customer relationship acquired from business combination involving enterprises not under common control are amortised over their beneficial periods.

(e) Periodical review of useful life and amortisation method

For an intangible asset with a finite useful life, review and adjustment on useful life and amortisation method are performed at each year-end, with adjustment made as appropriate.

(12) Research and development

The expenditure on an internal research and development project is classified into expenditure on the research phase and expenditure on the development phase based on its nature and whether there is material uncertainty that the research and development activities can form an intangible asset at the end of the project.

Expenditure on the research phase is recognised in profit or loss in the period in which it is incurred; expenditure on the development phase is capitalised only if all of the following conditions are satisfied:

- it is technically feasible to complete the intangible asset so that it will be available for use or sale;
- management intends to complete the intangible asset and use or sell it;
- it can be demonstrated how the intangible asset will generate economic benefits;
- there are adequate technical, financial and other resources to complete the development and the ability to use or sell the intangible asset; and
- the expenditure attributable to the intangible asset during its development phase can be reliably measured.

Other development expenditures that do not meet the conditions above are recognised in profit or loss in the period in which they are incurred. Development costs previously recognised as expenses are not recognised as an asset in a subsequent period. Capitalised expenditure on the development phase is presented as development costs in the balance sheet and transferred to intangible assets at the date that the asset is ready for its intended use.

(13) Goodwill

Goodwill is recognised at the excess of the cost of a business combination involving enterprises not under common control over the interest in the fair value of the acquirees' identifiable net assets acquired in the business combination as at the acquisition date.

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4 Summary of significant accounting policies and accounting estimates (Continued)

(14) Long-term prepaid expenses

Long-term prepaid expenses include the expenditure for improvements to fixed assets held under operating leases, and other expenditures that have been incurred but should be recognised as expenses over more than one year in the current and subsequent periods. Long-term prepaid expenses are amortised on the straight-line basis over the expected beneficial period and are presented at actual expenditure net of accumulated amortisation.

(15) Impairment of long-term assets

Fixed assets, construction in progress, intangible assets with finite useful lives and long-term equity investments in joint ventures and associates are tested for impairment if there is any indication that the assets may be impaired at the balance sheet date; intangible assets that are not yet available for their intended use are tested for impairment at least annually, irrespective of whether there is any indication of impairment. If the result of the impairment test indicates that the recoverable amount of an asset is less than its carrying amount, a provision for impairment and an impairment loss are recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and the present value of the future cash flows expected to be derived from the asset. Provision for asset impairment is determined and recognised on the individual asset basis. If it is not possible to estimate the recoverable amount of an individual asset, the recoverable amount of a group of assets to which the asset belongs is determined. A group of assets is the smallest group of assets that is able to generate independent cash inflows.

Goodwill that is separately presented in the financial statements is tested at least annually for impairment, irrespective of whether there is any indication that it may be impaired. In conducting the test, the carrying value of goodwill is allocated to the related asset group or groups of asset groups which are expected to benefit from the synergies of the business combination. If the result of the test indicates that the recoverable amount of an asset group or a group of asset groups, including the allocated goodwill, is lower than its carrying amount, the corresponding impairment loss is recognised. The impairment loss is first deducted from the carrying amount of goodwill that is allocated to the asset group or group of asset groups, and then deducted from the carrying amounts of other assets within the asset group or group of asset groups in proportion to the carrying amounts of assets other than goodwill.

Once the above asset impairment loss is recognised, it will not be reversed for the value recovered in the subsequent periods.

(16) Borrowing costs

The borrowing costs that are directly attributable to acquisition and construction of an asset that needs a substantially long period of time for its intended use commence to be capitalised and recorded as part of the cost of the asset when expenditures for the asset and borrowing costs have been incurred, and the activities relating to the acquisition and construction that are necessary to prepare the asset for its intended use have commenced. The capitalisation of borrowing costs ceases when the asset under

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4 Summary of significant accounting policies and accounting estimates (Continued)

acquisition or construction becomes ready for its intended use and the borrowing costs incurred thereafter are recognised in profit or loss for the current period. Capitalisation of borrowing costs is suspended during periods in which the acquisition or construction of an asset is interrupted abnormally and the interruption lasts for more than 3 months, until the acquisition or construction is resumed.

(17) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently stated at amortised cost using the effective interest method. Borrowings of which the period is within one year (inclusive) are classified as short-term borrowings, and the others are classified as long-term borrowings.

(18) Employee benefits

Employee benefits refer to all forms of consideration or compensation given by the Group in exchange for service rendered by employees or for termination of employment relationship, which include short-term employee benefits and post-employment benefits.

(a) Short-term employee benefits

Short-term employee benefits include wages or salaries, bonus, allowances and subsidies, staff welfare, premiums or contributions on medical insurance, work injury insurance and maternity insurance, housing funds, union running costs and employee education costs, short-term paid absences and etc. The short-term employee benefits actually occurred are recognised as a liability in the accounting period in which the service is rendered by the employees, with a corresponding charge to the profit or loss for the current period or the cost of relevant assets. Non-monetary benefits are measured at fair value.

(b) Post-employment benefits

The Group classifies post-employment benefit plans as defined contribution plans. Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into a separate fund and will have no obligation to pay further contributions. During the reporting period, the Group's post-employment benefits mainly include the premiums or contributions on basic pensions and unemployment insurance, both of which belong to defined contribution plans.

Basic pensions

The Group's employees participate in the basic pension plan set up and administered by local authorities of Ministry of Human Resource and Social Security. Monthly payments of premiums on the basic pensions are calculated according to the bases and percentage prescribed by the relevant local authorities. When employees retire, the relevant local authorities are obliged to pay the basic pensions to them. The amounts based on the above calculations are recognised as liabilities in the accounting period in which the service has been rendered by the employees, with a corresponding charge to the profit or loss for the current period or the cost of relevant assets.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE
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4 Summary of significant accounting policies and accounting estimates (Continued)

(19) Provisions

Provisions for product warranties, onerous contracts and etc. are recognised when the Group has a present obligation, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the obligation can be measured reliably.

A provision is initially measured at the best estimate of the expenditure required to settle the related present obligation. Factors surrounding a contingency, such as the risks, uncertainties and the time value of money, are taken into account as a whole in reaching the best estimate of a provision. Where the effect of the time value of money is material, the best estimate is determined by discounting the related future cash outflows. The increase in the discounted amount of the provision arising from passage of time is recognised as interest expense.

The carrying amount of provisions is reviewed at each balance sheet date and adjusted to reflect the current best estimate.

(20) Deferred tax assets and deferred tax liabilities

Deferred tax assets and deferred tax liabilities are calculated and recognised based on the differences arising between the tax bases of assets and liabilities and their carrying amounts (temporary differences). Deferred tax asset is recognised for the deductible losses that can be carried forward to subsequent years for deduction of the taxable profit in accordance with the tax laws. No deferred tax liability is recognised for a temporary difference arising from the initial recognition of goodwill. No deferred tax asset or deferred tax liability is recognised for the temporary differences resulting from the initial recognition of assets or liabilities due to a transaction other than a business combination, which affects neither accounting profit nor taxable profit (or deductible loss). At the balance sheet date, deferred tax assets and deferred tax liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled.

Deferred tax assets are only recognised for deductible temporary differences, deductible losses and tax credits to the extent that it is probable that taxable profit will be available in the future against which the deductible temporary differences, deductible losses and tax credits can be utilised.

Deferred tax liabilities are recognised for temporary differences arising from investments in subsidiaries, associates and joint ventures, except where the Group is able to control the timing of reversal of the temporary difference, and it is probable that the temporary difference will not reverse in the foreseeable future. When it is probable that the temporary differences arising from investments in subsidiaries, associates and joint ventures will be reversed in the foreseeable future and that the taxable profit will be available in the future against which the temporary differences can be utilised, the corresponding deferred tax assets are recognised.

Deferred tax assets and liabilities are offset when:

- the deferred taxes are relate to the same tax payer within the Group and same taxation authority, and;

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE
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4 Summary of significant accounting policies and accounting estimates (Continued)

- that tax payer within the Group has a legally enforceable right to offset current tax assets against current tax liabilities.

(21) Revenue recognition

The amount of revenue is determined in accordance with the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is stated net of rebates, discounts and returns.

Revenue is recognised when the economic benefits associated with the transaction will flow to the Group, the related revenue can be reliably measured, and the specific criteria of revenue recognition have been met for each type of the Group's activities as described below:

(a) Sale of products

Revenue is recognised when all the risks and rewards incidental to ownership of goods have been substantially transferred to the buyers with no more continuous management or control over the goods, the economic benefits associated with the transaction will flow to the Group, and the relevant revenue and cost can be reliably measured.

(b) Rendering of services

Revenue is recognised when service is completed and it is probable that the associated economic benefits will flow to the Group and its total revenue and cost can be reliably measured.

(22) Government Grants

Government grants refer to the monetary or non-monetary assets obtained by the Group from the government, including tax return, financial subsidy and etc.

Government grants are recognised when the grants can be received and the Group can comply with all attached conditions. If a government grant is a monetary asset, it will be measured at the amount received or receivable. If a government grant is a non-monetary asset, it will be measured at its fair value. If it is unable to obtain its fair value reliably, it will be measured at its nominal amount.

Government grants related to assets refer to government grants which are obtained by the Group for the purposes of purchase, construction or acquisition of the long-term assets. Government grants related to income refer to the government grants other than those related to assets.

Government grants related to assets will be recorded as deferred income and recognised evenly in profit or loss over the useful lives of the related assets. However, the government grants measured at their nominal amounts will be directly recorded in profit and loss for the current period.

Government grants related to income will be recorded as deferred income and recognised in profit or loss in the period in which the related expenses are recognised if the grants are intended to compensate for future expenses or losses, and otherwise recognised in profit or loss for the current period if the grants are used to compensate for expenses or losses that have been incurred.

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4 Summary of significant accounting policies and accounting estimates (Continued)

(23) Leases

A lease that transfers substantially all the risks and rewards incidental to ownership of an asset is a finance lease. An operating lease is a lease other than a finance lease.

Lease payments under an operating lease are recognised on a straight-line basis over the period of the lease, and are either capitalised as part of the cost of related assets, or charged as an expense for the current period.

(24) Profit distribution

Proposed profit distribution is recognised as a liability in the period in which it is approved by the Board of Directors' meeting.

(25) Business combinations

(a) Business combinations involving enterprises not under common control.

The cost of combination and identifiable net assets obtained by the acquirer in a business combination are measured at fair value at the acquisition date. Where the cost of the combination exceeds the acquirer's interest in the fair value of the acquiree's identifiable net assets, the difference is recognised as goodwill; where the cost of combination is lower than the acquirer's interest in the fair value of the acquiree's identifiable net assets, the difference is recognised in profit or loss for the current period. Costs directly attributable to the combination are included in profit or loss in the period in which they are incurred. Transaction costs associated with the issue of equity or debt securities for the business combination are included in the initially recognised amounts of the equity or debt securities.

(26) Preparation of consolidated financial statements

The consolidated financial statements comprise the financial statements of the Company and all of its subsidiaries.

Subsidiaries are consolidated from the date on which the Group obtains control and are deconsolidated from the date that such control ceases. For a subsidiary that is acquired in a business combination involving enterprises under common control, it is included in the consolidated financial statements from the date when it, together with the Company, came under common control of the ultimate controlling party. The portion of the net profits realised before the combination date is presented separately in the consolidated income statement.

In preparing the consolidated financial statements, where the accounting policies and the accounting periods of the Company and subsidiaries are inconsistent, the financial statements of the subsidiaries are adjusted in accordance with the accounting policies and the accounting period of the Company. For subsidiaries acquired from business combinations involving enterprises not under common control, the individual financial statements of the subsidiaries are adjusted based on the fair value of the identifiable net assets at the acquisition date.

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4 Summary of significant accounting policies and accounting estimates (Continued)

All significant intra-group balances, transactions and unrealised profits are eliminated in the consolidated financial statements. The portion of subsidiaries' owners' equity and the portion of subsidiaries' net profits and losses and comprehensive incomes for the period not attributable to the Company are recognised as minority interests, net profit attributed to minority interests and total comprehensive incomes attributed to minority interests, and presented separately in the consolidated financial statements under owners' equity, net profits and total comprehensive income respectively. Unrealised profits and losses resulting from the sale of assets by the Company to its subsidiaries are fully eliminated against net profit attributable to owners of the parent. Unrealised profits and losses resulting from the sale of assets by a subsidiary to the Company are eliminated and allocated between net profit attributable to owners of the parent and net profit attributed to minority interests in accordance with the allocation proportion of the parent in the subsidiary. Unrealised profits and losses resulting from the sale of assets by one subsidiary to another are eliminated and allocated between net profit attributable to owners of the parent and net profit attributed to minority interests in accordance with the allocation proportion of the parent in the subsidiary.

If the accounting treatment of a transaction is inconsistent in the financial statements at the Group level and at the Company or its subsidiary level, adjustment will be made from the perspective of the Group.

(27) Critical accounting estimates and judgments

The Group continually evaluates the critical accounting estimates and key judgments applied based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The critical accounting estimates and key assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below:

(i) Income taxes

The Group is subject to income taxes in numerous jurisdictions. There are some transactions and events for which the ultimate tax determination is uncertain during the ordinary course of business. Significant judgment is required from the Group in determining the provision for income taxes in each of these jurisdictions. The Group recognises income taxes in each jurisdiction based on estimates. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

(ii) Accounting estimates on impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment. The recoverable amount of asset groups and groups of asset groups is the present value of the future cash flows expected to be derived from them. These calculations require use of estimates (Note 7(12)).

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4 Summary of significant accounting policies and accounting estimates (Continued)

If management revises the gross margin that is used in the calculation of the future cash flows of asset groups and groups of asset groups, and the revised gross margin is lower than the one currently used, the Group would need to recognise further impairment against goodwill.

If management revises the pre-tax discount rate applied to the discounted cash flows, and the revised pre-tax discount rate is higher than the one currently applied, the Group would need to recognise further impairment against goodwill.

If the actual gross margin/pre-tax discount rate is higher/lower than management's estimates, the impairment loss of goodwill previously provided for is not allowed to be reversed by the Group.

5 Taxation

The main categories and rates of taxes applicable to the Group during the current year are set out below:

Type	Tax rate	Taxable base
Enterprise income tax(a)	25% and 20%	Taxable income
Value added tax ("VAT")(b)	6% and 17%	Taxable value added amount (Tax payable is calculated using the taxable sales amount multiplied by the effective tax rate less deductible VAT input of current period)
Business tax	5%	Taxable turnover amount

- (a) In 2015, 2014 and 2013, the enterprise income tax rates applicable to the Company and its subsidiaries with high technology certificates are as follows:
- (1) The Company is a foreign-invested production enterprise set up in Pudong new district, Shanghai. It was certificated as the advanced and high technology enterprise by Shanghai Science and Technology Committee in 2011 (valid for 3 years) and 2014 (valid for 3 years), respectively. According to the Fiscal and Taxation (2009), No.203 "The notice on implementing preferential corporate income tax rate of advanced and high technology enterprises", the applicable income tax rate is 15% in year 2015, 2014 and 2013.
 - (2) Shanghai Jixiang Automobile Roof Trimming Co., Ltd. ("Shanghai Jixiang Automobile") is a domestic enterprise set up in Shanghai. It was certificated as the advanced and high technology enterprise by Shanghai Science and Technology Committee in 2012 (valid for 3 years) and 2015 (valid for 3 years), respectively. According to the Fiscal and Taxation (2009), No.203 "The notice on implementing preferential corporate income tax rate of advanced and high technology enterprises", the applicable income tax rate is 15% in year 2015, 2014 and 2013.

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5 Taxation (Continued)

- (3) Guangzhou Dongfeng Johnson Controls Automotive Seating Co., Ltd. ("Guangzhou Dongfeng Johnson Seating") is a foreign-invested production enterprise set up in coastal economic open zone. It was certificated as the advanced and high technology enterprise by Guangzhou Province Science and Technology Agency in 2014 (valid for 3 years). According to the Fiscal and Taxation (2009), No.203 "The notice on implementing preferential corporate income tax rate of advanced and high technology enterprises", the applicable income tax rate is 15% in year 2015 and 25% in 2014 and 2013.
 - (4) Hefei Johnson Controls Yunhe Automotive Seating Co., Ltd. ("Hefei Yunhe Johnson") is a foreign-invested manufacturing enterprise set up in Hefei Economic and Technological Development Zone. The company was certificated as the advanced and high technology enterprise by Hefei Science and Technology Committee in 2012 (valid for 3 years) and 2015 (valid for 3 years), respectively. According to the Fiscal and Taxation (2009) No.203 "The notice on implementing preferential corporate income tax rate of advanced and high technology enterprises", the applicable income tax rate of Hefei Yunhe Johnson is 15% in 2015, 2014 and 2013.
 - (5) Shenyang Yanfeng Johnson Controls Seating Co., Ltd. ("Shenyang Yanfeng Johnson Seating") is a domestic enterprise newly set up in Shenyang. The company was certificated as the advanced and high technology enterprise by Liaoning Office of Science and Technology in 2013. According to Guoshuihan (2009) No.203 "Notification of implementing preferential corporate income tax rate of advanced and high technology enterprises", the applicable income tax rate of Shenyang Yanfeng Johnson Seating is 15% in 2015, 2014 and 2013.
 - (6) Chongqing Yanfeng Johnson Automotive Parts Systems Co., Ltd. ("Chongqing Yanfeng Johnson") is a foreign-invested manufacturing enterprise set up in Chongqing. It was certificated as the advanced and high technology enterprise for the first time in July 2010, then it was certificated as the advanced and high technology enterprise again through the review in October 2013 (valid until December 2015). According to the Fiscal and Taxation (2009), No.203 "The notice on implementing preferential corporate income tax rate of advanced and high technology enterprises", the applicable income tax rate is 15% in year 2015, 2014 and 2013.
- (b) Pursuant to the Circular on the Pilot Plan for Levying VAT in Place of Business Tax (Cai Shui No.110, 2011) and the Circular on the Pilot Practice of Levying VAT in Place of Business Tax for the Transportation Industry and Some Modern Service Industries in Shanghai (Cai Shui [2013] No.106) and the Circular on the Pilot Practice of Levying VAT in Place of Business Tax for the Transportation Industry and Some Modern Service Industries across the nation (Cai Shui No.37, 2013) jointly issued by the Ministry of Finance and the State Administration of Taxation, revenue from technical consulting business of part of the Company and the subsidiaries registered in Shanghai and other cities is subject to VAT at the rate of 6% from 1 January 2012, the applicable tax rate is 6%.

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6 Subsidiaries

(1) Significant subsidiaries included in the consolidation scope as at 31 December 2015 are as follows:

	Place of registration	Registered capital	Nature of business and principal activities	% interest held by the Company		% voting right held by the Company	
				Directly	Indirectly	Directly	Indirectly
Shenyang Yanfeng Johnson Seating	Shenyang	RMB 30,000,000	Develop, produce and sell automotive interior, overhead systems and parts production. Self-management or agency of import and export of goods and technologies	100%		100%	
Yantai Yanfeng Johnson Controls Seating Co., Ltd.	Yantai	RMB 35,000,000	Produce and sell auto seating and parts, automotive functional polymer materials; import and export goods and technology	100%		100%	
Nanjing Yanfeng Johnson Controls Seating Co., Ltd.	Nanjing	RMB 45,000,000	Produce and sell auto seating and provide after-sale service; import and export goods and service	60%		60%	
Shanghai Yanfeng Johnson Controls Anting Seating Co., Ltd.	Shanghai	RMB 15,000,000	Design, develop, produce and sell auto seats and provide after-sale service; import and export goods	100%		100%	
Yizheng Yanfeng Johnson Controls Seating Co., Ltd.	Yangzhou	RMB 60,000,000	Design, develop, produce and sell auto seats, automotive ceiling and sun visor	100%		100%	
Chongqing Yanfeng Johnson	Chongqing	USD 7,500,000	Produce and sell automotive seatings and spare parts and sun visor	50%		62.50%	

- (a) The newly established subsidiaries of the Group in 2013 included Ningbo Yanfeng Johnson Controls Seating Co., Ltd., Wuhan Yanfeng Johnson Controls Seating Co., Ltd., Daqing Yanfeng Johnson Automotive Parts Systems Co., Ltd. and Yanfeng Johnson Controls (Thailand) Co., Ltd. The newly established subsidiaries of the Group in 2014 included Nantong Yanfeng Johnson Controls Seating Parts Co., Ltd, Langfang Yanfeng Johnson Controls Automotive Components Co., Ltd, Nanchang Yanfeng Johnson Controls Automotive Components Systems Co., Ltd. and Hangzhou Yanfeng Johnson Controls Automotive Components Systems Co., Ltd. The newly established subsidiaries of the Group in 2015 included Yanfeng Johnson Controls America Seating, Inc., Chongqing Yanfeng Johnson Fengao Automotive Components Co., Ltd..

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6 Subsidiaries (Continued)

- (b) In 2015, the company disposed 50% equity interest of its subsidiary Baoding Yanfeng Johnson Seating Parts Co., Ltd. to Great Wall Automobile Holding Co., Ltd..
- (c) On 26 September 2014, the Company purchased 45% equity interest of its subsidiary Shanghai Johnson Controls Automotive Metal Components Co., Ltd. from JCI. After the acquisition, Shanghai Johnson Controls Automotive Metal Components Co., Ltd. became a wholly-owned subsidiary of the Company (Note 8(b)).
- (d) On 21 February 2014, the Company's former subsidiary Wuhan Johnson Controls Yunhe Automotive Seating Co., Ltd. dissolved and liquidated.
- (e) On 2 July 2013, the Company acquired 100% equity interest of Johnson Controls Automotive Systems (Kunshan) Co., Ltd. ("Johnson Controls Kunshan") from CRH Automotive GmbH (Note 8(a)).

(2) Information of non-wholly-owned subsidiaries

Total profit attributable to minority shareholders for the year ended 31 December 2015 (Unaudited)	Dividends paid to minority interests for the year ended 31 December 2015 (Unaudited)	Accumulated minority interests as at 31 December 2015 (Unaudited)
305,579,715	214,045,114	521,158,841
Total profit attributable to minority shareholders for the year ended 31 December 2014	Dividends paid to minority interests for the year ended 31 December 2014	Accumulated minority interests as at 31 December 2014
187,580,051	170,346,785	444,472,126
Total profit attributable to minority shareholders for the year ended 31 December 2013	Dividends paid to minority interests for the year ended 31 December 2013	Accumulated minority interests as at 31 December 2013
73,040,425	113,703,818	542,008,809

There is no individually subsidiary with significant non-wholly-owned interest within the group. Considering all the subsidiaries are automobile industry related companies, their principal activities are production and sale of automotive parts as well as components and they all operate their business in China mainland, the summarised aggregated financial information for all the subsidiaries that has non-wholly-owned interests are set out below:

31 December 2015 (Unaudited)					
Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
4,885,026,193	885,503,988	5,770,530,181	4,563,721,745	24,041,900	4,587,763,645
31 December 2014					
Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
4,424,732,193	835,075,697	5,259,807,890	4,196,754,935	33,892,988	4,230,647,923

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6 Subsidiaries (Continued)

31 December 2013					
Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
4,510,159,993	862,820,758	5,372,980,751	4,069,901,871	50,163,457	4,120,065,328

2015 (Unaudited)			
Revenue	Net profit	Total comprehensive income	Cash flows from operating activities
10,509,628,494	647,904,303	647,904,303	224,033,364

2014			
Revenue	Net profit	Total comprehensive income	Cash flows from operating activities
9,535,246,058	415,106,959	415,106,959	781,707,192

2013			
Revenue	Net profit	Total comprehensive income	Cash flows from operating activities
9,187,962,646	184,792,650	184,792,650	819,507,820

7 Notes to the consolidated financial statements

(1) Cash at bank and on hand

	31 December 2015 (Unaudited)	31 December 2014	31 December 2013
Cash on hand	26,270	43,942	58,605
Current deposits	3,741,306,832	2,998,713,639	2,762,397,321
Other cash balances(a)	198,561,011	166,870,320	246,885,299
	<u>3,939,894,113</u>	<u>3,165,627,901</u>	<u>3,009,341,225</u>

- (a) As at 31 December 2015, 2014 and 2013, RMB 198,561,011, RMB 166,719,551 and RMB 246,885,299 were pledged to banks as collateral for the Group to issue notes payable of RMB 228,819,635, RMB 235,486,021 and RMB 291,334,997, respectively. (Note 7(14)).

As at 31 December 2015 and 2013, no other cash balances were the margin deposits paid by the Group for applying for unconditional, irrevocable letter of credit from the bank. As at 31 December 2014, RMB 150,769 were the margin deposits paid by the Group for applying for unconditional, irrevocable letter of credit from the bank.

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7 Notes to the consolidated financial statements (Continued)

(2) Notes receivable

	31 December 2015 (Unaudited)	31 December 2014	31 December 2013
Trade acceptance notes	—	—	17,980,000
Bank acceptance notes	1,198,378,148	1,030,656,745	828,442,674
	<u>1,198,378,148</u>	<u>1,030,656,745</u>	<u>846,422,674</u>

As at 31 December 2015, 2014 and 2013, notes receivable with amount of RMB 222,124,500, RMB 204,357,084 and RMB 168,661,383 was pledged to banks as collateral for the Group to issue notes payable of RMB 221,724,500, RMB 206,071,468 and RMB 168,661,383, respectively. (Note 7(14)).

As at 31 December 2015, 2014 and 2013, the Group has no trade acceptance notes with recourse that is not mature but has been discounted.

(3) Accounts receivable and other receivables

(a) Accounts receivable

	31 December 2014			31 December 2015 (Unaudited)
Accounts receivable	4,698,378,707			5,713,997,765
		Increase in the current year	Writes off in the current year	
Less: provision for bad debts	(9,928,095)	(7,056,982)	16,652	(16,968,425)
	<u>4,688,450,612</u>			<u>5,697,029,340</u>

	31 December 2013			31 December 2014
Accounts receivable	4,508,391,003			4,698,378,707
		Increase in the current year	Writes off in the current year	
Less: provision for bad debts	(9,732,869)	(713,560)	518,334	(9,928,095)
	<u>4,498,658,134</u>			<u>4,688,450,612</u>

	31 December 2012			31 December 2013
Accounts receivable	3,570,698,575			4,508,391,003
		Increase in the current year	Writes off in the current year	
Less: provision for bad debts	(7,090,955)	(2,902,735)	260,821	(9,732,869)
	<u>3,563,607,620</u>			<u>4,498,658,134</u>

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7 Notes to the consolidated financial statements (Continued)

As at 31 December 2015 and 2014, no accounts receivable was pledged to bank as collateral of short term borrowings. As at 31 December 2013, accounts receivable of RMB 5,500,000 was pledged to bank as collateral of short term borrowings of RMB 4,400,000 .(Note 7(13)).

The aging of accounts receivable and related provisions for bad debts are analysed below:

	31 December 2015 (Unaudited)			31 December 2014			31 December 2013		
	Amount	% of total balance	Provision for bad debts	Amount	% of total balance	Provision for bad debts	Amount	% of total balance	Provision for bad debts
Within									
1 year	5,442,373,758	95.25%	(2,415,833)	4,658,158,997	99.14%	(806,662)	4,489,174,943	99.57%	(112,824)
1 to									
2 years	244,636,126	4.28%	(3,379,236)	32,565,341	0.69%	(3,305,603)	4,575,902	0.10%	(1,526,427)
2 to									
3 years	19,388,759	0.34%	(3,784,961)	2,220,905	0.05%	(463,760)	8,929,210	0.20%	(2,382,670)
Over									
3 years	7,599,122	0.13%	(7,388,395)	5,433,464	0.12%	(5,352,070)	5,710,948	0.13%	(5,710,948)
	<u>5,713,997,765</u>	<u>100.00%</u>	<u>(16,968,425)</u>	<u>4,698,378,707</u>	<u>100.00%</u>	<u>(9,928,095)</u>	<u>4,508,391,003</u>	<u>100.00%</u>	<u>(9,732,869)</u>

As at 31 December 2015, 2014 and 2013, no material accounts receivable was past due but not impaired.

(b) Other receivables

	31 December 2014		31 December 2015 (Unaudited)
Receivables from equity transfer	—		21,500,000
Receivables from disposal of fixed assets	160,032,610		4,226
Receivables for modules	200,755,931		147,645,565
Cash pooling funds	50,646,471		—
Deposits	32,193,079		50,064,467
Others	21,779,364		10,305,418
	<u>465,407,455</u>		<u>229,519,676</u>
		Increase in the current year	Written-off in the current year
Less: provision for bad debts	(946,189)	—	440
	<u>464,461,266</u>		<u>228,573,927</u>

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7 Notes to the consolidated financial statements (Continued)

	31 December 2013			31 December 2014
Receivables from equity transfer	30,909,408			—
Receivables from disposal of fixed assets	160,193,792			160,032,610
Receivables for modules	81,666,069			200,755,931
Cash pooling funds	—			50,646,471
Deposits	50,363,255			32,193,079
Others	45,402,205			21,779,364
	<u>368,534,729</u>			<u>465,407,455</u>
		Increase in the current year	Written-off in the current year	
Less: provision for bad debts	(934,051)	(12,138)	—	(946,189)
	<u>367,600,678</u>			<u>464,461,266</u>
	31 December 2012			31 December 2013
Receivables from equity transfer	30,909,408			30,909,408
Receivables from disposal of fixed assets	—			160,193,792
Receivables for modules	47,219,132			81,666,069
Deposits	20,910,957			50,363,255
Others	85,172,356			45,402,205
	<u>184,211,853</u>			<u>368,534,729</u>
		Increase in the current year	Written-off in the current year	
Less: provision for bad debts	(933,611)	(337,400)	336,960	(934,051)
	<u>183,278,242</u>			<u>367,600,678</u>

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7 Notes to the consolidated financial statements (Continued)

Other receivables and related provisions for bad debts are analysed below:

	31 December 2015 (Unaudited)			31 December 2014			31 December 2013		
	Amount	% of total balance	Provision for bad debts	Amount	% of total balance	Provision for bad debts	Amount	% of total balance	Provision for bad debts
Within 1 year	196,262,868	85.51%	—	288,793,103	62.05%	(12,138)	326,109,876	88.49%	(440)
1 to 2 years	24,176,246	10.53%	(12,138)	171,149,988	36.77%	(440)	39,378,086	10.69%	—
2 to 3 years	4,745,088	2.07%	—	3,385,685	0.73%	—	1,129,886	0.31%	—
Over 3 years	4,335,474	1.89%	(933,611)	2,078,679	0.45%	(933,611)	1,916,881	0.51%	(933,611)
	<u>229,519,676</u>	<u>100.00%</u>	<u>(945,749)</u>	<u>465,407,455</u>	<u>100.00%</u>	<u>(946,189)</u>	<u>368,534,729</u>	<u>100.00%</u>	<u>(934,051)</u>

As at 31 December 2015, 2014 and 2013, no material other receivables were past due but not impaired.

(4) Inventories

	31 December 2014		31 December 2015 (Unaudited)	
Cost—				
Raw materials	495,782,759		422,758,307	
Work in progress	32,424,927		21,343,381	
Finished goods	147,067,879		290,728,598	
	<u>675,275,565</u>		<u>734,830,286</u>	
Less: Provision for declines in the value of inventories		Increase in the current year	Written-off in the current year	
Raw materials	(31,190,832)	(1,708,382)	4,444,581	(28,454,633)
Work in progress	(805,118)	22,032	(90,673)	(873,759)
Finished goods	(5,164,390)	(637,187)	1,502,359	(4,299,218)
	<u>(37,160,340)</u>	<u>(2,323,537)</u>	<u>5,856,267</u>	<u>(33,627,610)</u>
	<u>638,115,225</u>		<u>701,202,676</u>	

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7 Notes to the consolidated financial statements (Continued)

	31 December 2013			31 December 2014
Cost—				
Raw materials	504,552,628			495,782,759
Work in progress	21,841,835			32,424,927
Finished goods	131,202,783			147,067,879
	<u>657,597,246</u>			<u>675,275,565</u>
Less: Provision for declines in the value of inventories		Increase in the current year	Written-off in the current year	
Raw materials	(31,728,613)	(1,724,450)	2,262,231	(31,190,832)
Work in progress	(1,248,134)	443,016	—	(805,118)
Finished goods	(2,500,283)	(2,664,107)	—	(5,164,390)
	<u>(35,477,030)</u>	<u>(3,945,541)</u>	<u>2,262,231</u>	<u>(37,160,340)</u>
	<u>622,120,216</u>			<u>638,115,225</u>
	31 December 2012			31 December 2013
Cost—				
Raw materials	340,889,632			504,552,628
Work in progress	21,655,669			21,841,835
Finished goods	111,761,097			131,202,783
	<u>474,306,398</u>			<u>657,597,246</u>
Less: Provision for declines in the value of inventories		Increase in the current year	Written-off in the current year	
Raw materials	(28,464,056)	(4,958,621)	1,694,064	(31,728,613)
Work in progress	(126,317)	(1,121,817)	—	(1,248,134)
Finished goods	(3,305,400)	805,117	—	(2,500,283)
	<u>(31,895,773)</u>	<u>(5,275,321)</u>	<u>1,694,064</u>	<u>(35,477,030)</u>
	<u>442,410,625</u>			<u>622,120,216</u>

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7 Notes to the consolidated financial statements (Continued)

(5) Other current assets

	31 December 2015 (Unaudited)	31 December 2014	31 December 2013
Entrusted loans (Note 9(4)(e))	315,000,000	—	50,000,000
Value-added tax recoverable	31,452,580	42,212,988	22,644,255
Prepaid income tax	6,094,030	7,158,847	3,152,437
Prepaid property tax and others	163,060	342,901	—
	<u>352,709,670</u>	<u>49,714,736</u>	<u>75,796,692</u>

(6) Long-term equity investments

	31 December 2015 (Unaudited)	31 December 2014	31 December 2013
Associates(a)	108,432,277	76,331,842	62,434,370
Joint venture(b)	50,320,716	—	—
Less: Provision for impairment of long-term equity investments	—	—	—
	<u>158,752,993</u>	<u>76,331,842</u>	<u>62,434,370</u>

(a) Associates

General information of significant associates:

	Major business location	Place of registration	Nature of business	Interest held	Voting rights held
Wuhan Taiji Johnson Controls Seatings Co., Ltd. ("Wuhan Taiji")	Wuhan	Wuhan	Design, develop, produce and process auto key parts; sell the produced parts and provide after-sale service	20.00%	14.29%
Dongfeng Johnson Automotive Seating Co., Ltd. ("Dongfeng Johnson Seating")	Wuhan	Wuhan	Design, develop, produce and process auto key parts; sell the produced parts and provide after-sale service	50.00%	50.00%

Investments in associates are set out below:

31 December 2014	Increase in investment	Share of net profit under equity method	Profit/Cash dividends declared by associates	Share of other comprehensive income	Share of other changes in equity	31 December 2015 (Unaudited)
76,331,842	—	40,365,585	(8,265,150)	—	—	108,432,277

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7 Notes to the consolidated financial statements (Continued)

31 December 2013	Increase in investment	Share of net profit under equity method	Profit/Cash dividends declared by associates	Share of other comprehensive income	Share of other changes in equity	31 December 2014
62,434,370	—	13,897,472	—	—	—	76,331,842

31 December 2012	Increase in investment	Share of net profit under equity method	Profit/Cash dividends declared by associates	Share of other comprehensive income	Share of other changes in equity	31 December 2013
61,350,581	—	1,083,789	—	—	—	62,434,370

(b) Joint venture

General information of significant joint venture:

	Major business location	Place of registration	Nature of business	Interest held	Voting rights held
CRH Automotive Shenyang Co., Ltd. ("CRH Shenyang")	Shenyang	Shenyang	Design, develop, manufacture, sell auto seats frame and relevant parts; provide after-sale service; import and export goods (exclude those forbidden by the State or restricted by imports and exports).	50.00%	50.00%

Investments in joint ventures are set out below:

	31 December 2014	Increase in investment	Share of net profit under equity method	Profit/Cash dividends declared by associates	Share of other comprehensive income	Share of other changes in equity	31 December 2015 (Unaudited)
CRH Shenyang	—	62,298,600	93,521	(12,071,405)	—	—	50,320,716

On 30 September 2015, the Company acquired 50% of the equity interest of CRH Shenyang from Johnson Controls Solingen Beteiligungs GmbH with the consideration of USD 9,800,000. After the acquisition, the Company owned 50% equity interest of CRH Shenyang, which is treated as a joint venture company.

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7 Notes to the consolidated financial statements (Continued)

(7) Fixed assets

	Buildings	Machinery and equipment	Motor vehicles	Computer and electronic equipment	Tooling	Office equipment	Total
Cost							
31 December 2014	664,843,579	1,402,641,847	11,092,134	167,202,068	143,136,647	52,202,548	2,441,118,823
Transfer from construction in progress	141,831,535	306,246,174	1,525,343	40,739,923	40,643,272	20,870,904	551,857,151
Increase in the current year	53,000	24,471	—	230,283	159,025	223,818	690,597
Decrease in the current year	(276,918)	(105,538,409)	(1,413,514)	(19,274,608)	(20,641,042)	(1,778,920)	(148,923,411)
Transfer to construction in progress	—	(25,103,785)	—	(255,531)	—	(2,954,058)	(28,313,374)
31 December 2015 (Unaudited)	806,451,196	1,578,270,298	11,203,963	188,642,135	163,297,902	68,564,292	2,816,429,786
Accumulated depreciation							
31 December 2014	(103,659,542)	(556,410,903)	(6,757,457)	(101,370,359)	(106,393,288)	(24,997,707)	(899,589,256)
Increase in the current year	(40,528,317)	(159,961,886)	(1,953,950)	(26,167,157)	(22,608,860)	(9,848,111)	(261,068,281)
Decrease in the current year	267,167	72,123,397	993,056	15,643,917	15,629,259	1,611,258	106,268,054
Transfer to construction in progress	—	19,129,591	—	125,640	—	771,828	20,027,059
31 December 2015 (Unaudited)	(143,920,692)	(625,119,801)	(7,718,351)	(111,767,959)	(113,372,889)	(32,462,732)	(1,034,362,424)
Provision for impairment loss							
31 December 2014	—	(3,363,932)	—	—	(1,023,466)	—	(4,387,398)
Increase in the current year	—	—	—	—	—	—	—
Decrease in the current year	—	195,392	—	—	270,289	—	465,681
31 December 2015 (Unaudited)	—	(3,168,540)	—	—	(753,177)	—	(3,921,717)
Net book value							
31 December 2015 (Unaudited)	662,530,504	949,981,957	3,485,612	76,874,176	49,171,836	36,101,560	1,778,145,645

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7 Notes to the consolidated financial statements (Continued)

	Buildings	Machinery and equipment	Motor vehicles	Computer and electronic equipment	Tooling	Office equipment	Total
Cost							
31 December 2013	519,463,143	1,358,811,728	10,844,001	136,795,400	147,725,780	36,615,918	2,210,255,970
Transfer from construction in progress	145,122,080	331,208,637	3,523,355	41,150,310	45,480,626	23,657,653	590,142,661
Increase in the current year	15,001,081	6,465,285	210,256	1,123,548	1,395,301	2,800,366	26,995,837
Decrease in the current year	(14,742,725)	(293,843,803)	(3,485,478)	(11,867,190)	(51,465,060)	(10,871,389)	(386,275,645)
31 December 2014	664,843,579	1,402,641,847	11,092,134	167,202,068	143,136,647	52,202,548	2,441,118,823
Accumulated depreciation							
31 December 2013	(77,872,259)	(568,593,538)	(7,193,895)	(84,890,511)	(117,369,709)	(20,664,340)	(876,584,252)
Increase in the current year	(29,531,678)	(127,840,535)	(1,870,214)	(22,480,349)	(20,692,286)	(9,625,438)	(212,040,500)
Decrease in the current year	3,744,395	140,023,170	2,306,652	6,000,501	31,668,707	5,292,071	189,035,496
31 December 2014	(103,659,542)	(556,410,903)	(6,757,457)	(101,370,359)	(106,393,288)	(24,997,707)	(899,589,256)
Provision for impairment loss							
31 December 2013	—	(4,916,956)	—	(7,405)	(1,151,027)	(13,416)	(6,088,804)
Increase in the current year	—	—	—	—	—	—	—
Decrease in the current year	—	1,553,024	—	7,405	127,561	13,416	1,701,406
31 December 2014	—	(3,363,932)	—	—	(1,023,466)	—	(4,387,398)
Net book value							
31 December 2014	561,184,037	842,867,012	4,334,677	65,831,709	35,719,893	27,204,841	1,537,142,169

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7 Notes to the consolidated financial statements (Continued)

	Buildings	Machinery and equipment	Motor vehicles	Computer and electronic equipment	Tooling	Office equipment	Total
Cost							
31 December 2012	471,574,352	1,045,048,036	9,911,902	107,074,688	175,769,456	20,381,047	1,829,759,481
Reclassification	(16,709,106)	58,273,933	933,327	(713,823)	(41,784,331)	—	—
Transfer from construction in progress	64,671,004	276,606,047	1,536,077	37,390,888	28,869,228	10,786,868	419,860,112
Increase in the current year	245,893	7,010,357	520,119	3,170,691	—	1,435,309	12,382,369
Acquisition of business	—	25,678,077	1,068,351	—	—	9,084,912	35,831,340
Decrease in the current year	(319,000)	(53,804,722)	(3,125,775)	(10,127,044)	(15,128,573)	(5,072,218)	(87,577,332)
31 December 2013	519,463,143	1,358,811,728	10,844,001	136,795,400	147,725,780	36,615,918	2,210,255,970
Accumulated depreciation							
31 December 2012	(55,379,405)	(472,203,389)	(7,704,123)	(79,958,787)	(103,398,472)	(11,204,754)	(729,848,930)
Reclassification	1,762,691	(6,193,549)	(134,218)	654,121	3,910,955	—	—
Increase in the current year	(24,561,253)	(126,525,339)	(1,556,970)	(15,512,682)	(29,263,009)	(6,136,555)	(203,555,808)
Acquisition of business	—	(2,959,067)	(516,266)	—	—	(6,242,806)	(9,718,139)
Decrease in the current year	305,708	39,287,806	2,717,682	9,926,837	11,380,817	2,919,775	66,538,625
31 December 2013	(77,872,259)	(568,593,538)	(7,193,895)	(84,890,511)	(117,369,709)	(20,664,340)	(876,584,252)
Provision for impairment loss							
31 December 2012	—	(1,357,266)	—	—	(2,378,127)	—	(3,735,393)
Reclassification	—	(2,018,848)	—	—	2,018,848	—	—
Increase in the current year	—	(1,540,842)	—	(7,405)	(865,918)	(13,416)	(2,427,581)
Decrease in the current year	—	—	—	—	74,170	—	74,170
31 December 2013	—	(4,916,956)	—	(7,405)	(1,151,027)	(13,416)	(6,088,804)
Net book value							
31 December 2013	441,590,884	785,301,234	3,650,106	51,897,484	29,205,044	15,938,162	1,327,582,914
31 December 2012	416,194,947	571,487,381	2,207,779	27,115,901	69,992,857	9,176,293	1,096,175,158

In 2015, 2014 and 2013, the amount of depreciation expense charged to cost of sales were RMB 213,440,384, RMB 178,646,061 and RMB 168,759,332 for, respectively.

In 2015, 2014 and 2013, the amount of depreciation expense charged to selling expenses were RMB 14,910, RMB 512 and RMB 512, respectively.

In 2015, 2014 and 2013, the amount of depreciation expense charged to general and administrative expenses were RMB 47,612,987, RMB 33,393,927, and RMB 34,795,964, respectively.

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7 Notes to the consolidated financial statements (Continued)

(8) Construction in progress

Name of projects	31 December 2014	Increase in the current year	Transfer from fixed assets	Transfer to fixed assets	Transfer to long-term deferred assets	Decrease in the current year	31 December 2015 (Unaudited)
Plant and machineries	221,606,083	267,408,574	5,974,194	(306,246,174)	(10,538,111)	(10,821,978)	167,382,588
Building Improvements	203,185,882	80,800,335	—	(141,831,535)	(22,146,220)	(1,298,405)	118,710,057
Other construction projects	60,230,565	89,964,495	2,312,121	(103,779,442)	(35,100)	(379,456)	48,313,183
	485,022,530	438,173,404	8,286,315	(551,857,151)	(32,719,431)	(12,499,839)	334,405,828
Including: Capitalised borrowing cost	—	—	—	—	—	—	—
Less: provision for impairment of construction in progress	—	—	—	—	—	—	—
	485,022,530						334,405,828

Name of projects	31 December 2013	Increase in the current year	Transfer to fixed assets	Transfer to long-term deferred assets	31 December 2014
Plant and machineries	289,380,413	274,864,503	(331,208,637)	(11,430,196)	221,606,083
Building Improvements	100,579,204	325,973,833	(145,122,080)	(78,245,075)	203,185,882
Others construction projects	63,260,774	110,781,735	(113,811,944)	—	60,230,565
	453,220,391	711,620,071	(590,142,661)	(89,675,271)	485,022,530
Including: Capitalised borrowing costs	1,384,961	—	(1,384,961)	—	—
Less: provision for impairment of construction in progress	—	—	—	—	—
	453,220,391				485,022,530

Name of projects	31 December 2012	Increase in the current year	Acquisition of business	Transfer to fixed assets	Transfer to long term deferred assets	31 December 2013
Plant and machineries	294,315,759	276,700,358	1,756,114	(276,606,047)	(6,785,771)	289,380,413
Building Improvements	44,575,847	131,460,875	—	(64,671,004)	(10,786,514)	100,579,204
Others construction projects	35,952,177	124,471,143	4,607,337	(78,583,061)	(23,186,822)	63,260,774
	374,843,783	532,632,376	6,363,451	(419,860,112)	(40,759,107)	453,220,391
Including: Capitalised from borrowing costs	—	1,384,961	—	—	—	1,384,961
Less: provision for impairment of construction in progress	—	—	—	—	—	—
	374,843,783					453,220,391

In 2015 and 2014, no capitalised borrowing costs occurred. In 2013, the capitalisation rate used to determine the borrowing cost eligible for capitalisation was 6.55% per annum.

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7 Notes to the consolidated financial statements (Continued)

(9) Intangible assets

	31 December 2014	Increase in the current year	Disposal in the current year	Amortization charged in the current year	31 December 2015 (Unaudited)	Accumulative amortization
Land use rights	258,532,985	—	—	(6,329,835)	252,203,150	37,591,834
Patents	375,666	—	—	(40,611)	335,055	159,945
Software	29,698,801	26,618,345	(69,044)	(18,647,075)	37,601,027	88,335,518
Customer relationship	73,663,625	—	—	(73,663,625)	—	825,411,900
	<u>362,271,077</u>	<u>26,618,345</u>	<u>(69,044)</u>	<u>(98,681,146)</u>	<u>290,139,232</u>	<u>951,499,197</u>
Less: provision for impairment of intangible assets	—	—	—	—	—	—
	<u>362,271,077</u>				<u>290,139,232</u>	

	31 December 2013	Increase in the current year	Disposal in the current year	Amortization charged in the current year	31 December 2014	Accumulative amortization
Land use rights	256,297,708	8,914,858	—	(6,679,581)	258,532,985	31,265,869
Patents	411,833	—	—	(36,167)	375,666	119,334
Software	17,985,768	26,959,569	(658,658)	(14,587,878)	29,698,801	73,668,227
Customer relationship	313,095,108	—	—	(239,431,483)	73,663,625	775,178,275
	<u>587,790,417</u>	<u>35,874,427</u>	<u>(658,658)</u>	<u>(260,735,109)</u>	<u>362,271,077</u>	<u>880,231,705</u>
Less: provision for impairment of intangible assets	—	—	—	—	—	—
	<u>587,790,417</u>				<u>362,271,077</u>	

	31 December 2012	Increase in the current year	Acquisition of business	Disposal in the current year	Amortization charged in the current year	31 December 2013	Accumulative amortization
Land use rights	277,599,616	6,051,642	—	(20,382,410)	(6,971,140)	256,297,708	24,582,418
Patents	346,667	95,000	—	—	(29,834)	411,833	83,167
Software	2,260,353	16,698,419	1,108,580	(503,857)	(1,577,727)	17,985,768	13,336,845
Customer relationship	277,093,700	—	291,530,500	—	(255,529,092)	313,095,108	590,762,592
	<u>557,300,336</u>	<u>22,845,061</u>	<u>292,639,080</u>	<u>(20,886,267)</u>	<u>(264,107,793)</u>	<u>587,790,417</u>	<u>628,765,022</u>
Less: provision for impairment of intangible assets	—	—	—	—	—	—	—
	<u>557,300,336</u>					<u>587,790,417</u>	

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7 Notes to the consolidated financial statements (Continued)

(10) Long-term prepaid expenses

	31 December 2015 (Unaudited)	31 December 2014	31 December 2013
Leasehold improvements	179,174,199	189,829,072	116,117,413
Software	584,334	2,509,712	8,185,417
Others	15,358,365	10,217,240	210,048
	<u>195,116,898</u>	<u>202,556,024</u>	<u>124,512,878</u>

(11) Other non-current assets

	31 December 2015 (Unaudited)	31 December 2014	31 December 2013
Prepayment of equipment	50,533,076	30,967,176	69,740,193
Prepayment of land use right	29,455,609	—	—
Others	19,798,915	22,042,460	23,279,170
	<u>99,787,600</u>	<u>53,009,636</u>	<u>93,019,363</u>

(12) Goodwill

	31 December 2014	Increase in the current year	Decrease in the current year	31 December 2015 (Unaudited)
Goodwill	71,566,642	—	—	71,566,642
Less: provision for impairment	—	—	—	—
	<u>71,566,642</u>	<u>—</u>	<u>—</u>	<u>71,566,642</u>

	31 December 2013	Increase in the current year	Decrease in the current year	31 December 2014
Goodwill	71,566,642	—	—	71,566,642
Less: provision for impairment	—	—	—	—
	<u>71,566,642</u>	<u>—</u>	<u>—</u>	<u>71,566,642</u>

	31 December 2012	Increase in the current year	Decrease in the current year	31 December 2013
Goodwill	71,566,642	—	—	71,566,642
Less: provision for impairment	—	—	—	—
	<u>71,566,642</u>	<u>—</u>	<u>—</u>	<u>71,566,642</u>

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YEARS ENDED 31 DECEMBER 2015, 2014 AND 2013 (Continued)**

**(AMOUNTS AS OF AND FOR THE YEAR ENDED 31 DECEMBER 2015
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7 Notes to the consolidated financial statements (Continued)

The Group's goodwill as mentioned above was not impaired as at 31 December 2015, 2014 and 2013.

The recoverable amount of asset groups and groups of asset groups is calculated using the estimated cash flows determined according to the five-year budget approved by management. The cash flows beyond the five-year period are calculated based on the following estimated growth rates.

The main assumptions applied in calculating discounted future cash flows are as follows:

Growth rate	14.0%
Gross margin	18.0%
Discount rate	17.0%

The weighted average growth rates applied by management are consistent with those estimated in the industry reports, and do not exceed the long-term average growth rates of each product. Management determines budgeted gross margin based on past experience and forecast on future market development. The discount rates used by management are the pre-tax interest rates that are able to reflect the risks specific to the related asset groups and groups of asset groups. The above assumptions are used to assess the recoverable amount of each asset group and group of asset groups within the corresponding operating segment.

(13) Short-term borrowings

	Currency	31 December 2015 (Unaudited)	31 December 2014	31 December 2013
Secured—Plunged	RMB	—	—	4,400,000
Unsecured	RMB	75,000,000	100,000,000	83,000,000
	USD	—	—	211,900,500
		<u>75,000,000</u>	<u>100,000,000</u>	<u>299,300,500</u>

As at 31 December 2015 and 2014, no short-term borrowings was secured by accounts receivable. As at 31 December 2013, short-term borrowings of RMB 4,400,000 were secured by accounts receivable with the carrying amount of RMB 5,500,000 (Note 7(3(a))).

As at 31 December 2015, 2014 and 2013, the weighted average interest rate of short-term borrowings is 6.02%, 6.43% and 4.39% per annum, respectively.

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7 Notes to the consolidated financial statements (Continued)

(14) Notes payable

	31 December 2015 (Unaudited)	31 December 2014	31 December 2013
Bank acceptance notes	457,179,867	441,557,489	459,996,380

As at 31 December 2015, 2014 and 2013, bank acceptance notes of RMB 228,819,635, RMB 235,486,021 and RMB 291,334,997 were secured with bank deposits of RMB 198,561,011, RMB 166,719,551 and RMB 246,885,299, respectively (Note 7(1(b))).

As at 31 December 2015, 2014 and 2013, bank acceptance notes of RMB 221,724,500, RMB 206,071,468 and RMB 168,661,383 were secured with notes receivable of RMB 222,124,500, RMB 204,357,084 and RMB 168,661,383, respectively (Note 7(2)).

(15) Accounts payable

	31 December 2015 (Unaudited)	31 December 2014	31 December 2013
Within 1 year	8,346,912,180	6,459,349,263	5,770,115,985
1 to 2 years	108,949,525	40,263,804	64,010,990
2 to 3 years	9,008,700	7,786,083	13,699,339
Over 3 years	4,009,058	3,120,497	2,914,386
	8,468,879,463	6,510,519,647	5,850,740,700

(16) Employee benefits payable

	31 December 2015 (Unaudited)	31 December 2014	31 December 2013
Short-term employee benefits payable(a)	606,859,311	538,637,755	457,053,246
Defined contribution plans payable(b)	14,293,502	9,950,804	9,002,142
	621,152,813	548,588,559	466,055,388

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7 Notes to the consolidated financial statements (Continued)

(a) Short-term employee benefits

	31 December 2014	Increase in the current year	Decrease in the current year	31 December 2015 (Unaudited)
Wages and salaries, bonus, allowances and subsidies	260,619,279	1,132,303,027	(1,097,701,334)	295,220,972
Staff welfare	—	87,717,100	(87,717,100)	—
Social security contributions	14,377,485	83,877,705	(89,138,815)	9,116,375
Including: Medical insurance	7,372,363	71,839,820	(74,320,811)	4,891,372
Work injury insurance	2,255,176	4,984,132	(6,573,333)	665,975
Maternity insurance	4,749,946	7,053,753	(8,244,671)	3,559,028
Housing funds	9,213,678	95,555,097	(96,902,965)	7,865,810
Labour union funds and employee education funds	16,874,496	25,619,638	(25,412,941)	17,081,193
Other short-term employee benefits	1,086,076	3,157,495	(3,925,013)	318,558
Staff welfare and incentive funds	236,466,741	45,146,630	(4,356,968)	277,256,403
	<u>538,637,755</u>	<u>1,473,376,692</u>	<u>(1,405,155,136)</u>	<u>606,859,311</u>

	31 December 2013	Increase in the current year	Decrease in the current year	31 December 2014
Wages and salaries, bonus, allowances and subsidies	226,914,167	1,130,907,576	(1,097,202,464)	260,619,279
Staff welfare	—	28,970,535	(28,970,535)	—
Social security contributions	12,057,713	67,536,120	(65,216,348)	14,377,485
Including: Medical insurance	6,641,342	57,526,220	(56,795,199)	7,372,363
Work injury insurance	1,965,662	3,900,702	(3,611,188)	2,255,176
Maternity insurance	3,450,709	6,109,198	(4,809,961)	4,749,946
Housing funds	5,512,519	69,194,114	(65,492,955)	9,213,678
Labour union funds and employee education funds	14,494,462	25,723,259	(23,343,225)	16,874,496
Other short-term employee benefits	161,052	2,419,505	(1,494,481)	1,086,076
Staff welfare and incentive funds	197,913,333	45,375,460	(6,822,052)	236,466,741
	<u>457,053,246</u>	<u>1,370,126,569</u>	<u>(1,288,542,060)</u>	<u>538,637,755</u>

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7 Notes to the consolidated financial statements (Continued)

	31 December 2012	Increase in the current year	Decrease in the current year	31 December 2013
Wages and salaries, bonus, allowances and subsidies	148,274,542	834,802,636	(756,163,011)	226,914,167
Staff welfare	—	47,010,536	(47,010,536)	—
Social security contributions	35,020,854	72,693,913	(95,657,054)	12,057,713
Including: Medical insurance	19,289,352	40,039,528	(52,687,538)	6,641,342
Work injury insurance	5,709,139	11,850,644	(15,594,121)	1,965,662
Maternity insurance	10,022,363	20,803,741	(27,375,395)	3,450,709
Housing funds	13,157,797	78,598,721	(86,243,999)	5,512,519
Labour union funds and employee education funds	9,909,090	30,009,828	(25,424,456)	14,494,462
Other short-term employee benefits	9,163,009	688,962	(9,690,919)	161,052
Staff welfare and incentive funds	172,894,395	45,429,180	(20,410,242)	197,913,333
	<u>388,419,687</u>	<u>1,109,233,775</u>	<u>(1,040,600,217)</u>	<u>457,053,246</u>

(b) Defined contribution plans payable

	2015 (Unaudited)	
	Amount payable	Ending balance
Basic pensions	151,997,339	13,380,326
Unemployment insurance	10,391,553	913,176
	<u>162,388,892</u>	<u>14,293,502</u>

	2014	
	Amount payable	Ending balance
Basic pensions	108,658,194	6,489,804
Unemployment insurance	8,206,064	3,461,000
	<u>116,864,258</u>	<u>9,950,804</u>

	2013	
	Amount payable	Ending balance
Basic pensions	111,013,793	6,426,162
Unemployment insurance	8,676,300	2,575,980
	<u>119,690,093</u>	<u>9,002,142</u>

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7 Notes to the consolidated financial statements (Continued)

(17) Taxes payable

	31 December 2015 (Unaudited)	31 December 2014	31 December 2013
Enterprise income tax payable	302,092,879	194,557,016	268,141,773
Value-added-tax payable	223,572,378	179,644,760	156,568,640
Business tax payable	356,099	6,950,458	7,503,211
Individual income tax payable	9,871,414	5,188,415	4,318,171
Others	24,128,779	21,014,842	13,086,382
	<u>560,021,549</u>	<u>407,355,491</u>	<u>449,618,177</u>

(18) Other payables

	31 December 2015 (Unaudited)	31 December 2014	31 December 2013
Accrued expenses	1,270,897,055	1,353,331,749	1,061,270,983
Service fee payables	62,195,223	19,364,734	32,136,165
Payables for purchase of property, plants and equipment	40,303,467	108,869,302	55,949,739
Others	172,794,666	171,240,718	170,951,162
	<u>1,546,190,411</u>	<u>1,652,806,503</u>	<u>1,320,308,049</u>

(19) Long-term borrowings

	31 December 2015 (Unaudited)	31 December 2014	31 December 2013
Unsecured	18,903,000	24,301,000	27,000,000
Less: Current portion of long-term borrowings	(5,398,000)	(5,398,000)	(2,699,000)
	<u>13,505,000</u>	<u>18,903,000</u>	<u>24,301,000</u>

As at 31 December 2015, 2014 and 2013, the weighted average interest rate of long-term borrowings is 6.15%, 6.55% and 6.55% per annum, respectively.

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7 Notes to the consolidated financial statements (Continued)

(20) Deferred tax assets and deferred tax liabilities

(a) Deferred tax assets

	31 December 2015 (Unaudited)		31 December 2014		31 December 2013	
	Deferred tax assets	Deductible temporary difference	Deferred tax assets	Deductible temporary difference	Deferred tax assets	Deductible temporary difference
Provision for asset impairments	9,560,137	55,463,501	9,969,371	52,422,022	9,814,321	52,232,754
Depreciation of fixed assets	4,477,205	21,513,376	6,666,212	26,732,055	9,433,452	61,125,901
Amortisation of intangible assets	—	—	730,101	2,920,405	821,203	3,284,811
Accrued expense, accounts receivable and accounts payable	502,335,531	2,486,895,028	288,981,601	1,454,697,632	196,304,868	1,040,024,068
Accrued payroll	19,049,565	119,149,427	16,308,003	107,641,939	25,125,742	159,027,817
Net loss carry forward	8,975,147	35,900,585	11,817,121	47,268,490	8,908,672	46,083,234
Deferred income	1,719,295	7,402,636	1,360,000	5,440,000	1,360,000	5,440,000
Allowance	—	—	—	—	575,068	3,454,415
	<u>546,116,880</u>	<u>2,726,324,553</u>	<u>335,832,409</u>	<u>1,697,122,543</u>	<u>252,343,326</u>	<u>1,370,673,000</u>
Including:						
Expected to be recovered within one year (inclusive)	538,515,249		318,540,723		232,292,545	
Expected to be recovered after one year	7,601,631		17,291,686		20,050,781	
	<u>546,116,880</u>		<u>335,832,409</u>		<u>252,343,326</u>	

As at 31 December 2015, 2014 and 2013, the Group has not recognized related deferred tax assets of RMB 1,123,881, RMB 1,902,419 and RMB 9,506,929 regarding the tax loss of RMB 4,495,525, RMB 7,609,676 and RMB 38,027,717, respectively.

Deductible losses that are not recognised as deferred tax assets will be expired as follows:

	31 December 2015 (Unaudited)	31 December 2014	31 December 2013
Within 1 year	4,495,525	3,114,151	19,079,411
Between 1 to 2 years	—	4,495,525	—
Between 2 to 3 years	—	—	10,916,664
Between 3 to 4 years	—	—	1,825,074
Over 4 years	—	—	6,206,568
	<u>4,495,525</u>	<u>7,609,676</u>	<u>38,027,717</u>

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7 Notes to the consolidated financial statements (Continued)

(b) Deferred tax liabilities

	31 December 2015 (Unaudited)		31 December 2014		31 December 2013	
	Deferred tax liabilities	Taxable temporary difference	Deferred tax liabilities	Taxable temporary difference	Deferred tax liabilities	Taxable temporary difference
Business combinations involving enterprises not under common control	—	—	18,485,081	73,940,324	69,724,286	316,947,922
Depreciation of fixed assets	241,500	965,999	114,812	459,248	—	—
	<u>241,500</u>	<u>965,999</u>	<u>18,599,893</u>	<u>74,399,572</u>	<u>69,724,286</u>	<u>316,947,922</u>
Including:						
Expected to be recovered within one year (inclusive)	241,500		18,599,893		51,239,205	
Expected to be recovered after one year	—		—		18,485,081	
	<u>241,500</u>		<u>18,599,893</u>		<u>69,724,286</u>	

(21) Paid-in capital

	31 December 2014	Increase in the current year	Decrease in the current year	31 December 2015 (Unaudited)
Yanfeng Trim	219,967,272	—	—	219,967,272
JCI Asia	219,886,108	—	—	219,886,108
	<u>439,853,380</u>	<u>—</u>	<u>—</u>	<u>439,853,380</u>

	31 December 2013	Increase in the current year	Decrease in the current year	31 December 2014
Yanfeng Trim	219,967,272	—	—	219,967,272
JCI Asia	219,886,108	—	—	219,886,108
	<u>439,853,380</u>	<u>—</u>	<u>—</u>	<u>439,853,380</u>

	31 December 2012	Increase in the current year	Decrease in the current year	31 December 2013
Yanfeng Trim	219,967,272	—	—	219,967,272
JCI Asia	219,886,108	—	—	219,886,108
	<u>439,853,380</u>	<u>—</u>	<u>—</u>	<u>439,853,380</u>

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7 Notes to the consolidated financial statements (Continued)

(22) Capital Surplus

	31 December 2014	Increase in the current year	Decrease in the current year	31 December 2015 (Unaudited)
Other capital surplus	—	—	—	—

	31 December 2013	Increase in the current year	Decrease in the current year	31 December 2014
Other capital surplus	1,148,851	—	(1,148,851)	—

	31 December 2012	Increase in the current year	Decrease in the current year	31 December 2013
Other capital surplus	1,148,851	—	—	1,148,851

(23) Surplus reserve

	31 December 2014	Increase in the current year	Decrease in the current year	31 December 2015 (Unaudited)
Reserve Fund	116,186,069	14,743,347	—	130,929,416
Enterprise Expansion Fund	168,646,941	29,486,695	—	198,133,636
	284,833,010	44,230,042	—	329,063,052

	31 December 2013	Increase in the current year	Decrease in the current year	31 December 2014
Reserve Fund	103,413,601	14,962,268	(2,189,800)	116,186,069
Enterprise Expansion Fund	138,722,405	29,924,536	—	168,646,941
	242,136,006	44,886,804	(2,189,800)	284,833,010

	31 December 2012	Increase in the current year	Decrease in the current year	31 December 2013
Reserve Fund	88,372,398	15,041,203	—	103,413,601
Enterprise Expansion Fund	108,639,999	30,082,406	—	138,722,405
	197,012,397	45,123,609	—	242,136,006

In accordance with the "Company Law" and the Company's Articles of Association, the Company should appropriate RMB 14,743,347, RMB 14,962,268 and RMB 15,041,203 of net profit to Reverse

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7 Notes to the consolidated financial statements (Continued)

Fund for 2015, 2014 and 2013, respectively. The Company should appropriate RMB 29,486,695, RMB 29,924,536 and RMB 30,082,406 of net profit to Enterprise Expansion Fund for 2015, 2014 and 2013, respectively.

In accordance with the Circular on Accounting Treatment of Enterprises Following the Implementation of the Company Law (Cai Qi [2006]67) issued by the Ministry of Finance on 15 March 2006, if the board of directors determines to continue the accrual for the staff welfare and incentive fund, the Company should specify the purposes of the fund, and the conditions and procedures for using the fund. The fund should be managed as a liability.

(24) Undistributed profit

In accordance with the Law of the PRC on Chinese-foreign Equity Joint Ventures, the Company's Articles of Association, the Company appropriated the Reserve Fund, the Enterprise Expansion Fund and the Staff Welfare and Incentive Fund of net profit after setting off accumulated losses of previous year and before profit distributions to the investors. In 2015, 2014 and 2013, the Group appropriated the Staff Welfare and Incentive Fund with an amount of RMB 45,146,630, RMB 45,375,460 and RMB 45,429,180 of net profit, respectively

In accordance with the resolution at the Board of Directors' meeting dated on 7 August 2015, 12 May 2014 and 16 May 2013, the Board of Directors proposed the dividends with an amount of RMB 1,406,453,166, RMB 1,413,873,089 and RMB 1,322,403,562 to the shareholders, respectively.

(25) Revenue and cost of sales

	2015		2014		2013	
	(Unaudited)					
	Revenue	Cost of sales	Revenue	Cost of sales	Revenue	Cost of sales
Revenue from main operations						
—sales of automotive spare parts	25,946,688,824	(21,576,248,882)	23,300,080,576	(19,212,615,952)	21,253,089,968	(17,432,993,062)
Revenue from other operations						
—sales of raw materials	332,415,663	(307,126,311)	1,088,884,852	(1,039,139,938)	215,619,088	(197,278,064)
—service income	265,741,206	(120,826,588)	49,801,832	(7,330,000)	92,586,994	(2,100,346)
—others	27,205,071	(18,816,187)	46,362,610	(28,479,493)	11,610,542	(5,895,397)
	<u>26,572,050,764</u>	<u>(22,023,017,968)</u>	<u>24,485,129,870</u>	<u>(20,287,565,383)</u>	<u>21,572,906,592</u>	<u>(17,638,266,869)</u>

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7 Notes to the consolidated financial statements (Continued)

(26) Tax and surcharges

	2015 (Unaudited)	2014	2013
City maintenance and construction tax	59,994,242	38,920,905	38,586,289
Educational surcharge	53,004,452	36,606,013	34,893,498
Others	6,878,859	9,970,928	3,865,944
	<u>119,877,553</u>	<u>85,497,846</u>	<u>77,345,731</u>

(27) Financial expenses—net

	2015 (Unaudited)	2014	2013
Interest income	68,066,033	43,790,505	36,301,845
Interest of borrowings	(7,057,701)	(9,211,536)	(8,029,756)
Discount charges for notes receivable	(92,465)	(53,771)	(582,980)
Exchange gains/ losses—net	2,633,550	(5,828,481)	(51,439,948)
Others	(4,450,537)	(3,491,398)	(2,301,694)
	<u>59,098,880</u>	<u>25,205,319</u>	<u>(26,052,533)</u>

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7 Notes to the consolidated financial statements (Continued)

(28) Expenses by nature

The cost of sales, selling expenses, general and administrative expenses in the income statements are listed as follows by nature:

	2015 (Unaudited)	2014	2013
Changes in inventories of finished goods and work in progress	(132,579,173)	(26,448,188)	(19,627,852)
Consumed raw materials and low value consumables, etc.	20,489,628,165	18,518,827,158	16,055,465,726
Employee benefits	1,590,618,954	1,441,615,367	1,183,494,689
Depreciation and amortization expenses	398,139,629	502,251,363	498,239,424
Research and development expenses	266,918,928	290,649,240	272,593,664
Transportation and logistics costs	181,461,700	186,555,000	173,810,694
Rental	170,677,949	154,885,771	117,777,837
Utilities	14 5,971,042	102,474,719	97,149,685
After-sales maintenance fee	6,564,753	7,145,671	6,696,265
Advertising expenses	1,765,506	1,375,313	2,982,686
Others	917,983,769	1,117,251,738	976,449,198
	<u>24,037,151,222</u>	<u>22,296,583,152</u>	<u>19,365,032,016</u>

(29) Impairment losses

	2015 (Unaudited)	2014	2013
Impairment losses of declines in the value of inventories	2,323,537	3,945,541	5,275,321
Allowance for doubtful accounts	7,056,982	725,698	3,240,135
Impairment losses on fixed assets	—	—	2,427,581
	<u>9,380,519</u>	<u>4,671,239</u>	<u>10,943,037</u>

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7 Notes to the consolidated financial statements (Continued)

(30) Investment income—net

	2015 (Unaudited)	2014	2013
Share of net profit or loss of investees under equity method	40,459,106	13,897,472	1,083,789
Gain from disposal of long-term equity investments(a)	7,898,751	—	—
	<u>48,357,857</u>	<u>13,897,472</u>	<u>1,083,789</u>

(a) Gain from disposal of long-term equity investments attributes to the disposal of 50% equity interest of Baoding Yanfeng Johnson Automotive Seating Co., Ltd. in 2015.

(31) Non-operating income and expenses

(a) Non-operating income

	2015 (Unaudited)	2014	2013
Government subsidies	34,676,251	27,429,208	16,800,617
Gain on disposal of fixed assets	1,676,650	13,714,861	5,306,453
Income from business combination	—	—	8,484,365
Others	9,466,186	4,127,931	5,241,939
	<u>45,819,087</u>	<u>45,272,000</u>	<u>35,833,374</u>

(b) Non-operating expense

	2015 (Unaudited)	2014	2013
Loss on disposal of fixed assets	4,669,157	10,808,449	6,638,252
Others	9,843,767	3,716,581	4,964,749
	<u>14,512,924</u>	<u>14,525,030</u>	<u>11,603,001</u>

(32) Income tax expenses

	2015 (Unaudited)	2014	2013
Current income tax	692,032,499	523,415,144	485,672,831
Deferred income tax	(228,642,864)	(134,613,476)	(114,229,350)
	<u>463,389,635</u>	<u>388,801,668</u>	<u>371,443,481</u>

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7 Notes to the consolidated financial statements (Continued)

The reconciliation from income tax calculated based on applicable tax rate and total profit presented in the consolidated financial statements to the income tax expenses is as follows:

	2015 (Unaudited)	2014	2013
Total profit	2,544,404,370	2,168,227,394	2,118,847,437
Income tax expenses calculated at the applicable tax rate	636,101,093	542,056,849	529,711,859
Investment income under equity method	(6,068,866)	(2,084,621)	(162,568)
Income not subject to tax	—	—	(172,800)
Effect of favourable tax rates	(146,627,863)	(129,982,885)	(151,425,064)
Additional deduction of research and development expense	(9,984,951)	(9,608,501)	(8,770,490)
Effect of change in the tax rates	1,336,323	(2,237,894)	(1,456,542)
Cost, expense and loss not deductible for tax purposes	17,797,833	7,366,230	12,672,041
Tax losses for which no deferred income tax asset was recognised	—	778,538	1,551,642
Utilisation of previously unrecognised tax losses	(52,862,590)	(8,383,048)	(2,544,658)
Tax reconciliation differences in previous years	23,698,656	(9,103,000)	(7,959,939)
Income tax expenses	463,389,635	388,801,668	371,443,481

(33) Other comprehensive income

(a) Other comprehensive income, the related income tax effect and the reclassifications to profit or loss

	2015 (Unaudited)		
	Amount before tax	Income tax	Net after tax
Differences arising from translation of foreign currency financial statements	(275,031)	—	(275,031)
Less: Reclassification of previous other comprehensive income to profit or loss	—	—	—
	(275,031)	—	(275,031)

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7 Notes to the consolidated financial statements (Continued)

	2014		
	Amount before tax	Income tax	Net after tax
Differences arising from translation of foreign currency financial statements	114,990	—	114,990
Less: Reclassification of previous other comprehensive income to profit or loss	—	—	—
	<u>114,990</u>	<u>—</u>	<u>114,990</u>

	2013		
	Amount before tax	Income tax	Net after tax
Differences arising from translation of foreign currency financial statements	(147,000)	—	(147,000)
Less: Reclassification of previous other comprehensive income to profit or loss	—	—	—
	<u>(147,000)</u>	<u>—</u>	<u>(147,000)</u>

(b) Reconciliation of other comprehensive income

	Equity attributable to the parent company			
	Differences arising from translation of foreign currency financial statements	Sub-total	Minority interests	Total other comprehensive income
31 December 2012	—	—	—	—
Movements for the year ended 31 December 2013	(147,000)	(147,000)	—	(147,000)
31 December 2013	(147,000)	(147,000)	—	(147,000)
Movements for the year ended 31 December 2014	114,990	114,990	—	114,990
31 December 2014	(32,010)	(32,010)	—	(32,010)
Movements for the year ended 31 December 2015	(275,031)	(275,031)	—	(275,031)
31 December 2015	<u>(307,041)</u>	<u>(307,041)</u>	<u>—</u>	<u>(307,041)</u>

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7 Notes to the consolidated financial statements (Continued)

(34) Notes to consolidated cash flow statements

(a) Reconciliation from net profit to cash flows from operating activities

	2015 (Unaudited)	2014	2013
Net profit	2,081,014,735	1,779,425,726	1,747,403,956
Add: Provisions for assets impairment	9,380,519	4,671,239	10,943,037
Depreciation of fixed assets	261,068,281	212,040,500	203,555,808
Amortisation of intangible assets	98,681,146	260,735,109	264,107,793
Amortisation of long-term prepaid expenses	38,390,202	29,475,754	30,575,823
Losses on disposal of fixed assets, intangible assets and other long-term assets	2,992,507	(2,906,412)	981,449
Financial (income)/ expenses—net	(4,983,235)	6,842,052	7,121,344
Investment income	(48,357,857)	(13,897,472)	(1,083,789)
Increase in deferred tax assets	(210,718,377)	(83,489,083)	(68,124,681)
Decrease in deferred tax liabilities	(18,358,393)	(51,124,393)	(46,104,669)
Increase in inventories	(65,755,469)	(17,678,319)	(118,765,342)
Increase in operating receivables	(1,261,835,070)	(415,978,727)	(1,241,915,921)
Increase in operating payables	2,116,111,288	959,246,328	1,812,768,518
Net cash flows from operating activities	2,997,630,277	2,667,362,302	2,601,463,326

(b) Net increase in cash

	2015 (Unaudited)	2014	2013
Cash at end of year	3,741,333,102	2,998,757,581	2,762,455,926
Less: cash at beginning of year	(2,998,757,581)	(2,762,455,926)	(2,412,733,372)
Net increase in cash	742,575,521	236,301,655	349,722,554

(c) Cash

	31 December 2015 (Unaudited)	31 December 2014	31 December 2013
Cash at bank and on hand (note 7(1))	3,939,894,113	3,165,627,901	3,009,341,225
Less: restricted cash at bank	(198,561,011)	(166,870,320)	(246,885,299)
Cash at end of year	3,741,333,102	2,998,757,581	2,762,455,926

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ARE UNAUDITED)****(All amounts in RMB Yuan unless otherwise stated)****8 Business combination****(a) Business combination involving entities not under common control**

In 2013, the Company acquired 100% equity interest of Johnson Controls Kunshan from CRH Automotive GmbH. The acquisition date was 2 July 2013, also the date when the Company actually obtained its controlling rights in Johnson Controls Kunshan. Net assets obtained through acquisition and the non-operating income are recognised as below:

Cost of combination—	
Cash paid	428,959,524
Dividends declared at acquisition date but not yet paid	(201,273,344)
Total combination cost	227,686,180
Less: Fair value of the identifiable net assets obtained	(236,170,545)
Non-operating income	<u>(8,484,365)</u>

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8 Business combination (Continued)

The assets and liabilities of Johnson Controls Kunshan at the acquisition date, and the cash flows relating to the acquisition are as follows:

	Fair value	Carrying amount	
	Acquisition date	Acquisition date	31 December 2013
Cash at bank and on hand	16,424,889	16,424,889	26,342,075
Notes receivable	5,000,000	5,000,000	—
Accounts receivable	173,423,646	173,423,646	286,153,806
Advances to suppliers	13,475,663	13,475,663	3,297,765
Interest receivable	—	—	1,178
Other receivables	168,980,703	168,980,703	164,122,996
Inventories	64,525,506	64,525,506	62,077,557
Other current assets	—	—	14,842,115
Fixed assets	26,113,201	21,882,401	24,320,025
Construction in progress	6,363,451	6,363,451	4,678,919
Intangible assets	292,639,080	1,108,580	218,881,879
Long-term prepaid expenses	5,433,167	5,433,167	4,281,112
Deferred tax assets	4,606,202	4,606,202	3,174,550
Less: Short-term borrowings	—	—	(60,000,000)
Accounts payable	(150,164,216)	(150,164,216)	(145,187,842)
Advances from customers	(134,211)	(134,211)	—
Employee benefits payable	(4,870,344)	(4,870,344)	(3,975,410)
Taxes payable	(59,289,404)	(59,289,404)	(58,980,948)
Interest payable	—	—	(720,000)
Dividends payable	(201,273,344)	(201,273,344)	(201,273,344)
Other payables	(51,143,119)	(51,143,119)	(52,704,557)
Deferred tax liabilities	(73,940,325)	—	(55,455,244)
Net assets obtained	<u>236,170,545</u>	<u>14,349,570</u>	<u>233,876,632</u>
			Fair value
			Acquisition date
Consideration settled in cash			428,959,524
Less: Cash and cash equivalents in the subsidiary acquired			(16,424,889)
Net cash outflow on acquisition of the subsidiary			<u>412,534,635</u>

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8 Business combination (Continued)

The revenue, net profit and cash flows of Johnson Controls Kunshan for the period from the acquisition date to 31 December 2013 are as follows:

Revenue	411,370,607
Net profit	2,287,133
Cash flows from operating activities	(50,582,814)
Net cash flows	9,917,186

The Group uses valuation techniques to determine fair value of assets and liabilities of Johnson Controls Kunshan at purchasing date. The key hypothesis and evaluation method of main assets are listed as follows:

Fixed assets are evaluated by the replacement cost method.

Intangible assets are evaluated by discounted multi-period excess earnings method.

The work capital involves with current assets and liabilities, of which the fair values are determined after checking their carrying amounts.

(b) Equity transactions with minority interest

On 26 September 2014, the Company acquired 45% equity interest of its subsidiary, Shanghai Johnson Automotive Metal from JCI. After the acquisition, Shanghai Johnson Automotive Metal Components Co. Ltd. became a wholly-owned subsidiary of the Company. Capital surplus and surplus reserve adjustments of the deal are as follows:

Cost of combination—	
Cash paid	84,289,950
Total combination cost	84,289,950
Less: the share of the subsidiary's net identifiable assets continually calculated from the combination date based on the newly acquired equity ratio at the transaction day	(80,951,299)
	3,338,651
Including: Capital surplus adjustment	1,148,851
Surplus reserve adjustment	2,189,800

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9 Related parties and related party transactions

(1) The parent company and subsidiaries

The general information and other related information of the subsidiaries is set out in Note 6.

(a) General information of the parent company

	Place of registration	Nature of business
Yanfeng Trim	Shanghai, China	Production and sale of plastic and decorating products used for autos, trucks and motorcycles, automotive electronics, instruments, tooling, stamping parts and standard fasteners

(b) Registered capital and changes in registered capital of the parent company

	31 December 2014 RMB	Current year changes	31 December 2015 (Unaudited) RMB
Yanfeng Trim	1,078,947,853	—	1,078,947,853

	31 December 2013 USD	Current year changes	31 December 2014 RMB
Yanfeng Trim(i)	139,233,200	—	1,078,947,853

	31 December 2012 USD	Current year changes	31 December 2013 USD
Yanfeng Trim	139,233,200	—	139,233,200

Note: Yanfeng Trim changed from foreign-invested production enterprise to domestic enterprise approved by Shanghai Municipal Commission of Commerce (Grant No: Shanghai Foreign Investment approve [2013] No.3573). After the registration changes in Shanghai Industrial and Commercial Bureau, the registered capital changed from USD 139,233,200 to RMB 1,078,947,853. The parent company obtained an updated business licence on 6 January 2014.

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9 Related parties and related party transactions (Continued)

(c) The proportion of interests and voting rights in the Company held by the parent company

	31 December 2015 (Unaudited)		31 December 2014		31 December 2013	
	% interest held	% voting rights	% interest held	% voting rights	% interest held	% voting rights
Yanfeng Trim	50.01%	50.00%	50.01%	50.00%	50.01%	50.00%

(2) Related parties that do not control or are not controlled by the Company

	Relationship with the Group
Dongfeng Johnson Seating(i)	Associate
Wuhan Taiji(i)	Associate
CRH Automotive Shenyang Co., Ltd(i)	Joint venture
Yanfeng Hainachuan Automotive Trim Systems Co., Ltd(ii)	Controlled by the parent company
Yanfeng (Chongqing) Automotive Trim Systems Co., Ltd. (ii)	Controlled by the parent company
Yanfeng Zhejiang Automotive Interior Trim Systems Co., Ltd.(ii)	Controlled by the parent company
Yanfeng Automotive Trim Systems Liuzhou Co., Ltd.(ii)	Controlled by the parent company
Yanfeng Guangzhou Automotive Trim Systems Co., Ltd.(ii)	Controlled by the parent company
Yanfeng USA Automotive Trim Systems Co., Ltd.(ii)	Controlled by the parent company
Yanfeng Key (Shanghai) Automotive Safety Systems Co., Ltd.(ii)	Joint venture of the parent company
Beijing Hainachuan Yanfeng Automobile module system Co., Ltd.(ii)	Joint venture of the parent company
Dongfeng Visteon Automotive Trim Systems Co., Ltd.(ii)	Joint venture of the parent company
Shanghai Yanfeng Johnson Controls Seating Mechanical Part Co., Ltd.(ii)	Joint venture of the parent company
Shanghai Volkswagen Automotive Co., Ltd.(ii)	Related parties of parent company
Shanghai General Motors Co., Ltd.(ii)	Related parties of parent company
Shanghai GM (Shenyang) Norsom Motors Co., Ltd.(ii)	Related parties of parent company
SAIC GM Sales Co., Ltd.(ii)	Related parties of parent company
Shanghai GM Dong Yue Motors Co., Ltd.(ii)	Related parties of parent company

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9 Related parties and related party transactions (Continued)

	Relationship with the Group
Shanghai TRW Automotive Safety Systems Co., Ltd.(ii)	Related parties of parent company
SAIC Automotive Finance Co, Ltd.(ii)	Related parties of parent company
Shanghai Automotive Industry (Group) Corporation(ii)	Related parties of parent company
Jiangsu ANJI-CEVA Automotive Logistics Co., Ltd.(ii)	Related parties of parent company
Shanghai Sanhuan Spring Co., Ltd.(ii)	Related parties of parent company
Nanjing Automobile Group Co., Ltd.(ii)	Related parties of parent company
Ningbo Volkswagen automotive Co., Ltd.(ii)	Related parties of parent company
Donghua Automotive Industrial Co., Ltd.(ii)	Related parties of parent company
Nanjing Donghua Automobile Interior Trim Systems Co., Ltd.(ii)	Related parties of parent company
Nanjing Iveco Motor Company Ltd.(ii)	Related parties of parent company
Shanghai General Motors—Wuling Co., Ltd.(ii)	Related parties of parent company
Shanghai Automobile Industry Activities Center Co., Ltd. (ii)	Related parties of parent company
Shanghai Automobile Commercial Vehicle Co., Ltd.(ii)	Related parties of parent company
Shanghai Brose Automotive Components Co., Ltd.(ii)	Related parties of parent company
Pan Asia Technical Automotive Center Co., Ltd.(ii)	Related parties of parent company
Shanghai Jieneng Automobile Technology Co., Ltd.(ii)	Related parties of parent company
SAIC-Volkswagen Sales Co., Ltd.(ii)	Related parties of parent company
SACO(ii)	Related parties of parent company
Shanghai Huizhong Automobile Manufacturing Co., Ltd.(ii)	Related parties of parent company
Shanghai Koito Automotive Lamp Co., Ltd.(ii)	Related parties of parent company
Shanghai Lear Industrial Transportation Automotive Parts Co., Ltd.(ii)	Related parties of parent company
Guangzhou Johnson Controls Automotive Interior Systems Co., Ltd.(iii)	Joint venture of JCI
Changsha Guangzhou Automobile Johnson Controls Automotive Interior Systems Co., Ltd.(iii)	Joint venture of JCI
CJSC Johnson Controls International(iii)	Subsidiary of JCI

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9 Related parties and related party transactions (Continued)

	Relationship with the Group
Daechang Seat Co.,Ltd.(iii)	Subsidiary of JCI
Diniz Johnson Controls Oto(iii)	Subsidiary of JCI
Esteban Ikeda, S.A. Pollgono Ind(iii)	Subsidiary of JCI
Faurecia Automotive Seat Inc.(iii)	Subsidiary of JCI
JC Automotive SA (PTY) Ltd.(iii)	Subsidiary of JCI
JC Automotive Spain S.A.(iii)	Subsidiary of JCI
JC Automotive UK Ltd.(iii)	Subsidiary of JCI
JC Siemianowice Sp.z o.o ul. Krupan(iii)	Subsidiary of JCI
JCA Seating (M) SDN BHD(iii)	Subsidiary of JCI
JCA, Mexico,S.de R.L de C.V(iii)	Subsidiary of JCI
JCAS K.K Plant(iii)	Subsidiary of JCI
JCAS Kinryo Plant(iii)	Subsidiary of JCI
JCI GEEL N.V(iii)	Subsidiary of JCI
JCI Matamoros Metals(iii)	Subsidiary of JCI
JCI—Lakewood Mechanisms(iii)	Subsidiary of JCI
Johnson Control Automotive Interiors Management (China) Co.,Ltd.(iii)	Subsidiary of JCI
Johnson Control Investment (China) Co., Ltd.(iii)	Subsidiary of JCI
Johnson Controls & Summit Interiors(iii)	Subsidiary of JCI
Johnson Controls Automotive(iii)	Subsidiary of JCI
Johnson Controls Automotive Holding(iii)	Subsidiary of JCI
Johnson Controls Automotive Korea(iii)	Subsidiary of JCI
Johnson Controls Automotive Ltd.(iii)	Subsidiary of JCI
Johnson Controls Automotive NV(iii)	Subsidiary of JCI
Johnson Controls Automotive SAS(iii)	Subsidiary of JCI
Johnson Controls Automotive Mexico(iii)	Subsidiary of JCI
Johnson Controls Automotive UK(iii)	Subsidiary of JCI
Johnson Controls Brazil(iii)	Subsidiary of JCI
Johnson Controls Components(iii)	Subsidiary of JCI
Johnson Controls Components GmbH &Co.(iii)	Subsidiary of JCI
Johnson Controls do Brazil Automotive(iii)	Subsidiary of JCI
Johnson Controls Dongsung Automotive, Inc.(iii)	Subsidiary of JCI
Johnson Controls Fibrit(iii)	Subsidiary of JCI
Johnson Controls GmbH(iii)	Subsidiary of JCI
Johnson Controls GmbH & Co. KG Whilhel(iii)	Subsidiary of JCI
Johnson Controls Hilchenbach(iii)	Subsidiary of JCI
Johnson Controls Inc.(iii)	Subsidiary of JCI
Johnson Controls Inc. Battle Creek(iii)	Subsidiary of JCI

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9 Related parties and related party transactions (Continued)

	<u>Relationship with the Group</u>
Johnson Controls Inc. Matamoros(iii)	Subsidiary of JCI
Johnson Controls Interiors GmbH(iii)	Subsidiary of JCI
Johnson Controls K.K.(iii)	Subsidiary of JCI
Johnson Controls K.K. (OPPAMA)(iii)	Subsidiary of JCI
Johnson Controls K.K. AYASE (Ayase)(iii)	Subsidiary of JCI
Johnson Controls Matamoros(iii)	Subsidiary of JCI
Johnson Controls Mezolak Kft(iii)	Subsidiary of JCI
Johnson Controls Mor Bt.(iii)	Subsidiary of JCI
Johnson Controls Ramos Metals Plant(iii)	Subsidiary of JCI
Johnson Controls Schwalbach(iii)	Subsidiary of JCI
Johnson Controls Siwmianowice SP.Z(iii)	Subsidiary of JCI
Johnson Controls Winchester(iii)	Subsidiary of JCI
Kinryo Kogyo Co., Ltd.(iii)	Subsidiary of JCI
PT. APM Armada Autoparts(iii)	Subsidiary of JCI
PT. Armada Johnson Controls(iii)	Subsidiary of JCI
Tachi—S Co., Ltd.(iii)	Subsidiary of JCI
TATA Johnson Controls(iii)	Subsidiary of JCI

- (i) The related parties are collectively referred to as "Associates and Joint ventures".
- (ii) The related parties are collectively referred to as "SAIC, its subsidiaries and joint ventures".
- (iii) The related parties are collectively referred to as "JCI, its subsidiaries and joint ventures".

(3) Related party transactions

(a) Pricing policies

The Group's pricing on products sold to related parties and goods purchased from related parties is based on market price.

(b) Purchases of goods

	2015	2014	2013
	(Unaudited)		
SAIC, its subsidiaries and joint ventures	6,040,834,033	4,237,372,070	2,526,628,588
Associates and Joint ventures	186,911,048	—	—
JCI, its subsidiaries and joint ventures	120,581,231	410,815,392	186,081,901
	<u>6,348,326,312</u>	<u>4,648,187,462</u>	<u>2,712,710,489</u>

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9 Related parties and related party transactions (Continued)

(c) Sales of goods

	2015	2014	2013
	(Unaudited)		
SAIC, its subsidiaries and joint ventures	16,507,946,364	15,798,341,005	12,111,557,313
JCI, its subsidiaries and joint ventures	630,717,292	1,206,475,766	1,283,264,329
Associates and Joint ventures	177,185,654	46,748,588	129,475,005
	<u>17,315,849,310</u>	<u>17,051,565,359</u>	<u>13,524,296,647</u>

(d) Payments for technical service fee

	2015	2014	2013
	(Unaudited)		
JCI, its subsidiaries and joint ventures	11,094,631	25,794,485	26,976,723
SAIC, its subsidiaries and joint ventures	—	441,814	—
	<u>11,094,631</u>	<u>26,236,299</u>	<u>26,976,723</u>

(e) Increase/ (Decrease) on entrusted loans and cash pool

	2015	2014	2013
	(Unaudited)		
SAIC, its subsidiaries and joint ventures	300,000,000	—	—
Associates and Joint ventures	(35,646,471)	646,471	50,000,000
	<u>264,353,529</u>	<u>646,471</u>	<u>50,000,000</u>

(f) Interest income from entrusted loans and cash pool

	2015	2014	2013
	(Unaudited)		
SAIC, its subsidiaries and joint ventures	11,903,333	—	—
Associates and Joint ventures	137,603	2,369,484	908,412
	<u>12,040,936</u>	<u>2,369,484</u>	<u>908,412</u>

(g) Transfer of fixed assets

	2015	2014	2013
	(Unaudited)		
SAIC, its subsidiaries and joint ventures	—	239,181,461	160,193,792

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9 Related parties and related party transactions (Continued)

(4) Receivables from and payables to related parties

(a) Accounts receivable

	31 December 2015 (Unaudited)	31 December 2014	31 December 2013
SAIC, its subsidiaries and joint ventures	3,535,400,441	2,476,788,674	1,597,371,464
JCI, its subsidiaries and joint ventures	254,272,885	282,348,127	313,403,578
Associates and Joint ventures	67,727,656	68,544,572	76,661,494
	<u>3,857,400,982</u>	<u>2,827,681,373</u>	<u>1,987,436,536</u>

(b) Advances to suppliers

	31 December 2015 (Unaudited)	31 December 2014	31 December 2013
SAIC, its subsidiaries and joint ventures	<u>2,700,000</u>	<u>2,700,000</u>	<u>2,700,000</u>

(c) Other receivables

	31 December 2015 (Unaudited)	31 December 2014	31 December 2013
SAIC, its subsidiaries and joint ventures	<u>40,933,096</u>	<u>213,200,582</u>	<u>165,259,624</u>

(d) Notes receivable

	31 December 2015 (Unaudited)	31 December 2014	31 December 2013
SAIC, its subsidiaries and joint ventures	198,155,751	143,284,958	—
Associates and Joint ventures	11,764,000	36,075,000	48,115,000
	<u>209,919,751</u>	<u>179,359,958</u>	<u>48,115,000</u>

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9 Related parties and related party transactions (Continued)

(e) Other current assets

	31 December 2015 (Unaudited)	31 December 2014	31 December 2013
SAIC, its subsidiaries and joint ventures	300,000,000	—	—
Associates and Joint ventures	15,000,000	—	50,000,000
	<u>315,000,000</u>	<u>—</u>	<u>50,000,000</u>

(f) Accounts payable

	31 December 2015 (Unaudited)	31 December 2014	31 December 2013
SAIC, its subsidiaries and joint ventures	1,355,522,304	777,445,836	458,300,575
JCI, its subsidiaries and joint ventures	22,165,380	48,256,121	34,981,481
Associates and Joint ventures	76,470,959	—	—
	<u>1,454,158,643</u>	<u>825,701,957</u>	<u>493,282,056</u>

(g) Notes payable

	31 December 2015 (Unaudited)	31 December 2014	31 December 2013
SAIC, its subsidiaries and joint ventures	<u>21,133,578</u>	<u>36,513,000</u>	<u>84,290,000</u>

(h) Cash at bank—deposit in SAIC, its subsidiaries and joint ventures

	31 December 2015 (Unaudited)	31 December 2014	31 December 2013
SAIC, its subsidiaries and joint ventures	<u>385,533,629</u>	<u>112,121,166</u>	<u>96,202,227</u>

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9 Related parties and related party transactions (Continued)

(5) Commitments in relation to related parties

The commitments in relation to related parties contracted for but not yet necessary to be recognised on the balance sheet by the Group as at the balance sheet date are as follows:

(a) Lease

	31 December 2015 (Unaudited)	31 December 2014	31 December 2013
Lessee			
SAIC, its subsidiaries and joint ventures	36,939,538	41,311,628	43,401,376

10 Commitments

(1) Capital commitments

Capital expenditures contracted for by the Group at the balance sheet date but are not yet necessary to be recognised on the balance sheet are as follows:

	31 December 2015 (Unaudited)	31 December 2014	31 December 2013
Buildings, machinery and equipment	16,596,507	80,488,440	55,431,614

(2) Operating lease commitments

The future minimum lease payments due under the signed irrevocable operating leases contracts are summarized as follows:

	31 December 2015 (Unaudited)	31 December 2014	31 December 2013
Within one year	132,460,943	131,592,517	98,047,259
Between 1 and 2 years	120,530,998	113,931,992	82,805,272
Between 2 and 3 years	114,024,576	105,257,607	73,339,670
Over 3 years	361,243,744	284,160,625	323,372,716
	728,260,261	634,942,741	577,564,917

11 Financial risk

The Group's activities expose it to a variety of financial risks: market risk (primarily including foreign currency risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

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11 Financial risk (Continued)

(1) Market risk

(a) Foreign exchange risk

The Group's major operational activities are carried out in Mainland China and a majority of the transactions are denominated in RMB. The Group is exposed to foreign exchange risk arising from the recognised assets and liabilities, and future transactions denominated in foreign currencies, primarily with respect to US dollars. The Group's finance department at its headquarters is responsible for monitoring the amount of assets and liabilities, and transactions denominated in foreign currencies to minimise the foreign exchange risk. Therefore, the Group may consider entering into forward exchange contracts or currency swap contracts to mitigate the foreign exchange risk. During 2015, 2014 and 2013, the Group did not enter into any forward exchange contracts or currency swap contracts.

As at 31 December 2015, 2014 and 2013, the carrying amounts in RMB equivalent of the Group's assets and liabilities denominated in foreign currencies are summarized below:

	31 December 2015 (Unaudited)		
	USD	Other	Total
Financial assets denominated in foreign currency—			
Cash at bank and on hand	43,742,685	21,370,564	65,113,249
Receivables	173,800,678	250,854,243	424,654,921
	<u>217,543,363</u>	<u>272,224,807</u>	<u>489,768,170</u>
Financial liabilities denominated in foreign currency—			
Payables	48,819,672	121,748,654	170,568,326
	<u>48,819,672</u>	<u>121,748,654</u>	<u>170,568,326</u>

	31 December 2014		
	USD	Other	Total
Financial assets denominated in foreign currency—			
Cash at bank and on hand	53,521,080	24,670,080	78,191,160
Receivables	209,023,397	222,641,716	431,665,113
	<u>262,544,477</u>	<u>247,311,796</u>	<u>509,856,273</u>
Financial liabilities denominated in foreign currency—			
Payables	41,166,835	91,832,808	132,999,643
	<u>41,166,835</u>	<u>91,832,808</u>	<u>132,999,643</u>

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11 Financial risk (Continued)

	31 December 2013		
	USD	Other	Total
Financial assets denominated in foreign currency—			
Cash at bank and on hand	147,260,468	55,503,843	202,764,311
Receivables	316,960,189	297,419,292	614,379,481
	<u>464,220,657</u>	<u>352,923,135</u>	<u>817,143,792</u>
Financial liabilities denominated in foreign currency—			
Short-term borrowings	211,900,500	—	211,900,500
Payables	73,733,823	136,321,246	210,055,069
	<u>285,634,323</u>	<u>136,321,246</u>	<u>421,955,569</u>

As at 31 December 2015, 2014 and 2013, if USD had weakened/ strengthened by 10% against RMB while all other variables had been held constant, the Group's profit before tax for the year would have been approximately RMB 16,872,369, RMB 22,137,764 and RMB 17,858,633 lower/higher for various financial assets and liabilities denominated in USD, respectively.

(b) Interest rate risk

The Group's interest rate risk mainly arises from long-term bank borrowings. Financial liabilities issued at floating rates expose the Group to cash flow interest rate risk. Financial liabilities issued at fixed rates expose the Group to fair value interest rate risk. The Company determines the relative proportions of its fixed rate and floating rate contracts depending on the prevailing market conditions. As at 31 December 2015, 2014 and 2013, the Company's long-term interest bearing borrowings were RMB-denominated with floating rates, amounting to RMB 13,505,000, RMB 18,903,000 and RMB 24,301,000 (Note 7(19)).

The Group's finance department at its headquarters continuously monitors the interest rate position of the Group. Increases in interest rates will increase the cost of new borrowing and the interest expenses with respect to the Company's outstanding floating rate borrowings, and therefore could have a material adverse effect on the Company's financial position. The management makes adjustments timely with reference to the latest market conditions and may enter into interest rate swap agreements to mitigate its exposure to interest rate risk. During 2015, 2014 and 2013, the Company did not enter into any interest rate swap agreements.

(2) Credit risk

Credit risk is managed on a Group basis. Credit risk mainly arises from cash at bank and on hand, accounts receivable, other receivables, notes receivable etc.

The Group expects that there is no significant credit risk associated with cash at bank since they are deposited at state-owned banks and other medium or large size listed banks. Management does not expect that there will be any significant losses from non-performance by these counterparties.

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11 Financial risk (Continued)

In addition, the Group has policies to limit the credit exposure on accounts receivable, other receivables and notes receivable. The Group assesses the credit quality of and sets credit limits on its customers by taking into account their financial position, the availability of guarantee from third parties, their credit history and other factors such as current market conditions. The credit history of the customers is regularly monitored by the Group. In respect of customers with a poor credit history, the Group will use written payment reminders, or shorten or cancel credit periods, to ensure the overall credit risk of the Group is limited to a controllable extent.

(3) Liquidity risk

Cash flow forecasting is performed by each subsidiary of the Group and aggregated by the Group's finance department in its headquarters. The Group's finance department at its headquarters monitors rolling forecasts of the Group's short-term and long-term liquidity requirements to ensure it has sufficient cash and securities that are readily convertible to cash to meet operational needs, while maintaining sufficient headroom on its undrawn committed borrowing facilities from major financial institution so that the Group does not breach borrowing limits or covenants on any of its borrowing facilities to meet the short-term and long-term liquidity requirements.

The financial liabilities of the Group at the balance sheet date are analysed by their maturity date below at their undiscounted contractual cash flow:

	31 December 2015 (Unaudited)			Total
	Within 1 year	1 to 5 years	Over 5 years	
Financial liabilities—				
Short-term borrowings	75,000,000	—	—	75,000,000
Notes payable	457,179,867	—	—	457,179,867
Accounts payable	8,468,879,463	—	—	8,468,879,463
Interests payable	4,678,717	900,386	—	5,579,103
Other payables	275,293,356	—	—	275,293,356
Long-term borrowings	5,398,000	13,505,000	—	18,903,000
	<u>9,286,429,403</u>	<u>14,405,386</u>	<u>—</u>	<u>9,300,834,789</u>

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11 Financial risk (Continued)

	31 December 2014			Total
	Within 1 year	1 to 5 years	Over 5 years	
Financial liabilities—				
Short-term borrowings	100,000,000	—	—	100,000,000
Notes payable	441,557,489	—	—	441,557,489
Accounts payable	6,510,519,647	—	—	6,510,519,647
Interests payable	6,023,194	1,841,602	—	7,864,796
Dividends payable	36,552,986	—	—	36,552,986
Other payables	299,474,754	—	—	299,474,754
Long-term borrowings	5,398,000	18,903,000	—	24,301,000
	<u>7,399,526,070</u>	<u>20,744,602</u>	<u>—</u>	<u>7,420,270,672</u>

	31 December 2013			Total
	Within 1 year	1 to 5 years	Over 5 years	
Financial liabilities—				
Short-term borrowings	299,300,500	—	—	299,300,500
Notes payable	459,996,380	—	—	459,996,380
Accounts payable	5,850,740,700	—	—	5,850,740,700
Interests payable	8,309,778	3,100,912	13,884	11,424,574
Dividends payable	9,000,000	—	—	9,000,000
Other payables	259,037,066	—	—	259,037,066
Long-term borrowings	2,699,000	21,592,000	2,709,000	27,000,000
	<u>6,889,083,424</u>	<u>24,692,912</u>	<u>2,722,884</u>	<u>6,916,499,220</u>

12 Fair value estimates

(1) Financial instruments not measured at fair value

Financial assets and liabilities measured at amortized cost mainly include receivables, short-term borrowing and payables.

The carrying amount of the financial assets and liabilities not measured at fair value is a reasonable approximation of their fair value.

13 Capital management

The Group's capital management policies aim to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital.

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13 Capital management (Continued)

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, refund capital to shareholders or sell assets to reduce debts.

14 Reconciliation to United States generally accepted accounting principles

The financial statements have been prepared in accordance with Accounting Standards for Business Enterprises in the People's Republic of China ("PRC GAAP"), which differ in certain respects from accounting principles generally accepted in the United States of America ("U.S. GAAP"). The significant differences are described in the reconciliation tables below. Other differences do not have a significant effect on either net profit or shareholders' equity. The effects of the significant adjustments to net profit for the years ended 31 December 2015 and 2014 which would be required if U.S. GAAP were to be applied instead of PRC GAAP are summarized as follows:

	31 December 2015	31 December 2014
	(Unaudited)	
Net profit under PRC GAAP	2,081,014,735	1,779,425,726
Adjustments:		
Inventory impairment reversals(a)	618,444	525,473
Staff Welfare and Incentive Fund(b)	(4,356,968)	(6,822,052)
Tax effect of the reconciling items(c)	(92,767)	(78,821)
Net profit under U.S. GAAP	<u>2,077,183,444</u>	<u>1,773,050,326</u>

The effects of the significant adjustments to shareholders' equity for the years ended 31 December 2015 and 2014 which would be required if U.S. GAAP were to be applied instead of PRC GAAP are summarized as follows:

	31 December 2015	31 December 2014
	(Unaudited)	
Shareholders' equity under PRC GAAP	3,924,801,104	3,523,307,561
Adjustments:		
Inventory impairment reversals(a)	618,444	525,473
Staff Welfare and Incentive Fund(b)	277,256,403	236,466,741
Tax effect of the reconciling items(c)	(92,767)	(78,821)
Shareholders' equity under U.S. GAAP	<u>4,202,583,184</u>	<u>3,760,220,954</u>

(a) Inventory impairment reversals

Under PRC GAAP, reversals of inventory impairment charges (limited to the amounts of the original impairment) are required for subsequent recoveries. Impairments and any subsequent reversals are included in a separate profit and loss line item—"Asset impairment losses", which is outside of cost of goods sold. Under U.S. GAAP, reversals of

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14 Reconciliation to United States generally accepted accounting principles (Continued)

impairments are prohibited, as a write-down of inventories to the lower of cost or market creates a new cost basis that subsequently cannot be reversed.

(b) Staff Welfare and Incentive Fund

In accordance with the Law of the PRC on Chinese-foreign Equity Joint Ventures, the Company's Articles of Association, the Company appropriated the Staff Welfare and Incentive Fund of net profit after setting off accumulated losses of previous year and before profit distributions to the investors. The Staff Welfare and Incentive Fund is restricted to fund payments of special bonus to employees and for the collective welfare of employees. None of it is allowed to be transferred to the Company in terms of cash dividends, loans or advances, nor can it be distributed except under liquidation.

Under PRC GAAP, appropriation of the Staff Welfare and Incentive Fund is a liability in nature and accounted for as a transfer from retained earnings to Staff Welfare and Incentive Fund, a liability account. Subsequent payment is accounted for as a release of the Company's liability.

Under U.S. GAAP, appropriation to the Staff Welfare and Incentive Fund is accounted for as a transfer from retained earnings to the statutory reserves. Subsequent payment is accounted for as expenses or assets based on the usage of the payment, and proportionate retained earnings and the statutory reserves are reversed concurrently.

(c) Tax effect of the reconciling items

The applicable statutory tax rate used to calculate the tax effect of the reconciling items on the net profit reconciliation between PRC GAAP and U.S. GAAP for the years ended December 31, 2015 and 2014 was 15%.

Annex A—List of Relevant Territories for the purposes of Irish Dividend Withholding Tax

1. Albania	37. Luxembourg
2. Armenia	38. Macedonia
3. Australia	39. Malaysia
4. Austria	40. Malta
5. Bahrain	41. Mexico
6. Belarus	42. Moldova
7. Belgium	43. Montenegro
8. Bosnia & Herzegovina	44. Morocco
9. Botswana	45. Netherlands
10. Bulgaria	46. New Zealand
11. Canada	47. Norway
12. Chile	48. Pakistan
13. China	49. Panama
14. Croatia	50. Poland
15. Cyprus	51. Portugal
16. Czech Republic	52. Qatar
17. Denmark	53. Romania
18. Egypt	54. Russia
19. Estonia	55. Saudi Arabia
20. Ethiopia	56. Serbia
21. Finland	57. Singapore
22. France	58. Slovak Republic
23. Georgia	59. Slovenia
24. Germany	60. South Africa
25. Greece	61. Spain
26. Hong Kong	62. Sweden
27. Hungary	63. Switzerland
28. Iceland	64. Thailand
29. India	65. Turkey
30. Israel	66. Ukraine
31. Italy	67. United Arab Emirates
32. Japan	68. United Kingdom
33. Korea	69. USA
34. Kuwait	70. Uzbekistan
35. Latvia	71. Vietnam
36. Lithuania	72. Zambia

