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

**Amendment No. 3 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:

Title of each class to be so registered	Name of each exchange on which each class is to be registered
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 ☒ Smaller reporting company ☐
(Do not check if a 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.†
<u>10.9</u>	<u>Form of Adient plc 2016 Omnibus Incentive Plan.**</u>
<u>10.10</u>	<u>Form of Adient plc Restricted Shares or Restricted Share Unit Award Agreement.**</u>
<u>10.11</u>	<u>Form of Adient plc Performance Share Unit Award Agreement.**</u>
<u>10.12</u>	<u>Form of Adient plc 2016 Director Share Plan.**</u>
<u>10.13</u>	<u>Form of Adient US LLC Retirement Restoration Plan.**</u>
<u>10.14</u>	<u>Form of Adient US LLC Executive Deferred Compensation Plan.**</u>
<u>10.15</u>	<u>Form of Adient plc Executive Compensation Incentive Recoupment Policy.**</u>
<u>10.16</u>	<u>Employment Agreement, dated January 17, 2008, between Johnson Controls, Inc. and R. Bruce McDonald.**</u>
<u>10.17</u>	<u>Change of Control Employment Agreement, dated September 25, 2012, between Johnson Controls, Inc. and R. Bruce McDonald.**</u>
21.1	List of Subsidiaries.**
99.1	Information Statement of Adient Limited, preliminary and subject to completion, dated <u>August 15, 2016.</u> **
<u>99.2</u>	<u>Form of Important Notice Regarding the Availability of Materials**</u>

▲ ** 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: August 15, 2016



, 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 74,000 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 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 will be made publicly available at _____ beginning _____, 2016, and notices of this information statement's availability will be first sent 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.

What is the record date for the distribution?

The record date for the distribution will be _____, 2016.

When will the distribution occur?

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.

What do shareholders need to do to participate in 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.

How will ordinary shares of Adient be issued?

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 Wells Fargo Bank, N.A., or Wells Fargo, the distribution agent, will electronically distribute ordinary shares of Adient to you or to your brokerage firm on your behalf in book-entry form. Wells Fargo 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.

If I was enrolled in the Johnson Controls dividend reinvestment plan, will I automatically be enrolled in the Adient dividend reinvestment plan?

Yes. If you elected to have your Johnson Controls cash dividends applied toward the purchase of additional Johnson Controls shares, the Adient ordinary shares you receive in the distribution will be automatically enrolled in the Adient dividend reinvestment plan sponsored by Wells Fargo (Adient's transfer agent and registrar), unless you notify Wells Fargo that you do not want to reinvest any Adient cash dividends in additional Adient ordinary shares. For contact information for Wells Fargo, see "Description of Adient's Share Capital—Transfer Agent and Registrar."

How many ordinary shares of Adient will I receive in the distribution?

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.

What are the material U.S. federal income tax consequences of 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.”

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 dollar equivalent 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. 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.

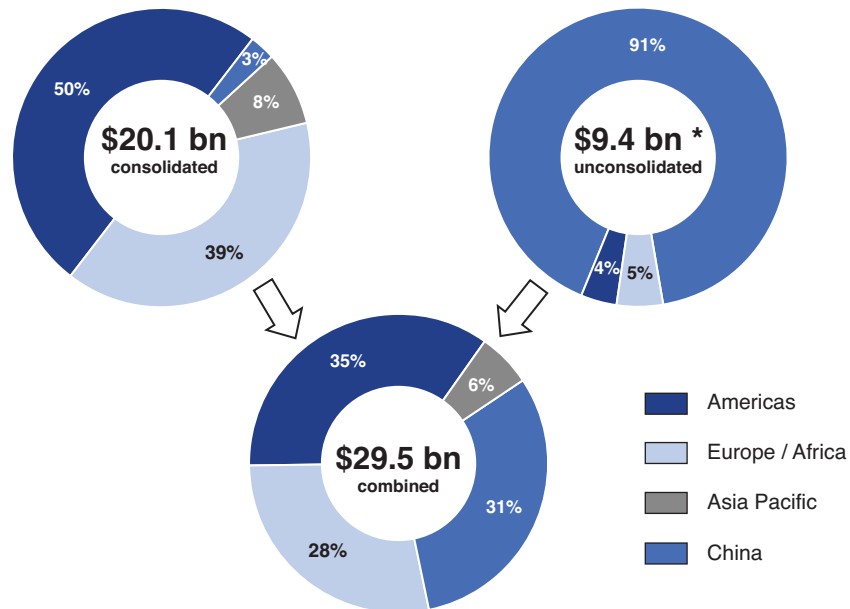
Adient’s business model is focused on developing and maintaining long-term customer relationships, which has allowed Adient to successfully grow with leading global OEMs, including BMW, Daimler AG, Fiat Chrysler Automobiles, Ford Motor Company, General Motors Company, Honda Motor Company, Hyundai Motor 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.

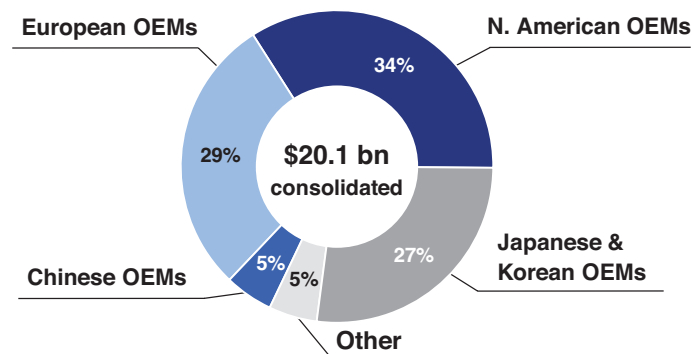
2015 Fiscal Sales



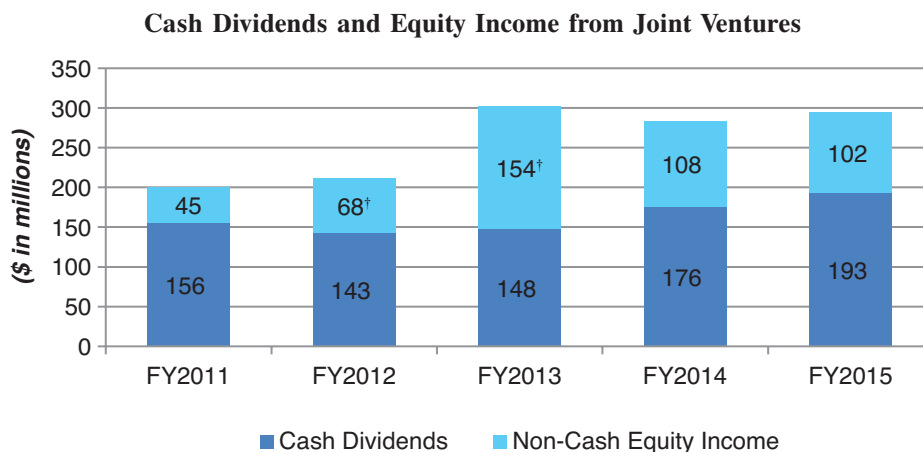
* includes YFAI sales for only the period from July 2, 2015 to September 30, 2015.

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.

2015 Fiscal Sales



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 nine months ended June 30, 2016, Adient generated revenue of \$12.9 billion, as compared to revenue of \$15.9 billion generated for the nine months ended June 30, 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 three 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
 - Vibratech 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.

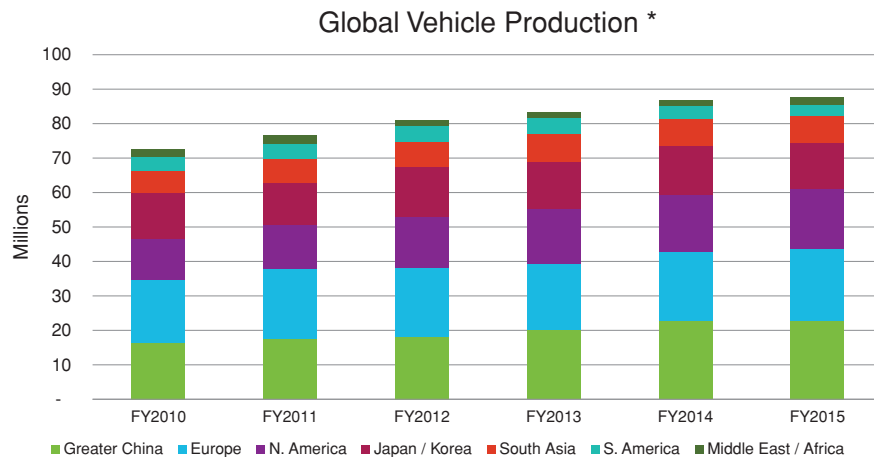
- *Further Strengthen Leadership Position in China.* Adient has an advantaged position in China established through strategic partnerships it developed as an early market entrant. Adient is the largest supplier of "just-in-time" seating in China.* It operates through 17 joint ventures with 60 manufacturing 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 nine months ended June 30, 2016 and 2015 and summary combined balance sheet data as of June 30, 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 June 30, 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 nine-month period ended June 30, 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 June 30, 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 Nine Months Ended June 30,			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)	\$12,893	\$12,893	\$15,909	\$20,071	\$20,071	\$22,041	\$20,470	\$19,986	\$18,776
Gross profit	<u>1,244</u>	<u>1,244</u>	<u>1,470</u>	<u>1,852</u>	<u>1,852</u>	<u>1,953</u>	<u>1,575</u>	<u>1,501</u>	<u>1,496</u>
Selling, general and administrative expenses . .	<u>(589)</u>	<u>(820)</u>	<u>(906)</u>	<u>(1,150)</u>	<u>(1,131)</u>	<u>(1,308)</u>	<u>(1,203)</u>	<u>(1,079)</u>	<u>(1,065)</u>
Gain (loss) on business divestitures—net	—	—	—	137	137	(86)	29	—	—
Restructuring and impairment costs	<u>(244)</u>	<u>(244)</u>	—	<u>(182)</u>	<u>(182)</u>	<u>(158)</u>	<u>(280)</u>	<u>(143)</u>	—
Net financing charges	<u>(101)</u>	<u>(8)</u>	<u>(11)</u>	<u>(137)</u>	<u>(12)</u>	<u>(15)</u>	<u>(10)</u>	<u>(22)</u>	<u>(16)</u>
Equity income	<u>260</u>	<u>260</u>	<u>225</u>	<u>295</u>	<u>295</u>	<u>284</u>	<u>302</u>	<u>211</u>	<u>201</u>
Income before income taxes	<u>570</u>	<u>432</u>	<u>778</u>	<u>815</u>	<u>959</u>	<u>670</u>	<u>413</u>	<u>468</u>	<u>616</u>
Income tax provision(2) . . .	<u>1,019</u>	<u>1,027</u>	<u>134</u>	<u>584</u>	<u>418</u>	<u>296</u>	<u>168</u>	<u>131</u>	<u>172</u>
Net income (loss)	<u>(449)</u>	<u>(595)</u>	<u>644</u>	<u>431</u>	<u>541</u>	<u>374</u>	<u>245</u>	<u>337</u>	<u>444</u>
Income attributable to noncontrolling interests . .	<u>61</u>	<u>61</u>	<u>53</u>	<u>66</u>	<u>66</u>	<u>67</u>	<u>58</u>	<u>70</u>	<u>76</u>
Net income (loss) attributable to Adient(3) . .	<u>\$ (510)</u>	<u>\$ (656)</u>	<u>\$ 591</u>	<u>\$ 365</u>	<u>\$ 475</u>	<u>\$ 307</u>	<u>\$ 187</u>	<u>\$ 267</u>	<u>\$ 368</u>
Balance Sheet Data: (dollars in millions)									
Total assets	\$10,766	\$10,232	\$11,257	n/a	\$10,437	\$11,206	\$11,387	\$10,669	\$10,427
Working capital(4)	<u>289</u>	<u>(201)</u>	<u>103</u>	n/a	<u>(205)</u>	<u>(436)</u>	<u>(430)</u>	<u>(51)</u>	<u>(290)</u>
Long-term debt	<u>3,529</u>	<u>29</u>	<u>38</u>	n/a	<u>35</u>	<u>46</u>	<u>58</u>	<u>75</u>	<u>84</u>
Total debt	<u>3,558</u>	<u>58</u>	<u>98</u>	n/a	<u>59</u>	<u>156</u>	<u>138</u>	<u>128</u>	<u>179</u>
Invested equity attributable to Adient	<u>2,084</u>	<u>4,848</u>	<u>5,800</u>	n/a	<u>5,626</u>	<u>5,453</u>	<u>5,582</u>	<u>5,558</u>	<u>5,204</u>
Total debt to capitalization(5)	63%	1%	2%	n/a	1%	3%	2%	2%	3%
Other Data: (dollars in millions)									
Capital expenditures	\$ <u>312</u>	\$ <u>312</u>	\$ <u>369</u>	\$ <u>478</u>	\$ <u>478</u>	\$ <u>624</u>	\$ <u>659</u>	\$ <u>609</u>	\$ <u>566</u>
Depreciation and amortization	<u>253</u>	<u>253</u>	<u>266</u>	<u>347</u>	<u>347</u>	<u>437</u>	<u>450</u>	<u>416</u>	<u>366</u>
Employees at period end . .	<u>74,000</u>	<u>74,000</u>	<u>92,000</u>	<u>76,000</u>	<u>76,000</u>	<u>88,000</u>	<u>89,000</u>	<u>89,000</u>	<u>81,000</u>

- (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. 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 nine months ended June 30, 2016, \$85 million of tax expense relates to a non-recurring non-cash tax charge related to changes in entity tax status associated with the proposed separation and \$7/8 million of tax expense relates to the one-time non-cash change in assertion over permanently reinvested earnings as a result of the separation. In the nine months ended June 30, 2015, \$75 million of tax expense relates to a non-cash charge for Adient’s change in assertion over permanently reinvested earnings associated with the Interiors joint venture transaction.
- (3) Net income attributable to Adient includes \$6 million, \$50 million, \$13 million, \$37 million and \$1 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 June 30, 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 \$3.6 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

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.

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 Wells Fargo Bank, N.A., or Wells Fargo, 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 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 June 30, 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 June 30, 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.

<u>(in millions)</u>	<u>As of June 30, 2016</u>		
	<u>Historical</u> <u>(unaudited)</u>	<u>Pro Forma</u> <u>Adjustments</u>	<u>Pro</u> <u>Forma</u>
Cash and cash equivalents	<u>\$ 120</u>	<u>\$ 490</u>	<u>\$ 610</u>
Debt, including current and long-term:			
Short-term debt	<u>\$ 22</u>	<u>—</u>	<u>\$ 22</u>
Current portion of long-term debt	<u>7</u>	<u>—</u>	<u>7</u>
Long-term debt	<u>29</u>	<u>3,500</u>	<u>3,529</u>
Total debt	<u>58</u>	<u>3,500</u>	<u>3,558</u>
Redeemable noncontrolling interests	<u>49</u>	<u>—</u>	<u>49</u>
Stockholders' equity			
Common Stock	<u>—</u>	<u>—</u>	<u>—</u>
Additional Paid-in Capital	<u>—</u>	<u>2,373</u>	<u>2,373</u>
Parent's net investment	<u>5,137</u>	<u>(5,137)</u>	<u>—</u>
Accumulated other comprehensive loss	<u>(289)</u>	<u>—</u>	<u>(289)</u>
Invested equity attributable to Adient	<u>4,848</u>	<u>(2,764)</u>	<u>2,084</u>
Noncontrolling interests	<u>131</u>	<u>—</u>	<u>131</u>
Total invested equity	<u>4,979</u>	<u>(2,764)</u>	<u>2,215</u>
Total capitalization	<u>\$5,086</u>	<u>\$ 736</u>	<u>\$5,822</u>

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 nine months ended June 30, 2016 and 2015 and selected combined balance sheet data as of June 30, 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 June 30, 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 Nine Months Ended <u>June 30</u> ,		As of or for the Fiscal Year Ended September 30,				
	2016	2015	2015	2014	2013	2012	2011
	(unaudited)	(unaudited)				(unaudited)	(unaudited)
Statement of Operations: (dollars in millions)							
Net sales ⁽¹⁾	\$12,893	\$15,909	\$20,071	\$22,041	\$20,470	\$19,986	\$18,776
Gross profit	<u>1,244</u>	<u>1,470</u>	1,852	1,953	1,575	1,501	1,496
Selling, general and administrative expenses	(820)	(906)	(1,131)	(1,308)	(1,203)	(1,079)	(1,065)
Gain (loss) on business divestitures—net	—	—	137	(86)	29	—	—
Restructuring and impairment costs	(244)	—	(182)	(158)	(280)	(143)	—
Net financing charges	(8)	(11)	(12)	(15)	(10)	(22)	(16)
Equity income	260	225	295	284	302	211	201
Income before income taxes	432	778	959	670	413	468	616
Income tax provision ⁽²⁾	1,027	134	418	296	168	131	172
Net income (loss)	<u>(595)</u>	<u>644</u>	541	374	245	337	444
Income attributable to noncontrolling interests	61	53	66	67	58	70	76
Net income (loss) attributable to Adient ⁽³⁾	<u>\$ (656)</u>	<u>\$ 591</u>	\$ 475	\$ 307	\$ 187	\$ 267	\$ 368
Balance Sheet Data: (dollars in millions)							
Total assets	\$10,232	\$11,257	\$10,437	\$11,206	\$11,387	\$10,669	\$10,427
Working capital ⁽⁴⁾	<u>(201)</u>	<u>103</u>	(205)	(436)	(430)	(51)	(290)
Long-term debt	29	38	35	46	58	75	84
Total debt	58	98	59	156	138	128	179
Invested equity attributable to Adient	4,848	5,800	5,626	5,453	5,582	5,558	5,204
Total debt to capitalization ⁽⁵⁾	<u>1%</u>	<u>2%</u>	1%	3%	2%	2%	3%
Other Data: (dollars in millions)							
Capital expenditures	\$ 312	\$ 369	\$ 478	\$ 624	\$ 659	\$ 609	\$ 566
Depreciation and amortization	253	266	347	437	450	416	366
Employees at period end	74,000	92,000	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. 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 nine months ended June 30, 2016, \$85 million of tax expense relates to a non-recurring non-cash tax charge related to changes in entity tax status associated with the proposed separation and \$778 million of tax expense relates to the one-time non-cash change in assertion over permanently reinvested earnings as a result of the separation. In the nine months ended June 30, 2015, \$75 million of tax expense relates to a non-cash tax charge for Adient’s change in assertion over permanently reinvested earnings associated with the Interiors joint venture transaction.
- (3) Net income attributable to Adient includes \$6 million, \$50 million, \$13 million, \$37 million and \$1 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 June 30, 2016. The unaudited pro forma combined statements of income for the nine months ended June 30, 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 \$1.1 billion of eight year EUR bonds and \$0.9 billion of ten year USD bonds and a \$1.5 billion five-year term loan, at a weighted average estimated interest rate of 3.4%, 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.

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)	(125) (A)	(137)
Equity income	295	—	295
Income before income taxes	959	(144)	815
Income tax provision	418	(34) (B)	384
Net income	541	(110)	431
Income attributable to noncontrolling interests	66	—	66
Net income attributable to Adiant	\$ 475	\$(110)	\$ 365
Earnings per share			
Basic	n/a	(C)	
Diluted	n/a	(D)	
Weighted-average shares outstanding			
Basic	n/a	(C)	
Diluted	n/a	(D)	

ADIENT
UNAUDITED PRO FORMA COMBINED STATEMENT OF INCOME
FOR THE NINE MONTHS ENDED JUNE 30, 2016

<u>(in millions, except share and per share data)</u>	<u>Historical</u>	<u>Pro Forma</u> <u>Adjustments</u>		<u>Pro Forma</u>
Net sales	\$12,893	\$ —		\$12,893
Cost of sales	11,649	—		11,649
Gross profit	1,244	—		1,244
Selling, general and administrative expenses	(820)	231	(F)(I)	(589)
Restructuring costs	(244)	—		(244)
Net financing charges	(8)	(93)	(A)	(101)
Equity income	260	—		260
Income before income taxes	432	(138)		570
Income tax provision	1,027	(8)	(B)	1,019
Net income (loss)	(595)	(146)		(449)
Income attributable to noncontrolling interests	61	—		61
Net income (loss) attributable to Adient	\$ (656)	\$(146)		\$ (510)
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 JUNE 30, 2016

(in millions)	Historical	Pro Forma Adjustments		Pro Forma
Assets				
Cash and cash equivalents	\$ 120	\$ 490	(E)	\$ 610
Accounts receivables—net	2,132	—		2,132
Inventories	691	—		691
Other current assets	745	—		745
Current assets	3,688	490		4,178
Property, plant and equipment—net	2,079	—		2,079
Goodwill	2,169	—		2,169
Other intangible assets—net	116	—		116
Investments in partially-owned affiliates	1,694	—		1,694
Other noncurrent assets	486	44	(H)	530
Total assets	\$10,232	\$ 534		\$10,766
Liabilities and Equity				
Short-term debt	\$ 22	\$ —		\$ 22
Current portion of long-term debt	7	—		7
Accounts payable	2,503	—		2,503
Accrued compensation and benefits	409	—		409
Restructuring reserve	367	—		367
Other current liabilities	581	—		581
Current liabilities	3,889	—		3,889
Long-term debt	29	3,500	(E)	3,529
Pension and postretirement benefits	88	—		88
Other noncurrent liabilities	1,198	(202)	(J)	996
Long-term liabilities	1,315	3,298		4,613
Redeemable noncontrolling interests	49	—		49
Equity				
Common Stock	—	—	(K)	—
Additional Paid-in Capital	—	2,373	(G)	2,373
Parent's net investment	5,137	(5,137)	(G)	—
Accumulated other comprehensive loss	(289)	—		(289)
Invested equity attributable to Adiant	4,848	(2,764)		2,084
Noncontrolling interests	131	—		131
Total invested equity	4,979	(2,764)		2,215
Total liabilities and equity	\$10,232	\$ 534		\$10,766

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 3.4%. 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 $\frac{1}{8}\%$ 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 \$1.1 billion of eight year EUR bonds and \$0.9 billion of ten year USD bonds and a \$1.5 billion five-year term loan, at a weighted average estimated interest rate of 3.4%. 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).
 - \$16 million—incremental cash balances in jurisdictions that are not readily accessible or that legally belong to joint venture partners.
 - \$58 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 ((\$23) million for the nine months ended June 30, 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	\$ <u>5,137</u>
Net proceeds transferred to JCI as described in Note (E)	(<u>3,000</u>)
Establishment of cash and cash equivalents as described in Note (E), net of debt issuance proceeds retained by Adient	<u>34</u>
Adjustment to establish uncertain tax position as described in Note (J)	<u>202</u>
Total Parent's net investment	<u>2,373</u>
Adient common stock described in Note (K)	<u>—</u>
Total additional paid-in capital	<u>\$ 2,373</u>

(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 \$254 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) Reflects \$202 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.▲

▲(K) 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.

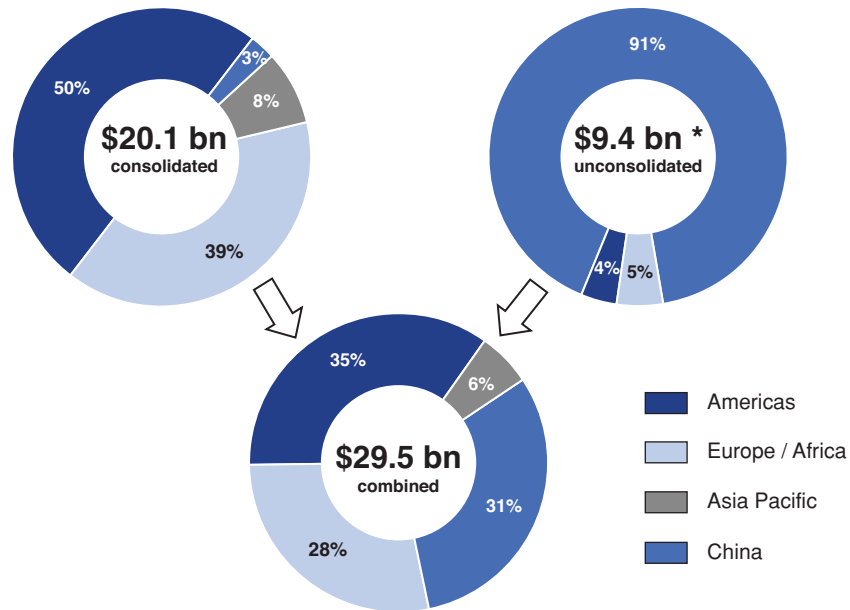
Adient designs, manufactures and markets a full range of seating systems and components for passenger cars, commercial vehicles and light trucks, including vans, pick-up trucks and sport/crossover utility vehicles. Adient also supplies high performance seating systems to the international motorsports 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

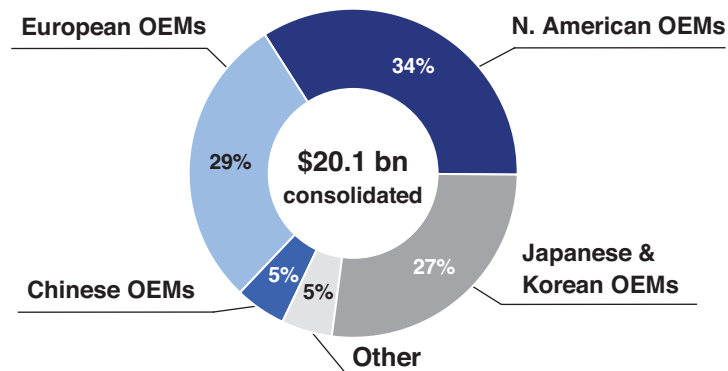
2015 Fiscal Sales



* includes YFAI sales for only the period from July 2, 2015 to September 30, 2015.

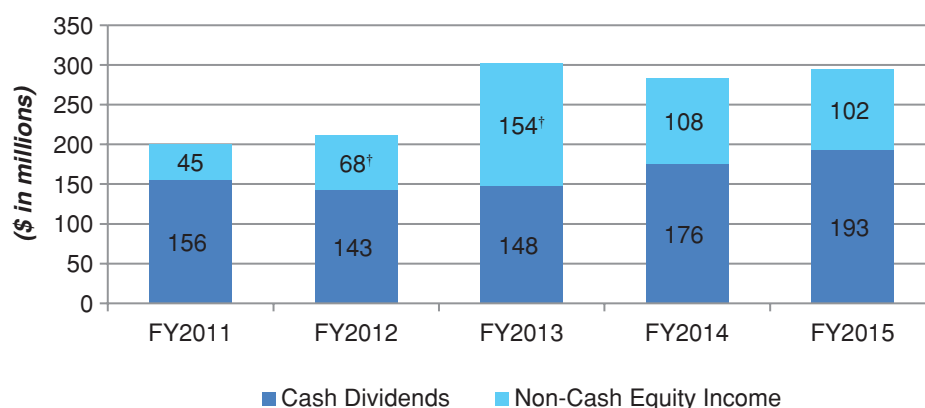
In fiscal 2015, 29% of Adient's consolidated revenue was attributable to European OEMs, 27% to Japanese and Korean OEMs, 5% to Chinese OEMs and 34% to North American OEMs. This balanced portfolio has allowed Adient to effectively manage OEM share gains and losses and has provided protection against regional economic cycles.

2015 Fiscal Sales



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.

Cash Dividends and Equity Income from Joint Ventures



† 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 nine months ended June 30, 2016, Adient generated revenue of \$12.9 billion, as compared to revenue of \$15.9 billion generated for the nine months ended June 30, 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 three 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 74,000 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.

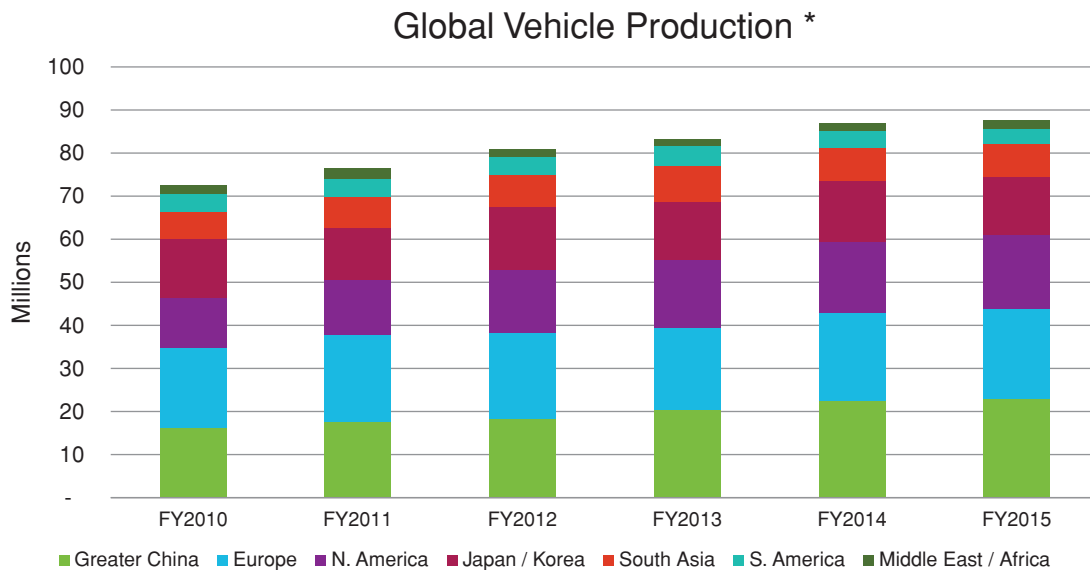
Industry

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.



* Light Vehicle Production. Source: IHS Automotive

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 June 30, 2016, Adient employed approximately 74,000 employees, of whom approximately 62,000 were hourly and 12,000 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 June 30, 2016, are listed below.

<u>Jurisdiction</u>	<u>City</u>
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) Plymouth (2),(4) Warren (1)
Missouri	Eldon (2) Riverside (1)
Ohio	Bryan Greenfield Northwood Wauseon
Tennessee	Athens Lexington Murfreesboro Pulaski
Texas	El Paso (1) San Antonio (1)
Wisconsin	Milwaukee (1),(4)
Argentina	Rosario
Austria	Graz (1) Mandling
Belgium	Assenede (1)
Brazil	Gravatá City Pouso Alegre Quatro Barras (2) São Bernardo do Campo (1),(4) São José dos Pinhais (1)
Canada	Milton Tillsonburg Whitby (2)

<u>Jurisdiction</u>	<u>City</u>
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 Straz pod Ralskem
France	Conflans-sur-Lanterne Laroque D'Olmes Les Ulis (1),(4) Paris (1),(4) Rosny Strasbourg
Germany	Berlin (1),(4) Bochum (2) Böblingen (1) Burscheid (2),(4) Dautphetal Espelkamp Grefrath (1) Hannover (1) Hilchenbach (1) Kaiserslautern Kirchheim Luneburg Mannweiler (1) Munchen (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) Mezolak Mor

<u>Jurisdiction</u>	<u>City</u>
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 Rocca D'Evandro
Japan	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) Tlaxcala
Poland	Bierun Siemianowice Skarbimierz (1) Swiebodzin Zory
Portugal	Palmela
Romania	Bradu Craiova (1) Jimbolia Mioveni (1) Pitesti Ploiești Poiana Lacului Timisoara (1)
Russia	Togliatti (1)

<u>Jurisdiction</u>	<u>City</u>
Serbia	Kragujevac
Slovakia	Bratislava (1),(4)
	Kostany nad Turcom
	Lozorno (1)
	Lucenec (1)
	Trencin (1),(4)
	Zilina
Slovenia	Martin (1)
	Novo Mesto (1)
	Slovenj Gradec
South Africa	East London (1)
	Pretoria
	Uitenhage (1)
Spain	Abrera
	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 income (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

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 nine months ended June 30, 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			Nine Months Ended		
	June 30,			June 30,		
	2016	2015	Change	2016	2015	Change
Global	22.9	22.2	3%	69.2	67.1	3%
Greater China	6.1	5.8	5%	19.9	18.2	9%
Europe	5.9	5.5	7%	16.6	15.9	4%
North America	4.6	4.5	2%	13.4	13.0	3%
Japan/Korea	3.1	3.2	−3%	9.8	10.0	−2%
South Asia	2.0	1.9	5%	6.1	5.9	3%
South America	0.7	0.8	−13%	2.0	2.5	−20%
Middle East/Africa	0.5	0.5	0%	1.4	1.6	−13%

Source: IHS Automotive, August 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 nine months ended June 30, 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 June 30, 2016, Adient recorded net sales of \$4,362 million representing a decrease of \$1,040 million when compared to the same period last year. Excluding the impact of foreign currency translation (\$27 million) and the impact of the YFAI joint venture (\$1,002 million), net sales remained flat year over year. For the nine months ended June 30, 2016, Adient recorded net sales of \$12,893 million representing a decrease of \$3,016 million when compared to the same period last year. Excluding the impact of foreign currency translation (\$402 million) and the impact of the YFAI joint venture (\$2,939 million), net sales increased by 2% year over year.
- Gross profit was \$446 million or 10.2% of net sales for the three months ended June 30, 2016 compared to \$554 million or 10.3% of net sales for the same period last year. Gross profit was

\$1,244 million or 9.6% of net sales for the nine months ended June 30, 2016 compared to \$1,470 million or 9.2% of net sales for the same period last year. The increase in gross profit as a percentage of net sales for the nine months ended June 30, 2016 was primarily due to the impact of the YFAI joint venture and the benefits of cost reduction initiatives.

- Equity income was \$89 million for the three months ended June 30, 2016 which is \$18 million higher than the same period last year. Equity income was \$260 million for the nine months ended June 30, 2016 which is \$35 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.
- Income before income taxes was \$143 million for the three months ended June 30, 2016, which is \$179 million lower than the same period last year. Excluding costs related to the separation of Adient (\$122 million) and current period restructuring and impairment charges (\$75 million), income before income taxes increased by \$18 million. Income before income taxes was \$432 million for the nine months ended June 30, 2016 which is \$346 million lower than the same period last year. Excluding costs related to the separation of Adient (\$254 million) and current period restructuring and impairment (\$244 million), income before income taxes increased by \$152 million
- Net loss attributable to Adient was \$14 million for the three months ended June 30, 2016 compared to net income of \$208 million in the same period last year. The decrease is primarily due to costs related to the separation of Adient (\$122 million), a non-recurring non-cash tax charge related to changes in entity tax status associated with the proposed separation (\$85 million) and a current period restructuring and impairment charge (\$75 million), partially offset by a non-cash tax charge in the third quarter of fiscal 2015 for Adient's change in assertion over permanently reinvested earnings associated with the Interiors joint venture transaction (\$75 million). Excluding these items, net of tax, net income attributable to Adient decreased by \$38 million. Net loss attributable to Adient was \$656 million for the nine months ended June 30, 2016 compared to net income attributable to Adient of \$591 million in the same period last year. The decrease is primarily due to higher tax expense related to the one-time non-cash change in assertion over permanently reinvested earnings as a result of the separation (\$778 million), costs related to the separation of Adient (\$254 million), restructuring and impairment charges (\$244 million) and a non-recurring non-cash tax charge related to changes in entity tax status associated with the proposed separation (\$85 million), partially offset by a non-cash tax charge in the third quarter of fiscal 2015 for Adient's change in assertion over permanently reinvested earnings associated with the Interiors joint venture transaction (\$75 million). Excluding these items, net of tax, net income attributable to Adient increased by \$2 million.
- Adient provided \$444 million of cash from operating activities for the nine months ended June 30, 2016, \$261 million more than for the nine months ended June 30, 2015, primarily due to favorable changes in working capital.

Significant aspects of Adient's financial results for the year ended September 30, 2015 include the following:

- Adient 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.
- Adient 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 Nine Months Ended June 30, 2016 Compared to Corresponding Periods Ended June 30, 2015

(in millions)	Three Months Ended June 30,			Nine Months Ended June 30,		
	2016	2015	Change	2016	2015	Change
Net sales	\$4,362	\$5,402	- 19%	\$12,893	\$15,909	- 19%
Cost of sales	3,916	4,848	- 19%	11,649	14,439	- 19%
Gross profit	446	554	- 19%	1,244	1,470	- 15%
Selling, general and administrative expenses .	(315)	(299)	5%	(820)	(906)	- 9%
Restructuring and impairment costs	(75)	—	*	(244)	—	*
Net financing charges	(2)	(4)	- 50%	(8)	(11)	- 27%
Equity income	89	71	25%	260	225	16%
Income before income taxes	143	322	- 56%	432	778	- 44%
Income tax provision	136	98	*	1,027	134	*
Net income (loss)	7	224	*	(595)	644	*
Income attributable to noncontrolling interests .	21	16	31%	61	53	15%
Net income (loss) attributable to Adient . .	\$ (14)	\$ 208	*	\$ (656)	\$ 591	*

* Measure not meaningful

Net Sales

(in millions)	Three Months Ended June 30,			Nine Months Ended June 30,		
	2016	2015	Change	2016	2015	Change
Net sales	\$4,362	\$5,402	- 19%	\$12,893	\$15,909	- 19%

Net sales for the three months ended June 30, 2016 were unfavorably impacted by the YFAI joint venture (\$1,002 million) and foreign currency translation (\$27 million). Excluding the above items, net sales decreased by \$11 million, or less than 1%, primarily due to higher volumes attributable to growth in Asia and Europe due to changes in automotive production levels, partially offset by expiring

programs in North America. Refer to the segment analysis below for a discussion of net sales by segment.

Net sales for the nine months ended June 30, 2016 were unfavorably impacted by the YFAI joint venture (\$2,939 million) and foreign currency translation (\$402 million). Excluding the above items, net sales increased by \$325 million, or 2%, primarily due to higher volumes attributable to growth in Asia and Europe, partially offset by softness in the Americas due to changes in automotive production levels and expiring programs in North America. Refer to the segment analysis below for a discussion of net sales by segment.

Cost of Sales / Gross Profit

(in millions)	Three Months Ended June 30,			Nine Months Ended June 30,		
	2016	2015	Change	2016	2015	Change
Cost of sales	\$3,916	\$4,848	– 19%	\$11,649	\$14,439	– 19%
Gross profit	446	554	– 19%	1,244	1,470	– 15%
% of sales	10.2%	10.3%		9.6%	9.2%	

Cost of sales for the three months ended June 30, 2016 was favorably impacted by the YFAI joint venture (\$904 million) and foreign currency translation (\$26 million). Excluding the above items, costs of sales decreased by \$2 million, or less than 1%. These items favorably impacted current period gross profit as a percent of net sales by 10 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 nine months ended June 30, 2016 was favorably impacted by the YFAI joint venture (\$2,705 million) and foreign currency translation (\$359 million). Excluding the above items, costs of sales increased by \$274 million, or 2%. These items favorably impacted current period gross profit as a percent of net sales by 20 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 June 30,			Nine Months Ended June 30,		
	2016	2015	Change	2016	2015	Change
Selling, general and administrative expenses	\$315	\$299	5%	\$820	\$906	– 9%
% of sales	7.2%	5.5%		6.4%	5.7%	

Selling, general and administrative expenses (SG&A) for the three months ended June 30, 2016 was unfavorably impacted by separation costs (\$122 million), partially offset by the impact of the YFAI joint venture (\$48 million) and a favorable legal settlement (\$14 million). Excluding the above items, SG&A decreased by \$44 million, or 15%, primarily due to lower corporate allocations (\$26 million), prior year transaction costs (\$11 million) and the result of cost reduction initiatives. Refer to the segment analysis below for a discussion of segment income by segment.

SG&A for the nine months ended June 30, 2016 was favorably impacted by the YFAI joint venture (\$154 million), foreign currency translation (\$26 million) and a favorable legal settlement (\$20 million), offset by separation costs (\$254 million). Excluding the above items, SG&A decreased by \$140 million, or 15%, primarily due to lower corporate allocations (\$69 million), prior year transaction costs (\$28 million) 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 June 30,			Nine Months Ended June 30,		
	2016	2015	Change	2016	2015	Change
Restructuring and impairment costs	\$ 75	\$ —	*	\$244	\$ —	*
% of sales	1.7%	0.0%	—	1.9%	0.0%	—

* 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 June 30,			Nine Months Ended June 30,		
	2016	2015	Change	2016	2015	Change
Net financing charges	\$2	\$4	–50%	\$8	\$11	–27%

Net financing charges decreased for the three months ended June 30, 2016 and the nine months ended June 30, 2016 primarily due to variations in Adient’s average borrowing levels primarily in foreign jurisdictions.

Equity Income

(in millions)	Three Months Ended June 30,			Nine Months Ended June 30,		
	2016	2015	Change	2016	2015	Change
Equity income	\$89	\$71	25%	\$260	\$225	16%

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 June 30,			Nine Months Ended June 30,		
	2016	2015	Change	2016	2015	Change
Income tax provision	\$136	\$98	*	\$1,027	\$134	*

* 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 nine months ended June 30, 2016, Adient’s effective tax rate was 95% and 238%, respectively. The effective rate was higher than the U.S. federal statutory rate of 35% primarily

due to a one-time non-cash tax charge in the second quarter of fiscal 2016 for Adient's change in assertion over permanently reinvested earnings as a result of the proposed separation (\$778 million), the jurisdictional mix of restructuring and impairment costs, the tax impacts of separation costs, and a non-recurring non-cash tax charge in the third quarter of fiscal 2016 related to changes in entity tax status associated with the proposed separation (\$85 million), partially offset by the benefits of global tax planning initiatives and foreign tax rate differentials. For the three and nine months ended June 30, 2015, Adient's effective tax rate was 30% and 17%, 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 non-cash tax charge in the third quarter of fiscal 2015 for Adient's change in assertion over permanently reinvested earnings associated with the Interiors joint venture transaction (\$75 million) and a tax law change in Japan.

Income Attributable to Noncontrolling Interests

(in millions)	Three Months Ended June 30,			Nine Months Ended June 30,		
	2016	2015	Change	2016	2015	Change
Income attributable to noncontrolling interests	\$21	\$16	31%	\$61	\$53	15%

The increase in income attributable to noncontrolling interests for the three and nine months ended June 30, 2016 was primarily due to higher income at partially-owned Seating affiliates.

Net Income Attributable to Adient

(in millions)	Three Months Ended June 30,			Nine Months Ended June 30,		
	2016	2015	Change	2016	2015	Change
Net income (loss) attributable to Adient	\$(14)	\$208	*	\$(656)	\$591	*

* Measure not meaningful

The decrease in net income attributable to Adient for the three months ended June 30, 2016 was primarily due to costs related to the separation of Adient (\$122 million), a non-recurring non-cash tax charge related to changes in entity tax status associated with the proposed separation (\$85 million) and current period restructuring and impairment charges (\$75 million), partially offset by a non-cash tax charge in the third quarter of fiscal 2015 for Adient's change in assertion over permanently reinvested earnings associated with the Interiors joint venture transaction (\$75 million). Excluding these items, net of tax, net income attributable to Adient decreased by \$38 million.

The decrease in net income attributable to Adient for the nine months ended June 30, 2016 was primarily due to a non-cash one-time tax charge for a change in assertion over permanently reinvested earnings as a result of the proposed separation (\$778 million), costs related to the separation of Adient (\$254 million), restructuring and impairment costs (\$244 million) and a non-recurring non-cash tax charge related to changes in entity tax status associated with the proposed separation (\$85 million), partially offset by a non-cash tax charge in the third quarter of fiscal 2015 for Adient's change in assertion over permanently reinvested earnings associated with the Interiors joint venture transaction (\$75 million). Excluding these items, net of tax, net income attributable to Adient increased by \$2 million.

Comprehensive Income (Loss) Attributable to Adient

(in millions)	Three Months Ended June 30,			Nine Months Ended June 30,		
	2016	2015	Change	2016	2015	Change
Comprehensive income (loss) attributable to Adient	\$(95)	\$330	*	\$(698)	\$42	*

* Measure not meaningful

The decrease in comprehensive loss attributable to Adient for the three months ended June 30, 2016 was primarily due to lower net income (loss) attributable to Adient (\$222 million) as discussed above and by unfavorable foreign currency translation adjustments (\$202 million). The unfavorable foreign currency translation adjustments were primarily driven by the weakening of the Chinese yuan and Euro against the U.S. dollar in the current year.

The decrease in comprehensive loss attributable to Adient for the nine months ended June 30, 2016 was primarily due to lower net income (loss) attributable to Adient (\$1,247 million) as discussed above, partially offset by favorable foreign currency translation adjustments (\$497 million). The favorable foreign currency translation adjustments were primarily driven by the weakening of the Brazilian real, 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 June 30,			Nine Months Ended June 30,		
	2016	2015	Change	2016	2015	Change
Net Sales						
Seating	\$4,338	\$4,337	0%	\$12,776	\$12,767	0%
Interiors	24	1,065	–98%	117	3,142	–96%
Total net sales	\$4,362	\$5,402	–19%	\$12,893	\$15,909	–19%

(in millions)	Three Months Ended June 30,			Nine Months Ended June 30,		
	2016	2015	Change	2016	2015	Change
Segment Income						
Seating	\$208	\$276	–25%	\$ 634	\$691	–8%
Interiors	12	50	–76%	50	98	–49%
Total restructuring and impairment costs	(75)	—	*	(244)	—	*
Net financing charges	(2)	(4)	–50%	(8)	(11)	–27%
Income before income taxes	\$143	\$322	–56%	\$ 432	\$778	–44%

* Measure not meaningful

Seating

(in millions)	Three Months Ended June 30,			Nine Months Ended June 30,		
	2016	2015	Change	2016	2015	Change
Net sales	\$4,338	\$4,337	0%	\$12,776	\$12,767	0%
Segment income	208	276	–25%	634	691	–8%

Three Months

- Net sales increased for the three months ended June 30, 2016 due to higher volumes (\$93 million), partially offset by the unfavorable impact of foreign currency translation (\$27 million), and net unfavorable pricing and commercial settlements (\$65 million). The higher volumes were attributable to growth in Asia and Europe due to changes in automotive production levels, partially offset by expiring programs in North America.
- Segment income decreased for the three months ended June 30, 2016 due to current year separation costs (\$122 million), net unfavorable pricing and commercial settlements (\$23 million), net unfavorable selling, general and administrative expenses (\$13 million) as a result of restructuring actions and operational efficiencies, the unfavorable impact of foreign currency translation (\$1 million), partially offset by lower operating costs (\$28 million), higher volumes as discussed above (\$18 million), a favorable legal settlement (\$14 million), lower engineering expenses (\$10 million), lower purchasing costs resulting from supplier price concessions (\$9 million), higher equity income (\$9 million) and incremental operating income related to a prior year business acquisition (\$3 million).

Year-to-Date

- Net sales increased for the nine months ended June 30, 2016 due to higher volumes (\$484 million) and incremental sales related to a prior year business acquisition (\$19 million), partially offset by the unfavorable impact of foreign currency translation (\$392 million), and net unfavorable pricing and commercial settlements (\$102 million). The higher volumes attributable to growth in Asia and Europe, partially offset by softness in the Americas due to changes in automotive production levels and expiring programs in North America.
- Segment income decreased for the nine months ended June 30, 2016 due to current year separation costs (\$254 million), the unfavorable impact of foreign currency translation (\$16 million), net unfavorable pricing and commercial settlements (\$7 million), partially offset by lower operating costs (\$64 million), higher volumes as discussed above (\$46 million), lower purchasing costs resulting from supplier price concessions (\$29 million), lower engineering expenses (\$23 million), a favorable legal settlement (\$20 million), higher equity income (\$17 million), lower selling, general and administrative expenses (\$16 million) as a result of restructuring actions and operational efficiencies and incremental operating income related to a prior year business acquisition (\$5 million).

Interiors

(in millions)	Three Months Ended June 30,			Nine Months Ended June 30,		
	2016	2015	Change	2016	2015	Change
Net sales	\$24	\$1,065	–98%	\$117	\$3,142	–96%
Segment income	12	50	–76%	50	98	–49%

Three Months

- Net sales decreased for the three months ended June 30, 2016 due to the impact of the YFAI joint venture (\$1,002 million) and lower volumes primarily due to plant wind downs (\$45 million), partially offset by favorable pricing, and commercial settlements (\$3 million).
- Segment income decreased for the three months ended June 30, 2016 due to the impact of the July 2, 2015 joint venture transaction and related prior year held for sale depreciation impact (\$55 million), lower volumes as discussed above (\$9 million), partially offset by lower selling, general and administrative expenses (\$12 million), prior year transaction costs (\$11 million), and lower operating costs (\$3 million).

Year-to-Date

- Net sales decreased for the nine months ended June 30, 2016 due to the impact of the YFAI joint venture (\$2,939 million), lower volumes primarily due to plant wind downs (\$77 million), the unfavorable impact of foreign currency translation (\$10 million), partially offset by net favorable pricing and commercial settlements (\$1 million).
- Segment income decreased for the nine months ended June 30, 2016 due to the July 2, 2015 joint venture transaction and related prior year held for sale depreciation impact (\$109 million), lower volumes as discussed above (\$14 million), unfavorable pricing and commercial settlements (\$5 million), the unfavorable impact of foreign currency translation (\$1 million), partially offset by prior year transaction costs (\$28 million), lower selling, general and administrative expenses (\$24 million), favorable settlements from prior year business divestitures (\$22 million) and lower operating costs (\$7 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	\$ 475	\$ 307	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%	

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 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	
<i>Net Sales</i>			
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	
<i>Segment Income (Loss)</i>			
Seating	\$ 935	\$ 898	4%
Interiors	224	(5)	* ▲
Net financing charges	(12)	(15)	– 20%
Restructuring and impairment costs	(182)	(158)	15%
Net mark-to-market adjustments on pension and postretirement plans	<u>(6)</u>	<u>(50)</u>	– 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%

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	
<i>Net Sales</i>			
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	
<i>Segment Income (Loss)</i>			
Seating	\$ 898	\$ 737	22%
Interiors	(5)	(21)	76%▲
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 below and the “Description of Material Indebtedness” section of this information statement for discussion of future financing arrangements.

Indebtedness

In July 2016, AGH entered into credit facilities providing for commitments with respect to a \$1.5 billion Revolving Credit Facility and a \$1.5 billion Term Loan A Facility. The credit facilities mature in July 2021. Commencing June 30, 2017 (or if the distribution occurs prior to December 31, 2016, the last day of the first full fiscal quarter after distribution), the Term Loan A Facility will require quarterly amortization payments of 0.625% of the original principal amount thereof in the first year, increasing to 2.50% of the original principal amount thereof by the fourth year. Following the distribution date, the Credit Facility 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. 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%. 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. Following the distribution date, the credit facilities will bear interest based on either LIBOR or a base rate. LIBOR loans will bear interest at a rate of LIBOR plus a margin between 1.25%-2.25% and base rate loans will bear interest at the base rate plus a margin of between 0.25%-1.25% (margins are determined based on Adient’s total net leverage ratio).

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.

Additionally, in August 2016, AGH preliminarily offered, €1.0 billion of EUR-denominated senior unsecured notes due 2024 and \$0.9 billion USD-denominated senior unsecured notes due 2026, through a private offering exempt from the registration requirements of the Securities Act of 1933. The offer is expected to close in August 2016. The proceeds of the notes will be used, together with anticipated borrowings from the new credit facilities, to make a cash transfer of \$3.0 billion to Johnson Controls with the remaining proceeds to be used for working capital and general corporate purposes.

Working Capital

<u>(in millions)</u>	<u>June 30, 2016</u>	<u>September 30, 2015</u>	<u>Change</u>
Current assets	\$ 3,688	\$ 3,806	
Current liabilities	(3,889)	(4,011)	
Working capital	(201)	(205)	2%
Accounts receivable	\$ 2,132	\$ 2,134	—%
Inventories	691	701	—1%
Accounts payable	2,503	2,653	—6%

- Higher working capital at June 30, 2016 as compared to September 30, 2015 was primarily due to a decrease in accounts payable due to timing of supplier payments.
- Adient's days sales in accounts receivable at June 30, 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 nine months ended June 30, 2016 was consistent with the comparable period ended September 30, 2015.
- Days in accounts payable at June 30, 2016 were 70, a decrease from 76 at September 30, 2015.

<u>(in millions)</u>	<u>September 30, 2015</u>	<u>September 30, 2014</u>	<u>Change</u>
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

<u>(in millions)</u>	<u>Nine Months Ended June 30,</u>	
	<u>2016</u>	<u>2015</u>
Cash provided by operating activities	\$ 444	\$ 183
Cash used by investing activities	(278)	(404)
Cash provided (used) by financing activities	(91)	273
Capital expenditures	(312)	(369)

- The increase in cash from operating activities was primarily due to favorable changes in working capital accounts, including 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 an increase in 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.

<u>(in millions)</u>	<u>Year Ended September 30,</u>	
	<u>2015</u>	<u>2014</u>
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 \$244 million of restructuring and impairment costs in the combined statements of income. The restructuring action related to cost reduction initiatives in the Seating and Interiors segments. 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 \$105 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 27% 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 \$196 million at June 30, 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 2016. The restructuring plan reserve balance of \$126 million at June 30, 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 \$28 million and \$15 million, respectively, at June 30, 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):

	<u>Total</u>	<u>2016</u>	<u>2017 - 2018</u>	<u>2019 - 2020</u>	<u>2021 and Beyond</u>
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*	<u>183</u>	<u>30</u>	<u>42</u>	<u>50</u>	<u>61</u>
Total contractual cash obligations	<u>\$767</u>	<u>\$399</u>	<u>\$168</u>	<u>\$112</u>	<u>\$88</u>

* Amounts reflect current estimates of pension and postretirement contributions as of June 30, 2016.

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 reasonably 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 second and third quarters of fiscal 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 \$41 million impairment charge within restructuring and impairment costs on the combined statements of income, of which \$9 million was recorded in the second quarter and \$32 million was recorded in the third quarter. Of the total impairment charges, \$40 million related to the Seating segment and \$1 million related to the Interiors 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 impairment 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 June 30, 2016, 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.

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.

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 June 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-13, “Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments.” ASU No. 2016-13 changes the impairment model for financial assets measured at amortized cost, requiring presentation at the net amount expected to be collected. The measurement of expected credit losses is based upon historical experience, current conditions, and reasonable and supportable forecasts. Available-for-sale debt securities with unrealized losses will now be recorded through an allowance for credit losses. ASU No. 2016-13 will be effective for Adient for the quarter ended December 31, 2020, with early adoption permitted. The adoption of this guidance is not expected to have a significant impact on Adient’s combined financial statements.

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 impacts certain aspects of the accounting for share-based payment transactions, including the income tax consequences, classification of awards as either equity or liabilities, and classification on the statement of cash flows. 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 for an investment that qualifies for the use of the equity method of accounting as a result of an increase in the level of ownership or degree of influence, to 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 for Adient for the quarter ending December 31, 2018, and early adoption is not permitted, with certain exceptions. The changes are required to be applied by means of a cumulative-effect adjustment on the balance sheet as of the beginning of the fiscal year of adoption. 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 prospectively 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 No. 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 No. 2014-09. ASU No. 2016-08, ASU No. 2016-10 and ASU No. 2016-12 follow the same implementation guidelines as ASU No. 2014-09 and ASU No. 2015-14. 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 August 15, 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.

<u>Name</u>	<u>Age</u>	<u>Position</u>
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 August 15, 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. Mr. McDonald also brings deep relationships with customers and key joint venture partners.

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. The Executive Committee is expected to consist of R. Bruce McDonald, John M. Barth, Richard Goodman and Frederick A. Henderson.

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 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 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 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, Frederick A. Henderson and Barb J. Samardzich.

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.

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.

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.

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.

<u>Named Executive Officer</u>	<u>Fiscal Year 2014 Base Salary (effective October 1, 2013)</u>	<u>Fiscal Year 2015 Base Salary (effective October 1, 2014)</u>	<u>% Increase</u>
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.

- *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

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)

<u>Measure</u>		<u>Weighting</u>	<u>Threshold</u>	<u>Target</u>	<u>Maximum</u>
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

<u>Award</u>	<u>Pre-Tax Earnings Growth</u>	<u>Pre-Tax ROIC</u>
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.

<u>Fiscal Year</u>	<u>Pre-Tax Earnings Growth Target</u>	<u>Pre-Tax Earnings Growth Actual</u>	<u>ROIC Target</u>	<u>ROIC Actual</u>	<u>Performance Factor (percentage of target)</u>	<u>Annual Weighting</u>	<u>Annual Weighted Performance</u>
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.

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	2014	881,000	2,173,942	724,989	2,972,000	750,796	190,701	7,693,428
Officer, Adient	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

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										
	11/18/2014							24,885	80,437	50.23	1,247,578
	(7)	600,000	1,500,000	3,000,000							1,249,974
	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.

- (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.

- (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

- 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.

<u>Name</u>	<u>Executive Contributions in Last FY(1) (\$)</u>	<u>Registrant Contributions in Last FY(2) (\$)</u>	<u>Aggregate Earnings in Last FY(3) (\$)</u>	<u>Aggregate Withdrawals/ Distributions (\$)</u>	<u>Aggregate Balance at Last FYE(4) (\$)</u>
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;

- 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

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:

	<u>R. Bruce McDonald</u>
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;

- 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.

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:

	<u>R. Bruce McDonald</u>
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;

- 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:

	<u>R. Bruce McDonald</u>
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 \$145,000 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

It is expected that, prior to the completion of the separation, the Adient board of directors will adopt, subject to the approval of Adient's sole shareholder, the Adient plc 2016 Omnibus Incentive Plan, which we refer to as the "Adient Omnibus Plan," and which will become effective upon the consummation of the distribution.

The following is a brief description of the principal features of the Adient Omnibus Plan. This summary is subject to, and qualified in its entirety by reference to, the Adient Omnibus Plan, the form of which is attached as Exhibit 10.9 to the registration statement of which this information statement is a part.

Purpose

The Adient Omnibus Plan has two complementary purposes: (a) to attract and retain outstanding individuals to serve as officers and employees and (b) to increase shareholder value. The Adient Omnibus Plan will provide participants incentives to increase shareholder value by offering the opportunity to acquire shares of Adient, or receive monetary payments, on the potentially favorable terms that the Adient Omnibus Plan provides. In addition, the Adient Omnibus Plan permits the issuance of awards, which we refer to as "Replacement Awards," in partial substitution for awards relating to ordinary shares of Johnson Controls immediately prior to the separation and distribution. See "Certain Relationships and Related Person Transactions—Employee Matters Agreement—Treatment of Equity Compensation" for more information about the treatment of outstanding Johnson Controls equity awards in connection with the separation and distribution.

Administration and Eligibility

The Adient Omnibus Plan will be administered by the Adient Compensation Committee (which we refer to as the "administrator" for purposes of this section), which has the authority to, among other things, (a) interpret the provisions of the Adient Omnibus Plan and any award agreement; (b) prescribe, change, and rescind rules and regulations relating to the Adient Omnibus Plan; (c) correct any defect, supply any omission, or reconcile any inconsistency in the Adient Omnibus Plan,

any award or agreement covering an award in the manner and to the extent it deems desirable to carry the Adient Omnibus Plan or such award into effect; and (d) make all other determinations necessary or advisable for the administration of this Plan. In addition, subject to any limitations imposed by law, the Adient board of directors may delegate to another committee of the Adient board of directors or to one or more officers of Adient, or the administrator may delegate to one or more officers of Adient, any or all of their respective authority and responsibility as an administrator of the Adient Omnibus Plan; however, no such delegation is permitted with respect to share-based awards made to “officers” subject to the provisions of Section 16 of the Exchange Act or awards made to participants subject to Section 162(m) of the Code at the time any such delegated authority or responsibility is exercised, unless the delegation is to another committee of the Adient board of directors consisting entirely of directors who are “non-employee directors” within the meaning of Rule 16b-3 promulgated under the Exchange Act and “outside directors” within the meaning of Section 162(m) of the Code.

The administrator may not increase the amount of compensation payable under an award that is intended to be performance-based compensation under Section 162(m) of the Code, although the administrator may decrease the amount of compensation that a participant may earn under the award.

The administrator (to the extent of its authority) may designate any of the following as a participant under the Adient Omnibus Plan: any officer or other employee of Adient or its affiliates or any individual that Adient or one of its affiliates have engaged to become an officer or employee. Approximately [2,400] employees are expected to be eligible to participate in the Adient Omnibus Plan.

Shares Reserved under the Adient Omnibus Plan

The Adient Omnibus Plan provides that 4,000,000 Adient ordinary shares will be reserved for issuance under the plan (excluding the aggregate number of Adient ordinary shares subject to the Replacement Awards). The Adient Omnibus Plan also provides that Adient may only issue an aggregate of 4,000,000 Adient ordinary shares upon the exercise of incentive share options.

In general, if (a) an award granted under the Adient Omnibus Plan expires, is cancelled, or terminates without the issuance of shares under the award, (b) it is determined during or at the conclusion of the term of an award that all or some portion of the shares under the award will not be issuable on the basis that the conditions for such issuance will not be satisfied, (c) shares are forfeited under an award, or (d) shares are issued under any award and Adient reacquires them pursuant to rights Adient reserved upon the issuance of the shares, then such shares will again be available for issuance under the Adient Omnibus Plan in the same number as they depleted the reserve, except that shares reacquired pursuant to reserved rights may not be issued pursuant to incentive share options. Shares tendered or withheld in payment of the exercise price of an option, shares withheld to satisfy tax withholding obligations, and shares purchased by Adient using proceeds from option exercises may not be recredited to the reserve.

Types of Awards

Awards under the Adient Omnibus Plan may consist of share options, share appreciation rights, performance shares, performance units, restricted shares, restricted share units, deferred share rights, dividend equivalent units, other share-based awards, annual incentive awards, or long-term incentive awards. The administrator may grant any type of award to any participant it selects, but only Adient and its subsidiaries’ employees may receive grants of incentive share options. Awards may be granted alone or in addition to, in tandem with, or (subject to the Adient Omnibus Plan’s prohibition on repricing) in substitution for any other award (or any other award granted under another plan of Adient or its affiliates).

Options

The administrator has the authority to grant share options and to determine all terms and conditions of each share option, including the number of share options granted; whether an option is to be an incentive share option or nonqualified share option; the date of grant, which is not prior to the date of the administrator's approval of the grant; a grant price that is not less than the fair market value of Adient ordinary shares subject to the option on the date of grant; and the terms and conditions of exercise. Fair market value is defined as the last sales price of an Adient ordinary share for the date in question, or if no sales of Adient ordinary shares occur on such date, on the last preceding date on which there was such a sale. The administrator also determines the expiration date of each option, but the expiration date will not be later than ten years after the grant date. If the aggregate fair market value of the shares subject to the portion of an incentive share option that becomes exercisable during a calendar year exceeds \$100,000, then the option is treated as a nonqualified share option to the extent the \$100,000 limitation is exceeded.

Each incentive share option that the administrator grants to an eligible employee who owns more than 10% of the total combined voting power of all classes of shares then issued by Adient or a subsidiary must have an exercise price at least equal to 110% of the fair market value of the ordinary shares on the date of grant and must terminate no later than five years after the date of grant.

Share Appreciation Rights

The administrator has the authority to grant share appreciation rights. A share appreciation right is the right of a participant to receive cash in an amount, and/or Adient ordinary shares with a fair market value, equal to the appreciation of the fair market value of an Adient ordinary share during a specified period of time. The Adient Omnibus Plan provides that the administrator determines all terms and conditions of each share appreciation right, including: whether the share appreciation right is granted independently of a share option or relates to a share option; the number of Adient ordinary shares to which the share appreciation right relates; the date of grant, which is not prior to the date of the administrator's approval of the grant; a grant price that is not less than the fair market value of the Adient ordinary shares subject to the share appreciation right on the date of grant; the terms and conditions of exercise or maturity; a term that must be no later than ten years after the date of grant; and whether the share appreciation right will settle in cash, Adient ordinary shares, or a combination of the two.

Performance and Share Awards

The administrator has the authority to grant awards of restricted shares, restricted share units, deferred share rights, performance shares, or performance units. Restricted shares are Adient ordinary shares that are subject to a risk of forfeiture, restrictions on transfer, or both a risk of forfeiture and restrictions on transfer. A restricted share unit represents the right to receive a payment equal to the fair market value of one Adient ordinary share. A deferred share right represents the right to receive Adient ordinary shares or restricted shares at some future time. A performance share is the right to receive Adient ordinary shares, including restricted shares, to the extent performance goals are achieved. A performance unit represents the right to receive a payment valued in relation to a unit that has a designated dollar value or the value of which is equal to the fair market value of one or more Adient ordinary shares, to the extent performance goals are achieved.

The administrator determines all terms and conditions of the awards, including: the number of Adient ordinary shares and/or units to which such award relates; whether performance goals need to be achieved for the participant to realize any portion of the benefit provided under the award; the period of restriction with respect to restricted shares or restricted share units and the period of deferral for deferred share rights; the performance period for performance awards; with respect to performance

units, whether to measure the value of each unit in relation to a designated dollar value or the fair market value of one or more Adient ordinary shares; and, with respect to performance units, whether the awards will settle in cash, in Adient ordinary shares, or in a combination of the two.

Incentive Awards

The administrator has the authority to grant annual and long-term incentive awards. Incentive awards are the right to receive a cash payment to the extent performance goals are achieved. The administrator will determine all of the terms and conditions of each incentive award, including the performance goals, the performance period, the potential amount payable, and the timing of payment; however, the administrator must require that payment of all or any portion of the amount subject to the award is contingent on the achievement of one or more performance goals during the period the administrator specifies, although the administrator may specify that all or a portion of the goals are deemed achieved upon a participant's death, disability, or, for awards not intended to qualify as performance-based compensation within the meaning of Section 162(m) of the Code, retirement, or such other circumstances as the administrator may specify. For annual incentive awards, the performance period must relate to a period of one fiscal year, and for long-term incentive awards, the performance period must relate to a period of more than one fiscal year; however, for annual incentive awards, if the award is made in the year the Adient Omnibus Plan becomes effective, at the time of commencement of employment, or on the occasion of a promotion, then the award may relate to a period shorter than one fiscal year.

Dividend Equivalent Units

The administrator has the authority to grant dividend equivalent units in connection with "full value" awards, defined to include restricted shares, restricted share units, performance shares, performance units (valued in relation to a share), deferred share rights, and any other similar award under which the value of the award is measured as the full value of a share, rather than the increase in the value of a share. A dividend equivalent unit is the right to receive a payment, in cash or Adient ordinary shares, equal to the cash dividends or other distributions that Adient pays with respect to an Adient ordinary share. The administrator determines all terms and conditions of a dividend equivalent unit award, except that dividend equivalent units that relate to performance awards that are contingent on the achievement of a performance goal at the time the cash dividend or other distribution is paid with respect to a share must also be contingent on the achievement of such performance goal and may not be paid until the performance goal is achieved.

Other Awards

The administrator has the authority to grant other types of awards, which may be denominated or payable in, valued in whole or in part by reference to, or otherwise based on, Adient ordinary shares, either alone or in addition to or in conjunction with other awards, and payable in Adient ordinary shares or cash. Such awards may include unrestricted Adient ordinary shares, which may be awarded, without limitation, as a bonus, in lieu of cash compensation, in exchange for cancellation of a compensation right, or upon the attainment of performance goals, or otherwise, or rights to acquire Adient ordinary shares from Adient. The administrator determines all terms and conditions of the award, including the time or times at which such award is made and the number of Adient ordinary shares to be granted pursuant to such award or to which such award will relate. Any award that provides for purchase rights must be priced at 100% of the fair market value of an Adient ordinary share on the date of the award.

Performance Goals

For purposes of the Adient Omnibus Plan, performance goals means the following categories, including in each case any measure based on such category: basic earnings per share for Adient on a consolidated basis; diluted earnings per share for Adient on a consolidated basis; total shareholder return; fair market value of Adient ordinary shares; net sales; increase in percentage of total revenues represented by consolidated or unconsolidated revenues; cost of sales; gross profit; selling, general, and administrative expenses; operating income; segment income; earnings before interest and the provision for income taxes (EBIT); earnings before interest, the provision for income taxes, depreciation, and amortization (EBITDA); net income; accounts receivable; inventories; trade working capital; return on equity; return on assets; return on invested capital; return on sales; economic value added, or other measure of profitability that considers the cost of capital employed; free cash flow; net cash provided by operating activities; net increase (decrease) in cash and cash equivalents; increase (decrease) in debt or net debt; customer satisfaction, which may include customer backlog and/or relationships; market share; quality; safety; realization or creation of innovation projects or products; achievement of cost reduction targets or restructuring initiatives; employee engagement; employee and/or supplier diversity improvement; completion of integration of acquired businesses and/or strategic activities; and development, completion, and implementation of succession planning.

The performance goals, other than, in general, the per-share or share-based goals, may be measured for Adient on a consolidated basis, for any one or more of Adient's affiliates or divisions, and/or for any other business unit or units of Adient or its affiliates as defined by the administrator at the time of selection.

In addition, the administrator may designate other categories, including categories involving individual performance and subjective targets, not listed above with respect to awards that are not intended to qualify as performance-based compensation within the meaning of Section 162(m) of the Code or to the extent that the application of such categories results in a reduction of the maximum amount otherwise payable under the award.

Performance goals will generally be determined after excluding any gains or losses from the sale of assets outside the ordinary course of business; any gains or losses from discontinued operations; any extraordinary gains or losses; the effects of accounting changes; any unusual, nonrecurring, transition, one-time, or similar items or charges; the diluted impact of goodwill on acquisitions; and any other items specified by the administrator. For awards intended to qualify as performance-based compensation under Section 162(m) of the Code, the administrator will specify the excluded items in writing at the time the award is made unless, after application of the excluded items, the amount payable under the award is reduced.

Limit on Awards

Under the Adient Omnibus Plan, no participant may be granted awards that could result in such participant:

- receiving share options for, or share appreciation rights with respect to, more than 2,000,000 Adient ordinary shares during any fiscal year;
- receiving awards of restricted shares, restricted share units, and/or deferred share rights relating to more than 800,000 Adient ordinary shares during any fiscal year;
- receiving awards of performance shares and/or awards of performance units, the value of which is based on the fair market value of Adient ordinary shares, for more than 1,600,000 Adient ordinary shares during any fiscal year;

- receiving awards of performance units, the value of which is not based on the fair market value of Adient ordinary shares, that would pay more than \$15,000,000 in any fiscal year;
- receiving other share-based awards not described above with respect to more than 800,000 Adient ordinary shares during any fiscal year;
- receiving an annual incentive award in any fiscal year that would pay more than \$10,000,000; or
- receiving a long-term incentive award in any fiscal year that would pay more than \$15,000,000.

Each of the share limitations is subject to adjustment as described below. Replacement Awards are not subject to these limitations.

Effect of Termination of Employment or Service on Awards

The administrator will have the discretion to determine, at the time an award is made to a participant or any time thereafter, the effect of the participant's termination of employment or service with Adient or its affiliates on the award.

Transferability and Restrictions on Exercise

No award (other than unrestricted shares), and no right under any such award, is assignable, alienable, saleable, or transferable by a participant except by will or by the laws of descent and distribution, unless and to the extent the administrator allows a participant to designate in writing a beneficiary to exercise the award or receive payment under an award after the participant's death, or transfer an award.

Each award, and each right under any award, will be exercisable during the lifetime of the participant only by the participant or, if permissible under applicable law, by such individual's guardian or legal representative.

Adjustments

If any of the following occurs:

- Adient involved in a merger or other transaction in which Adient ordinary shares are changed or exchanged;
- Adient subdivides or combines its ordinary shares or Adient declares a dividend payable in Adient ordinary shares, other securities, or other property;
- Adient effects a cash dividend, the amount of which, on a per share basis, exceeds 10% of the fair market value of an Adient ordinary share at the time the dividend is declared, or Adient effects any other dividend or other distribution on its ordinary shares in the form of cash, or a repurchase of ordinary shares, that the Adient board of directors determines is special or extraordinary in nature or that is in connection with a transaction that Adient characterizes publicly as a recapitalization or reorganization involving ordinary shares; or
- any other event occurs, which, in the judgment of the Adient board of directors or the Adient Compensation Committee necessitates an adjustment to prevent an increase or decrease in the benefits or potential benefits intended to be made available under the Adient Omnibus Plan;

then the administrator will, in a manner it deems equitable to prevent an increase or decrease in the benefits or potential benefits intended to be made available under the Adient Omnibus Plan and subject to certain provisions of the Code, adjust the number and type of ordinary shares subject to the Adient Omnibus Plan and that may, after the event, be made the subject of awards; the number and type of ordinary shares subject to outstanding awards; the grant, purchase, or exercise price with

respect to any award; and subject to compliance with Section 162(m) of the Code, performance goals of an award.

In any such case, the administrator may also provide for a cash payment to the holder of an outstanding award in exchange for the cancellation of all or a portion of the award (without the consent of the holder) in an amount and at a time determined by the administrator.

No such adjustments may be authorized in the case of incentive share options to the extent that such authority would cause the Adient Omnibus Plan to violate Section 422(b) of the Code.

Without limitation, if there is a reorganization, merger, consolidation, combination, or other similar corporate transaction or event, whether or not constituting a change of control (other than any such transaction in which Adient is the continuing corporation and in which the outstanding ordinary shares are not being converted into or exchanged for different securities, cash, or other property, or any combination thereof), the administrator may substitute for each share then subject to an award and the shares subject to the Adient Omnibus Plan the number and kind of ordinary shares, other securities, cash, or other property to which holders of Adient ordinary shares will be entitled in respect of each share pursuant to the transaction.

In the case of a share dividend (other than a share dividend declared in lieu of an ordinary cash dividend) or subdivision or combination of the shares (including a reverse share split), if no action is taken by the administrator, the adjustments described above will automatically be made.

In connection with any merger, consolidation, acquisition of property or shares, or reorganization, the administrator may authorize the issuance or assumption of awards under the Adient Omnibus Plan, subject to the listing requirements of any principal securities exchange or market on which the shares are then traded.

Change of Control

Unless otherwise provided in an applicable employment, retention, change of control, severance, award, or similar agreement, or by the administrator prior to the event, in the event of a change of control of Adient, the following will occur:

If the purchaser, successor, or surviving corporation (or parent thereof) (which we refer to as the “survivor”) so agrees, some or all outstanding awards will be assumed, or replaced with the same type of award with similar terms and conditions, by the survivor in the change of control transaction, subject to appropriate adjustments. In this case, the terms of the Adient Omnibus Plan do not provide for automatic acceleration of vesting of awards. In addition, the Adient Omnibus Plan does not provide for an automatic payout of cash incentive awards upon such a change of control, although individual cash incentive awards may provide for an automatic pro rata payout.

To the extent the survivor in the change of control transaction does not agree to assume the awards or issue replacement awards, then immediately prior to the date of the change of control:

- each share option or share appreciation right that is then held by a participant who is employed by or in the service of Adient or its affiliates will become fully vested, and, unless otherwise determined by the Adient board of directors or the Adient Compensation Committee, all share options and share appreciation rights will be cancelled in exchange for a cash payment equal to the excess of the change of control price (as determined by the administrator) of the Adient ordinary shares covered by the share option or share appreciation right over the purchase or grant price of such ordinary shares under the award;
- restricted shares, restricted share units, and deferred share rights (that are not performance awards) that are not vested will vest;

- all performance and incentive awards that are earned but not yet paid will be paid, and all performance and incentive awards for which the performance period has not expired will be cancelled in exchange for a cash payment equal to a prorated portion of the target value of the award reflecting the portion of the performance period that had elapsed prior to the change of control;
- all dividend equivalent units that are not vested will vest and be paid in cash; and
- all other awards that are not vested will vest and if an amount is payable under such vested award, then such amount will be paid in cash based on the value of the award.

If the Survivor terminates the participant's employment or service without cause (as defined in the agreement relating to the award or, if not defined in such an agreement, as defined by the administrator) or if the participant has in effect an employment, retention, change of control, severance, or similar agreement with Adient or its affiliates that contemplates the termination of his or her employment or service for good reason, and the participant terminates his or her employment or service for good reason (as defined in such agreement), in either case, within 24 months after a change of control, then any assumed or replaced awards, and any awards not cancelled in connection with the change of control, will be treated as follows:

- all outstanding awards or replacement awards will vest automatically (assuming, for any award the vesting of which is subject to performance goals, that such goals had been met at the target level);
- share options and share appreciation rights will be cancelled in exchange for a payment in cash and/or shares (which may include shares or other securities of the survivor) equal to the excess of the fair market value of the shares on the date of such termination covered by the portion of the share option or share appreciation right that has not been exercised over the exercise or grant price of such shares under the award;
- restricted shares, restricted share units, or deferred share rights will be cancelled as of the date of such termination in exchange for a payment in cash and/or shares (which may include shares or other securities of the survivor) equal to the fair market value of a share;
- performance awards and annual and long-term incentive awards that are earned but not yet paid will be paid upon the termination of employment or service, and performance awards and annual and long-term incentive awards for which the performance period has not expired will be cancelled in exchange for a cash payment equal to a prorated portion of the target value of the award reflecting the portion of the performance period that had elapsed prior to the termination; and
- other awards will be cancelled as of the date of such termination in exchange for a payment in cash in an amount equal to the value of the award.

Payments under these change of control and termination provisions will generally be made no later than 30 days after the triggering event. If the participant has a deferral election in effect with respect to any amount payable under these change of control provisions, that amount generally will be deferred pursuant to such election.

Except as otherwise expressly provided in any agreement between a participant and Adient or its affiliates, if the receipt of any payment by a participant under the circumstances described above would result in the payment by the participant of any excise tax provided for in Sections 280G and 4999 of the Code, then the amount of such payment shall be reduced to the extent required to prevent the imposition of such excise tax.

A “change of control” is generally defined by the Adient Omnibus Plan as the first to occur of the following:

- the acquisition by a person of 35% or more beneficial ownership of Adient’s then-outstanding ordinary shares or then-outstanding voting securities (excluding acquisitions from or by Adient or by any of Adient’s employee benefit plans);
- a majority change in the Adient board of directors that is not approved by at least a majority of Adient’s incumbent board of directors (or their board-approved successors);
- consummation of a reorganization, merger, statutory share exchange, or consolidation or similar corporate transaction involving Adient or any of its subsidiaries, a sale or other disposition of all or substantially all of Adient’s assets, or the acquisition of assets or shares of another entity by Adient or any of its subsidiaries, in each case, unless, following such event, (a) all or substantially all of the individuals and entities that were the beneficial owners of Adient’s then-outstanding ordinary shares or then-outstanding voting securities beneficially own, directly or indirectly, more than 50% of the then-outstanding common or ordinary shares 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 event in substantially the same proportions as their ownership immediately prior to such event of the outstanding Adient ordinary shares and the outstanding Adient voting securities, as the case may be, (b) no person (excluding specified persons) beneficially owns, directly or indirectly, 35% or more of, respectively, the then-outstanding common or ordinary shares of the corporation resulting from such event or the combined voting power of the then-outstanding voting securities of such corporation, except to the extent that such ownership existed prior to the event, and (c) at least a majority of the members of the board of directors of the corporation resulting from such event were members of Adient’s incumbent board of directors at the time of the execution of the initial agreement or of the action of the Adient board of directors providing for such event; or
- approval by Adient’s shareholders of a complete liquidation or dissolution of Adient.

Term of Adient Omnibus Plan

Unless earlier terminated by the Adient board of directors, the Adient Omnibus Plan will remain in effect until all ordinary shares reserved for issuance under the plan have been issued. If the term of the Adient Omnibus Plan extends beyond ten years, no further incentive share options may be granted unless the shareholders have approved an extension of the Adient Omnibus Plan for that purpose.

Termination and Amendment

The Adient board of directors or the Adient Compensation Committee may amend, alter, suspend, discontinue, or terminate the Adient Omnibus Plan at any time, except:

- the Adient board of directors must approve any amendment to the Adient Omnibus Plan if Adient determines such approval is required by prior action of the Adient board of directors, applicable corporate law or any other applicable law;
- shareholders must approve any amendment to the Adient Omnibus Plan if Adient determines that such approval is required by Section 16 of the Exchange Act, the Code, the listing requirements of any principal securities exchange or market on which Adient ordinary shares are then traded, or any other applicable law; and
- shareholders must approve any amendment to the Adient Omnibus Plan that materially increases the number of ordinary shares reserved under the Adient Omnibus Plan, the incentive

share option award limits, or the per participant award limitations set forth in the Adient Omnibus Plan, that materially expands the group of individuals that may become participants under the Adient Omnibus Plan, or that diminishes the provisions on repricing or backdating share options and share appreciation rights.

The administrator may modify, amend, or cancel any award or waive any restrictions or conditions applicable to any award or the exercise of the award, to the extent not prohibited by the terms of the Adient Omnibus Plan. Any modification or amendment that materially diminishes the rights of the participant or any other person that may have an interest in the award, or that cancels any award, will be effective only if agreed to by that participant or other person. The administrator does not need to obtain participant or other interested party consent, however, for the adjustment or cancellation of an award pursuant to the adjustment provisions of the Adient Omnibus Plan or the modification of an award to the extent deemed necessary to comply with any applicable law or the listing requirements of any principal securities exchange or market on which Adient ordinary shares are then traded, to the extent the administrator deems necessary to preserve favorable accounting or tax treatment of any award for Adient, or to the extent the administrator determines that the action does not materially and adversely affect the value of an award or that such action is in the best interest of the affected participant or any other person(s) with an interest in the award.

The authority of the administrator to terminate or modify the Adient Omnibus Plan or awards thereunder will extend beyond the termination date of the Adient Omnibus Plan. In addition, termination of the Adient Omnibus Plan will not affect the rights of participants with respect to awards previously granted to them, and all unexpired awards will continue in force after termination of the Adient Omnibus Plan except as they may lapse or be terminated by their own terms and conditions.

Repricing Prohibited

Neither the administrator nor any other person may: (a) amend the terms of outstanding share options or share appreciation rights to reduce the exercise price of such outstanding share options or share appreciation rights; (b) cancel outstanding share options or share appreciation rights in exchange for share options or share appreciation rights with an exercise price that is less than the exercise price of the original share options or share appreciation rights; or (c) cancel outstanding share options or share appreciation rights with an exercise price above the current share price in exchange for cash or other securities.

Backdating Prohibited

The administrator may not grant a share option or share appreciation right with a grant date that is effective prior to the date the administrator takes action to approve such award.

Foreign Participation

To assure the viability of awards granted to participants employed or residing in foreign countries, the administrator may provide for such special terms as it may consider necessary or appropriate to accommodate differences in local law, tax policy, or custom. Moreover, the administrator may approve such supplements to, or amendments, restatements, or alternative versions of, the Adient Omnibus Plan as it determines is necessary or appropriate for such purposes. Any such amendment, restatement, or alternative versions that the administrator approves for purposes of using the Adient Omnibus Plan in a foreign country will not affect the terms of the Adient Omnibus Plan for any other country.

Certain Federal Income Tax Consequences

The following summarizes certain U.S. federal income tax consequences relating to the Adient Omnibus Plan. The summary is based upon the laws and regulations in effect as of the date of this

information statement and does not purport to be a complete statement of the law in this area. Furthermore, the discussion below does not address the tax consequences of the receipt or exercise of awards under foreign, state, or local tax laws, and such tax laws may not correspond to the federal income tax treatment described herein. The exact federal income tax treatment of transactions under the Adient Omnibus Plan will vary depending upon the specific facts and circumstances involved and participants are advised to consult their personal tax advisors with regard to all consequences arising from the grant or exercise of awards and the disposition of any acquired shares.

Share Options

The grant of a share option under the Adient Omnibus Plan will create no income tax consequences to Adient or to the recipient. A participant who is granted a nonqualified share option will generally recognize ordinary compensation income at the time of exercise in an amount equal to the excess of the fair market value of the ordinary shares at such time over the aggregate exercise price. Adient will generally be entitled to a deduction in the same amount and at the same time as the participant recognizes ordinary income. Upon the participant's subsequent disposition of the ordinary shares received with respect to such share option, the participant will recognize a capital gain or loss (long-term or short-term, depending on the holding period) to the extent the amount realized from the sale differs from the tax basis (i.e., the fair market value of the ordinary shares on the exercise date).

In general, a participant will recognize no income or gain as a result of the exercise of an incentive share option, except that the alternative minimum tax may apply. Except as described below, the participant will recognize a long-term capital gain or loss on the disposition of the ordinary shares acquired pursuant to the exercise of an incentive share option and Adient will not be allowed a deduction. If the participant fails to hold the ordinary shares acquired pursuant to the exercise of an incentive share option for at least two years from the grant date of the incentive share option and one year from the exercise date, then the participant will recognize ordinary compensation income at the time of the disposition equal to the lesser of the gain realized on the disposition and the excess of the fair market value of the ordinary shares on the exercise date over the exercise price. Adient will generally be entitled to a deduction in the same amount and at the same time as the participant recognizes ordinary income. Any additional gain realized by the participant over the fair market value at the time of exercise will be treated as a capital gain.

Share Appreciation Rights

The grant of a share appreciation right under the Adient Omnibus Plan will create no income tax consequences to Adient or to the recipient. A participant who is granted a share appreciation right will generally recognize ordinary compensation income at the time of exercise in an amount equal to the excess of the fair market value of the ordinary shares at such time over the grant price. Adient will generally be entitled to a deduction in the same amount and at the same time as the participant recognizes ordinary income. If the share appreciation right is settled in ordinary shares, upon the participant's subsequent disposition of such shares, the participant will recognize a capital gain or loss (long-term or short-term, depending on the holding period) to the extent the amount realized from the sale differs from the tax basis (i.e., the fair market value of the ordinary shares on the exercise date).

Restricted Shares

Generally, a participant will not recognize income and Adient will not be entitled to a deduction at the time an award of restricted shares is made under the Adient Omnibus Plan, unless the participant makes the election described below. A participant who has not made such an election will recognize ordinary income at the time the restrictions on the shares lapse in an amount equal to the fair market value of the restricted shares at such time. Adient will generally be entitled to a corresponding deduction in the same amount and at the same time as the participant recognizes income. Any

otherwise taxable disposition of the restricted shares after the time the restrictions lapse will result in a capital gain or loss (long-term or short-term, depending on the holding period) to the extent the amount realized from the sale differs from the tax basis (i.e., the fair market value of the ordinary shares on the date the restrictions lapse). Dividends paid in cash and received by a participant prior to the time the restrictions lapse will constitute ordinary income to the participant in the year paid and Adient will generally be entitled to a corresponding deduction for such dividends. Any dividends paid in shares will be treated as an award of additional restricted shares subject to the tax treatment described herein.

A participant may, within 30 days after the date of the award of restricted shares, elect to recognize ordinary income as of the date of the award in an amount equal to the fair market value of such restricted shares on the date of the award (less the amount, if any, the participant paid for such restricted shares). If the participant makes such an election, then Adient will generally be entitled to a corresponding deduction in the same amount and at the same time as the participant recognizes income. If the participant makes the election, then any cash dividends the participant receives with respect to the restricted shares will be treated as dividend income to the participant in the year of payment and will not be deductible by Adient. Any otherwise taxable disposition of the restricted shares (other than by forfeiture) will result in a capital gain or loss. If the participant who has made an election subsequently forfeits the restricted shares, then the participant will not be entitled to claim a credit for the tax previously paid. In addition, Adient would then be required to include as ordinary income the amount of any deduction Adient originally claimed with respect to such shares.

Restricted Share Units

A participant will not recognize income and Adient will not be entitled to a deduction at the time an award of a restricted share unit is made under the Adient Omnibus Plan. Upon the participant's receipt of shares (or cash) at the end of the restriction period, the participant will recognize ordinary income equal to the amount of cash and/or the fair market value of the shares received, and Adient will be entitled to a corresponding deduction in the same amount and at the same time. If the restricted share units are settled in whole or in part in shares, upon the participant's subsequent disposition of the shares, the participant will recognize a capital gain or loss (long-term or short-term, depending on the holding period) to the extent the amount realized upon disposition differs from the shares' tax basis (i.e., the fair market value of the ordinary shares on the date the participant received the ordinary shares).

Performance Shares

The grant of performance shares will create no income tax consequences for Adient or the participant. Upon the participant's receipt of ordinary shares at the end of the applicable performance period, the participant will recognize ordinary income equal to the fair market value of the ordinary shares received, except that if the participant receives restricted shares in payment of performance shares, recognition of income may be deferred in accordance with the rules applicable to restricted shares as described above. In addition, the participant will recognize ordinary compensation income equal to the dividend equivalents paid on performance shares prior to or at the end of the performance period. Adient will generally be entitled to a deduction in the same amount and at the same time as the participant recognizes income. Upon the participant's subsequent disposition of the ordinary shares, the participant will recognize a capital gain or loss (long-term or short-term depending on the holding period) to the extent the amount realized from the disposition differs from the shares' tax basis (i.e., the fair market value of the ordinary shares on the date the participant received the ordinary shares).

Performance Units

The grant of a performance unit will create no income tax consequences to Adient or the participant. Upon the participant's receipt of cash and/or ordinary shares at the end of the applicable performance period, the participant will recognize ordinary income equal to the amount of cash and/or the fair market value of the ordinary shares received, and Adient will be entitled to a corresponding deduction in the same amount and at the same time. If performance units are settled in whole or in part in ordinary shares, upon the participant's subsequent disposition of the ordinary shares, the participant will recognize a capital gain or loss (long-term or short-term, depending on the holding period) to the extent the amount realized upon disposition differs from the shares' tax basis (i.e., the fair market value of the ordinary shares on the date the participant received the ordinary shares).

Incentive Awards

A participant who is paid an incentive award will recognize ordinary income equal to the amount of cash paid, and Adient will generally be entitled to a corresponding income tax deduction.

Dividend Equivalent Units

A participant who is paid a dividend equivalent with respect to an award will recognize ordinary income equal to the value of cash or ordinary shares paid, and Adient will be entitled to a corresponding deduction in the same amount and at the same time.

Adient 2016 Director Share Plan

It is expected that, prior to the completion of the separation, the Adient board of directors will adopt, subject to the approval of Adient's sole shareholder, the Adient plc 2016 Director Share Plan, which we refer to as the "Adient Director Plan," and which will become effective upon the consummation of the distribution.

The following is a brief description of the principal features of the Adient Director Plan. This summary is subject to, and qualified in its entirety by reference to, the Adient Director Plan, the form of which is attached as Exhibit 10.12 to the registration statement of which this information statement is a part.

Purpose

The purpose of the Adient Director Plan is to advance Adient's growth and success and to advance its interests by attracting and retaining well-qualified outside directors upon whose judgment Adient is largely dependent for the successful conduct of its operations and by providing such individuals with incentives to put forth maximum efforts for the long-term success of Adient's business.

Shares Subject to Plan

Subject to adjustment as described below, 150,000 Adient ordinary shares will be available for awards under the Adient Director Plan. Adient ordinary shares to be delivered under the Adient Director Plan will be made available from presently authorized but unissued ordinary shares or authorized and issued ordinary shares reacquired and held as treasury shares (subject to compliance with applicable law), or a combination thereof.

Administration

The Adient Director Plan will be administered and interpreted by the Adient Compensation Committee.

Grants of Ordinary Shares

If all or any portion of any fees payable to non-employee members of the Adient board of directors (including the annual retainer, committee chair fees, and lead director fees) are to be paid in the form of ordinary shares under the Adient Director Plan, as approved by the Adient board of directors or the Adient Compensation Committee, then the number of ordinary shares to be issued will be such number, rounded down to the nearest whole share, whose value (determined on the date payment is due to be made) equals the amount to be paid. The value of an ordinary share on any given date means the closing sales price on that date, or on the immediately preceding trading day if such date is not a trading day, as reported on the principal securities exchange or market on which Adient ordinary shares are then traded. The number of ordinary shares that may be awarded hereunder to any individual non-employee director during any fiscal year will not exceed the number of ordinary shares having a grant date fair value of \$750,000.

Termination of Services as Outside Director

If an outside director ceases to serve on the Adient board of directors, all future rights to receive ordinary shares under the Adient Director Plan shall terminate immediately.

Adjustment

In the event of any change in the Adient ordinary shares by reason of a declaration of a share dividend (other than a share dividend declared in lieu of an ordinary cash dividend), spin-off, merger, consolidation, recapitalization, or split-up, combination or exchange of shares or otherwise, the aggregate number of shares available under the Adient Director Plan will be appropriately adjusted by the Adient Compensation Committee, using the same standards and/or formulas as it uses in making adjustments under the Adient Omnibus Plan (or any successor plan thereto).

Termination and Amendment of Plan

The Adient board of directors (acting through the Adient Compensation Committee to the extent permitted by law) may at any time terminate the Adient Director Plan and may amend the Adient Director Plan as it shall deem advisable including any amendments deemed by the Adient board of directors to be necessary or advisable to assure conformity of the Adient Director Plan with any requirements of state and federal laws or regulations now or hereafter in effect; however, the Adient board of directors may not, without further approval by the Adient shareholders, make any modifications that under Rule 16b-3 promulgated under the Exchange Act or the rules of the principal securities exchange or market on which Adient ordinary shares are then traded, require such approval.

Certain Federal Income Tax Consequences

The following summarizes certain U.S. federal income tax consequences relating to the Adient Director Plan. The summary is based upon the laws and regulations in effect as of the date of this information statement and does not purport to be a complete statement of the law in this area. Furthermore, the discussion below does not address the tax consequences of the receipt of ordinary shares under foreign, state, or local tax laws, and such tax laws may not correspond to the federal income tax treatment described herein. The exact federal income tax treatment of transactions under the Adient Director Plan will vary depending upon the specific facts and circumstances involved and participants are advised to consult their personal tax advisors with regard to all consequences arising from the grant of ordinary shares and the disposition of any acquired shares.

A participant who receives ordinary shares under the Adient Director plan will generally recognize ordinary income at the time the ordinary shares are issued in an amount equal to the fair market value of the ordinary shares at such time. Adient will generally be entitled to a corresponding deduction in the same amount and at the same time as the participant recognizes income. Any otherwise taxable disposition of the ordinary shares after such issuance will result in a capital gain or loss (long-term or short-term, depending on the holding period) to the extent the amount realized from the sale differs from the tax basis (i.e., the fair market value of the ordinary shares on the date of issuance).

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;

- 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 borrowing approximately \$3.5 billion. 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

dollar equivalent 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, and the expected terms of the notes to be issued, are described in “Description of Material Indebtedness.” ▲

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 other than any such statement specifically relating to the Johnson Controls business, Johnson Controls assets or Johnson Controls Liabilities, or to Johnson Controls and its subsidiaries after the distribution.

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 in the registration statement, this information statement or any similar disclosure document specifically relating to the Johnson Controls business, Johnson Controls assets or the Johnson Controls Liabilities, or to Johnson Controls and its subsidiaries after the distribution.

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. 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.

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.

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 dollar equivalent 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, and the expected terms of the notes to be issued, are described below. ▲

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 direct or indirect 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.

Senior Unsecured Notes

AGH intends to issue \$900,000,000 of 4.875% Senior Unsecured Notes due 2026 (the "dollar notes") and €1,000,000,000 of 3.50% Senior Unsecured Notes due 2024 (the "euro notes" and together with the dollar notes, the "notes") on or about August 19, 2016. The notes will be AGH's unsecured, unsubordinated obligations and will be senior in right of payment to all obligations of AGH that are subordinated to the notes. Secured debt and other secured obligations of AGH (including obligations with respect to the credit facilities) will be effectively senior to the notes to the extent of the value of the assets securing such debt or other obligations. AGH intends to offer and sell the notes in a private placement to qualified institutional buyers pursuant to Rule 144A under the Securities Act and to non-U.S. persons pursuant to Regulation S under the Securities Act.

The indenture governing the dollar notes (the "Dollar Notes Indenture") and the indenture governing the euro notes (the "Euro Notes Indenture" and together with the Dollar Notes Indenture, the "Indentures") will provide that at any time from and after the issue date of the notes, at the option of AGH, (i) a subsidiary of (prior to the distribution date) AGH (A) all the capital stock of which (other than directors' qualifying shares or shares required pursuant to applicable law) is owned by AGH or another wholly owned subsidiary of AGH and (B) that was formed under the laws of England and Wales and (ii) a wholly owned English subsidiary of (from and after the distribution date) Adient, in each case, to whom AGH has transferred or intends to promptly commence transferring all or substantially all of its assets (the "Successor Issuer"), may assume all obligations of AGH under the

Indentures and the notes pursuant to a supplemental indenture to the applicable Indenture, at which time AGH will be automatically released from any obligations as issuer under the Indentures and the notes, subject to certain conditions to be described in the Indentures (an “Issuer Assumption”). From and after the date of an Issuer Assumption, the Successor Issuer shall be considered the issuer for all purposes of each Indenture.

Upon issuance, it is anticipated that the notes will not be guaranteed. On or prior to the Release Date (as defined below), it is anticipated that the notes initially will be guaranteed on an unsecured and unsubordinated basis by each person (other than the Initially Excluded U.S. Subsidiaries (as defined below)) that is (or will be) a wholly owned restricted subsidiary of Adient that is incorporated or organized under the laws of the United States of America, any State thereof or the District of Columbia (but not any territory thereof) which guarantees (or will guarantee) AGH’s obligations as borrower under the credit facilities on the date of the distribution (collectively, the “Initial U.S. Subsidiary Guarantors”).

Within 10 business days following the completion of the distribution, it is anticipated that the notes will also be guaranteed on an unsecured and unsubordinated basis by (i) Adient, (ii) each person that is (or will be) a wholly owned restricted subsidiary of Adient (other than the issuer) that is formed under the laws of England and Wales which guarantees (or will guarantee) the obligations of the issuer as borrower under the credit facilities on the date of the distribution (collectively, the “Initial English Subsidiary Guarantors”), and (iii) each person that is (or will be) a wholly owned restricted subsidiary of Adient (A) that is incorporated or organized under the laws of the United States of America, any State thereof or the District of Columbia (but not any territory thereof) which guarantees (or will guarantee) the obligations of the issuer as borrower under the credit facilities on the date of the distribution and (B) that is, on the Release Date, (1) incorporated or organized under the laws of the United States of America, any State thereof or the District of Columbia (but not any territory thereof) and that owns no material assets (directly or through subsidiaries) other than the capital stock of one or more foreign subsidiaries of Johnson Controls, Inc. (or, if the merger of Johnson Controls, Inc. with an indirect wholly owned subsidiary of Tyco has been consummated, Johnson Controls International plc) that are CFCs (as defined below) or (2) a subsidiary of a foreign subsidiary of Johnson Controls, Inc. (or, if the merger of Johnson Controls, Inc. with an indirect wholly owned subsidiary of Tyco has been consummated, Johnson Controls International plc) that is a “controlled foreign corporation” (“CFC”) within the meaning of section 957(a) of the U.S. Internal Revenue Code of 1986 (or any successor provision thereto) (collectively, the “Initially Excluded U.S. Subsidiaries”).

Following the completion of the distribution, it is anticipated that any of Adient’s other existing or future wholly owned restricted subsidiaries (other than the issuer) that are (i) formed under the laws of the United States of America, any State thereof or the District of Columbia (but not any territory thereof), or (ii) formed under the laws of England and Wales, and in each case that guarantee (or becomes a co-obligor on) certain indebtedness of any of Adient, the issuer or any restricted subsidiary formed under the laws of the United States of America, any State thereof or the District of Columbia (but not any territory thereof) or under the laws of England and Wales, will also be required to guarantee the notes on an unsecured and unsubordinated basis.

The notes will be effectively subordinated to the claims of creditors, including trade creditors, and preferred stockholders, if any, of Adient’s subsidiaries that do not guarantee the notes.

It is anticipated that the issuer will enter into one or more escrow agreements, to be dated as of the issue date, with the U.S. Bank National Association, as trustee under the applicable Indenture, and U.S. Bank National Association, as escrow agent, pursuant to which the issuer will deposit or cause to be deposited into one or more escrow accounts an amount that would be sufficient to redeem the notes in full at 100% of the issue price of the notes plus an amount equal to the interest that would accrue on the notes to, but excluding, the date that is one month and four business days following the issue

date. Thereafter, the issuer may deposit or cause to be deposited in the escrow accounts additional amounts that, together with all amounts then existing in the escrow accounts, would be sufficient to redeem the notes in full at 100% of the issue price of the notes plus an amount equal to accrued and unpaid interest. It is anticipated that the release of the escrowed funds will be subject to the satisfaction of certain conditions, including receipt by the escrow agent of a certificate of a responsible officer of the issuer prior to the occurrence of a Special Mandatory Redemption Event (as defined below) requesting release of the escrowed funds (the date of such release being the “Release Date”).

It is anticipated that if (i) the escrow agent has not received such a request on or prior to the earlier of (A) June 30, 2017 and (B) within five business days of the date any additional amount is required to be deposited in the applicable escrow account, or (ii) the issuer notifies the escrow agent and the trustee in writing that Johnson Controls, Inc. (or, if the merger of Johnson Controls, Inc. with an indirect wholly owned subsidiary of Tyco has been consummated, Johnson Controls International plc) is no longer pursuing the distribution (any such event being a “Special Mandatory Redemption Event”), then the escrow agreements will provide that the escrow agent will release to the trustee all escrowed funds then held by it and the issuer will redeem the aggregate principal amount of the notes outstanding at a redemption price equal to 100% of the issue price of the notes, plus accrued and unpaid interest from the issue date, or the most recent date on which interest has been paid or provided for, to, but not including, such redemption date.

In addition, it is anticipated that, in the event the Release Date has occurred and either (i) the date of the distribution does not occur prior to July 5, 2017 or (ii) prior to July 5, 2017, the issuer notifies the escrow agent and the trustee in writing that Johnson Controls, Inc. (or, if the merger of Johnson Controls, Inc. with an indirect wholly owned subsidiary of Tyco has been consummated, Johnson Controls International plc) is no longer pursuing the distribution, the Indentures will require the issuer to redeem the aggregate principal amount of the notes outstanding at a redemption price equal to 101% of the issue price of the notes, plus accrued and unpaid interest from the issue date, or the most recent date on which interest has been paid or provided for, to, but not including, such redemption date.

It is anticipated that the Dollar Notes Indenture will provide that:

(i) on or after August 15, 2021, the issuer may redeem the dollar notes, in whole or in part, at the redemption prices to be specified in the Dollar Notes Indenture plus accrued and unpaid interest to, but not including, the redemption date;

(ii) prior to August 15, 2021, the issuer may at its option redeem the dollar notes, in whole or in part, at a redemption price of 100% of the principal amount, plus accrued and unpaid interest, to, but not including, the redemption date, plus a “make-whole” premium; and

(iii) prior to August 15, 2019, the issuer may, on one or more occasions, redeem up to a maximum 40% of the original aggregate principal amount of the dollar notes with the net cash proceeds of certain equity offerings at a redemption price equal to 104.875%.

It is anticipated that the Euro Notes Indenture will provide that:

(i) prior to May 15, 2024, the issuer may at its option redeem the euro notes, in whole or in part, at a redemption price of 100% of the principal amount, plus accrued and unpaid interest, to, but not including, the redemption date, plus a “make-whole” premium; and

(ii) on or after May 15, 2024, the issuer may redeem the euro notes, in whole or in part, at a redemption price equal to 100% of the principal amount of such euro notes, plus accrued and unpaid interest to, but not including, the redemption date.

Further, it is anticipated that the Indentures will provide that upon the occurrence of a change of control triggering event (to be defined in the applicable Indenture), each holder will have the right to

require the issuer to purchase all or any part of such holder's notes at a purchase price in cash equal to 101% of the principal amount thereof plus accrued and unpaid interest to, but not including, the date of purchase.

Subject to certain qualifications and exceptions, the Indentures will limit the ability Adient, the issuer and their restricted subsidiaries to, among other things, (i) incur certain liens and engage in certain sale/leaseback transactions and (ii) in the case of the issuer, Adient and any other guarantor, merge or consolidate with any other person or convey, transfer or lease all or substantially all of its assets to any person.

The Indentures will also provide for certain events of default (subject, in certain cases, to receipt of notice of default and/or customary grace or cure periods), including, but not limited to, (i) failure to pay interest or additional amounts when due, (ii) failure to pay principal when due, (iii) failure of the issuer or any guarantor to comply with any of its agreements in the applicable Indenture, (iv) failure by Adient, the issuer or any significant subsidiary to pay any indebtedness (subject to certain exceptions) within any applicable grace period after final maturity or the acceleration thereof if the total amount of such indebtedness unpaid or accelerated exceeds \$200.0 million and (v) certain specified events of bankruptcy, insolvency or reorganization of Adient, the issuer or any significant subsidiary.

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>
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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			
<u>Barb J. Samardzich</u>			
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 its authorized share capital will consist of 25,000 euro deferred shares with a par value of €1.00 per share, 500,000,000 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 respect 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

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

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;

- 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.

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	<u>\$10,437</u>	<u>\$11,206</u>
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	<u>\$10,437</u>	<u>\$11,206</u>

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	<u>\$229</u>	<u>\$186</u>
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 an 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 reasonably 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):

	<u>September 30, 2014</u>
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):

	<u>September 30,</u>	<u>2015</u>	<u>2014</u>
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	<u>\$ 2,139</u>	<u>\$ 2,406</u>

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	<u>\$2,448</u>	<u>\$ 2</u>	<u>\$(34)</u>	<u>\$(82)</u>	<u>\$2,334</u>

	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	<u>\$2,334</u>	<u>\$ 9</u>	<u>\$(13)</u>	<u>\$(170)</u>	<u>\$2,160</u>

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):

	<u>Capital Leases</u>	<u>Operating Leases</u>
2016	\$ 5	\$ 75
2017	4	57
2018	12	35
2019	3	26
2020	3	21
After 2020	<u>1</u>	<u>24</u>
Total minimum lease payments	28	<u>\$238</u>
Interest	<u>(3)</u>	
Present value of net minimum lease payments	<u>\$25</u>	

9. DEBT AND FINANCING ARRANGEMENTS

Short-term debt consisted of the following (in millions):

	<u>September 30,</u>	
	<u>2015</u>	<u>2014</u>
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):

	<u>September 30,</u>	
	<u>2015</u>	<u>2014</u>
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	<u>42</u>	<u>56</u>
Less: current portion	<u>7</u>	<u>10</u>
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):

	<u>Year Ended</u> <u>September 30,</u>		
	<u>2015</u>	<u>2014</u>	<u>2013</u>
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):

<u>Derivatives in ASC 815 Cash Flow Hedging Relationships</u>	<u>Location of Gain Reclassified from AOCI into Income</u>	<u>Amount of Gain Reclassified from AOCI into Income</u>		
		<u>Year Ended September 30,</u>		
		<u>2015</u>	<u>2014</u>	
Foreign currency exchange derivatives	Cost of sales	\$22	\$9	

<u>Derivatives in ASC 815 Cash Flow Hedging Relationships</u>	<u>Amount of Loss Recognized in AOCI on Derivative</u>	
	<u>September 30, 2015</u>	<u>September 30, 2014</u>
Foreign currency exchange derivatives	\$(17)	\$(6)

<u>Derivatives Not Designated as Hedging Instruments under ASC 815</u>	<u>Location of Gain (Loss) Recognized in Income on Derivative</u>	<u>Amount of Gain (Loss) Recognized in Income on Derivative</u>		
		<u>Year Ended September 30,</u>		
		<u>2015</u>	<u>2014</u>	<u>2013</u>
Foreign currency exchange derivatives	Cost of sales	\$ 1	\$3	\$(6)
Foreign currency exchange derivatives	Net financing charges	14	5	18
Total		<u>\$15</u>	<u>\$8</u>	<u>\$12</u>

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):

	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)
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>

	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)
Other current assets				
Foreign currency exchange derivatives	\$30	\$—	\$30	\$—
Cross-currency interest rate swaps	15	—	15	—
Total assets	<u>\$45</u>	<u>\$—</u>	<u>\$45</u>	<u>\$—</u>
Other current liabilities				
Foreign currency exchange derivatives	\$33	\$—	\$33	\$—
Total liabilities	<u>\$33</u>	<u>\$—</u>	<u>\$33</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

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	<u>\$30.34</u>	<u>2,196,467</u>	<u>5.2</u>	<u>\$26</u>
Exercisable, September 30, 2015	<u>\$28.71</u>	<u>1,736,818</u>	<u>4.6</u>	<u>\$22</u>

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	<u>\$29.74</u>	<u>1,088,520</u>	<u>4.9</u>	<u>\$13</u>
Exercisable, September 30, 2015	<u>\$28.74</u>	<u>853,488</u>	<u>4.2</u>	<u>\$11</u>

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:

	<u>Weighted Average Price</u>	<u>Shares/Units Subject to Restriction</u>
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:

	<u>Weighted Average Price</u>	<u>Shares/Units Subject to PSU</u>
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	<u><u>\$(247)</u></u>	<u><u>\$ 276</u></u>	<u><u>\$534</u></u>

* 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):

<u>Asset Category</u>	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)
<i>Pension</i>				
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>
<i>Postretirement</i>				
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)

<u>Asset Category</u>	<u>Fair Value Measurements Using:</u>			
	<u>Total as of September 30, 2014</u>	<u>Quoted Prices in Active Markets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
<i>Pension</i>				
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>
<i>Postretirement</i>				
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	<u>\$ 506</u>	<u>\$ 570</u>	<u>\$—</u>	<u>\$—</u>
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	<u>\$ 82</u>	<u>\$ —</u>	<u>\$(14)</u>	<u>\$ 68</u>

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	<u>\$ 64</u>	<u>\$ —</u>	<u>\$—</u>	<u>\$(16)</u>	<u>\$ 48</u>

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

Adient
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

Adient
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):

	<u>September 30,</u>	
	<u>2015</u>	<u>2014</u>
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):

	<u>September 30,</u>	
	<u>2015</u>	<u>2014</u>
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	—
	<u>758</u>	<u>728</u>
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>

	Year Ended September 30,		
	2015	2014	2013
<i>Segment Income (Loss)</i>			
Seating(1)	\$ 935	\$ 898	\$ 737
Interiors(2)	224	(5)	(21)
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>

Adient
Notes to Combined Financial Statements (Continued)

18. SEGMENT INFORMATION (Continued)

	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.
- (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.

Adient
Notes to Combined Financial Statements (Continued)

18. SEGMENT INFORMATION (Continued)

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.

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%	—%

Adient
Notes to Combined Financial Statements (Continued)

19. NONCONSOLIDATED PARTIALLY-OWNED AFFILIATES (Continued)

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	<u>\$2,136</u>	<u>\$6,044</u>	<u>\$8,180</u>
Current liabilities	\$1,352	\$4,140	\$5,492
Noncurrent liabilities	41	108	149
Noncontrolling interests	67	11	78
Shareholders' equity	<u>676</u>	<u>1,785</u>	<u>2,461</u>
Total liabilities and shareholders' equity	<u>\$2,136</u>	<u>\$6,044</u>	<u>\$8,180</u>

	September 30, 2014		
	YFJC	All Other	Total
Current assets	\$1,469	\$1,396	\$2,865
Noncurrent assets	517	647	1,164
Total assets	<u>\$1,986</u>	<u>\$2,043</u>	<u>\$4,029</u>
Current liabilities	\$1,285	\$1,280	\$2,565
Noncurrent liabilities	33	41	74
Noncontrolling interests	64	—	64
Shareholders' equity	<u>604</u>	<u>722</u>	<u>1,326</u>
Total liabilities and shareholders' equity	<u>\$1,986</u>	<u>\$2,043</u>	<u>\$4,029</u>

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	<u>314</u>	<u>370</u>	<u>684</u>
Equity in net income, before basis adjustments	\$ 157	\$ 149	\$ 306
Basis adjustments	(3)	(8)	(11)
Equity in net income	154	141	295

Adient
Notes to Combined Financial Statements (Continued)

19. NONCONSOLIDATED PARTIALLY-OWNED AFFILIATES (Continued)

	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:

<u>(in millions)</u>	<u>Year Ended September 30,</u>		
	<u>2015</u>	<u>2014</u>	<u>2013</u>
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:

<u>(in millions)</u>	<u>September 30,</u>	
	<u>2015</u>	<u>2014</u>
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.

ADIANT AND SUBSIDIARIES
SCHEDULE II—VALUATION AND QUALIFYING ACCOUNTS
(In millions)

<u>Year Ended September 30,</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
<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>

Adient
Combined Statements of Financial Position
(unaudited)

<u>(in millions)</u>	<u>June 30,</u> <u>2016</u>	<u>September 30,</u> <u>2015</u>
Assets		
Cash and cash equivalents	\$ 120	\$ 44
Accounts receivable—net	2,132	2,134
Inventories	691	701
Assets held for sale	—	55
Other current assets	745	872
Current assets	3,668	3,806
Property, plant and equipment—net	2,079	2,139
Goodwill	2,169	2,160
Other intangible assets—net	116	129
Investments in partially-owned affiliates	1,694	1,646
Other noncurrent assets	486	557
Total assets	<u>\$10,232</u>	<u>\$10,437</u>
Liabilities and Invested Equity		
Short-term debt	\$ 22	\$ 17
Current portion of long-term debt	7	7
Accounts payable	2,503	2,653
Accrued compensation and benefits	409	392
Liabilities held for sale	—	42
Restructuring reserve	367	280
Other current liabilities	581	620
Current liabilities	3,889	4,011
Long-term debt	29	35
Pension and postretirement benefits	88	118
Other noncurrent liabilities	1,198	475
Long-term liabilities	1,315	628
Commitments and contingencies (Note 18)		
Redeemable noncontrolling interests	49	31
Parent's net investment	5,137	5,873
Accumulated other comprehensive loss	(289)	(247)
Invested equity attributable to Adient	4,848	5,626
Noncontrolling interests	131	141
Total invested equity	4,979	5,767
Total liabilities and invested equity	<u>\$10,232</u>	<u>\$10,437</u>

The accompanying notes are an integral part of the combined financial statements.

Adient
Combined Statements of Income (Loss)
(unaudited)

(in millions)	<u>Three Months</u> <u>Ended</u> <u>June 30,</u>		<u>Nine Months</u> <u>Ended</u> <u>June 30,</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Net sales	\$4,362	\$5,402	\$12,893	\$15,909
Cost of sales	3,916	4,848	11,649	14,439
Gross profit	446	554	1,244	1,470
Selling, general and administrative expenses	(315)	(299)	(820)	(906)
Restructuring and impairment costs	(75)	—	(244)	—
Net financing charges	(2)	(4)	(8)	(11)
Equity income	89	71	260	225
Income before income taxes	143	322	432	778
Income tax provision	136	98	1,027	134
Net income (loss)	7	224	(595)	644
Income attributable to noncontrolling interests	21	16	61	53
Net income (loss) attributable to Adient	\$ (14)	\$ 208	\$ (656)	\$ 591

The accompanying notes are an integral part of the combined financial statements.

Adient
Combined Statements of Comprehensive Income (Loss)
(unaudited)

<u>(in millions)</u>	<u>Three Months</u> <u>Ended</u> <u>June 30,</u>		<u>Nine Months</u> <u>Ended</u> <u>June 30,</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Net income (loss)	\$ 7	\$224	\$(595)	\$ 644
Other comprehensive income (loss), net of tax:				
Foreign currency translation adjustments	(85)	115	(52)	(555)
Realized and unrealized gains on derivatives	4	5	12	2
Other comprehensive income (loss)	(81)	120	(40)	(553)
Total comprehensive income (loss)	(74)	344	(635)	91
Comprehensive income attributable to noncontrolling interests	21	14	63	49
Comprehensive income (loss) attributable to Adient	\$(95)	\$330	\$(698)	\$ 42

The accompanying notes are an integral part of the combined financial statements.

Adient
Combined Statements of Cash Flows
(unaudited)

<u>(in millions)</u>	<u>Nine Months Ended June 30,</u>	
	<u>2016</u>	<u>2015</u>
Operating Activities		
Net income (loss) attributable to Adient	\$(656)	\$ 591
Income attributable to noncontrolling interests	61	53
Net income (loss)	(595)	644
Adjustments to reconcile net income (loss) to cash provided by operating activities:		
Depreciation	240	252
Amortization of intangibles	13	14
Pension and postretirement benefit expense	2	7
Pension and postretirement contributions	(35)	(25)
Equity in earnings of partially-owned affiliates, net of dividends received	(129)	(200)
Deferred income taxes	801	(67)
Non-cash restructuring and impairment charges	41	—
Equity-based compensation	20	20
Other	(4)	—
Changes in assets and liabilities:		
Receivables	27	(253)
Inventories	16	(46)
Other assets	153	(95)
Restructuring reserves	89	(72)
Accounts payable and accrued liabilities	(180)	—
Accrued income taxes	(15)	4
Cash provided by operating activities	444	183
Investing Activities		
Capital expenditures	(312)	(369)
Sale of property, plant and equipment	14	17
Acquisition of businesses, net of cash acquired	—	(18)
Business divestitures	18	—
Changes in long-term investments	—	(45)
Other	2	11
Cash used by investing activities	(278)	(404)
Financing Activities		
Net transfers (to) from Parent	(56)	314
Increase in short-term debt	6	8
Repayment of long-term debt	(7)	(9)
Dividends paid to noncontrolling interests	(34)	(30)
Other	—	(10)
Cash provided (used) by financing activities	(91)	273
Effect of exchange rate changes on cash and cash equivalents	1	8
Increase in cash and cash equivalents	76	60
Cash and cash equivalents at beginning of period	44	45
Cash and cash equivalents at end of period	\$ 120	\$ 105

The accompanying notes are an integral part of the combined financial statements.

Adient
Notes to Combined Financial Statements
June 30, 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 nine months ended June 30, 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
Notes to Combined Financial Statements (Continued)
June 30, 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 June 30, 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
Notes to Combined Financial Statements (Continued)
June 30, 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>June 30,</u> <u>2016</u>	<u>September 30,</u> <u>2015</u>
Current assets	\$260	\$279
Noncurrent assets	40	41
Total assets	<u>\$300</u>	<u>\$320</u>
Current liabilities	\$191	\$229
Total liabilities	<u>\$191</u>	<u>\$229</u>

The Company did not have a significant variable interest in any other combined and uncombined VIEs for the presented reporting periods.

2. NEW ACCOUNTING STANDARDS

In June 2016, the FASB issued Accounting Standards Update (ASU) No. 2016-13, "Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments." ASU No. 2016-13 changes the impairment model for financial assets measured at amortized cost, requiring presentation at the net amount expected to be collected. The measurement of expected credit losses is based upon historical experience, current conditions, and reasonable and supportable forecasts. Available-for-sale debt securities with unrealized losses will now be recorded through an allowance for credit losses. ASU No. 2016-13 will be effective for the Company for the quarter ended December 31, 2020, 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 March 2016, the FASB issued ASU No. 2016-09, "Compensation-Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting." ASU No. 2016-09 impacts certain aspects of the accounting for share-based payment transactions, including the income tax consequences, classification of awards as either equity or liabilities, and classification on the statement of cash flows. 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 for an investment that qualifies for the use of the equity method of accounting as a result of an increase in the level of ownership or degree of influence, to 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

Adient
Notes to Combined Financial Statements (Continued)
June 30, 2016
(unaudited)

2. NEW ACCOUNTING STANDARDS (Continued)

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 for the Company for the quarter ending December 31, 2018, and early adoption is not permitted, with certain exceptions. The changes are required to be applied by means of a cumulative-effect adjustment on the balance sheet as of the beginning of the fiscal year of adoption. 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 prospectively 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

Adient
Notes to Combined Financial Statements (Continued)
June 30, 2016
(unaudited)

2. NEW ACCOUNTING STANDARDS (Continued)

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.

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 No. 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 No. 2014-09. ASU No. 2016-08, ASU No. 2016-10 and ASU No. 2016-12 follow the same implementation guidelines as ASU No. 2014-09 and ASU No. 2015-14. 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.

Adient
Notes to Combined Financial Statements (Continued)
June 30, 2016
(unaudited)

2. NEW ACCOUNTING STANDARDS (Continued)

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 nine months ended June 30, 2016. In the first nine 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 nine months ended June 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 as of June 30, 2015.

During the nine months ended June 30, 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 June 30, 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>June 30,</u> <u>2016</u>	<u>September 30,</u> <u>2015</u>
Raw materials and supplies	\$517	\$539
Work-in-process	36	40
Finished goods	138	122
Inventories	<u>\$691</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 nine months ended June 30, 2016 is as follows:

<u>(in millions)</u>	<u>September 30,</u> <u>2015</u>	<u>Currency</u> <u>translation</u>	<u>June 30,</u> <u>2016</u>
Seating	<u>\$2,160</u>	<u>\$9</u>	<u>\$2,169</u>

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Notes to Combined Financial Statements (Continued)
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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)	June 30, 2016			September 30, 2015		
	Gross Carrying Amount	Accumulated Amortization	Net	Gross Carrying Amount	Accumulated Amortization	Net
Intangible assets						
Patented technology	\$ 28	\$(12)	\$ 16	\$ 27	\$(11)	\$ 16
Customer relationships	99	(45)	54	100	(38)	62
Trademarks	56	(18)	38	56	(15)	41
Miscellaneous	15	(7)	8	15	(5)	10
Total intangible assets	\$198	\$(82)	\$116	\$198	\$(69)	\$129

Amortization of other intangible assets for the three months ended June 30, 2016 and 2015 was \$4 million and \$4 million, respectively. Amortization of other intangible assets for the nine months ended June 30, 2016 and 2015 was \$13 million and \$14 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.

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Notes to Combined Financial Statements (Continued)
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7. PRODUCT WARRANTIES (Continued)

The changes in the carrying amount of the Company's total product warranty liability are as follows:

<u>(in millions)</u>	<u>Nine Months Ended June 30,</u>	
	<u>2016</u>	<u>2015</u>
Balance at beginning of period	\$12	\$19
Accruals for warranties issued during the period	7	4
Accruals related to pre-existing warranties (including changes in estimates)	4	(3)
Settlements made (in cash or in kind) during the period	(4)	(5)
Currency translation	1	(1)
Balance at end of period	<u>\$20</u>	<u>\$14</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 \$244 million of restructuring and impairment costs in the combined statements of income, of which \$169 million was recorded in the second quarter and \$75 million was recorded in the third quarter of fiscal 2016. 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, asset impairments, and changes in estimates to prior year plans. Of the restructuring and impairment costs recorded during the three months ended June 30, 2016, \$58 million related to the Seating segment and \$17 million related to the Interiors segment. During the third quarter, additional restructuring charges were required in the Seating segment due to workforce reductions, plant closures and finalization of negotiations with labor unions. The asset impairment charge recorded during the three months ended June 30, 2016 relates primarily to information technology assets within the Seating segment that will not be used going forward by the Company. The other charges recorded during the three months ended June 30, 2016 of \$16 million relates primarily to restructuring costs at one of the Company's joint ventures which the Parent has indemnified. The restructuring actions are expected to be substantially complete in fiscal 2017.

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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 2016 Plan reserve:

(in millions)	Employee Severance and Termination Benefits	Long-Lived Asset Impairments	Other	Currency Translation	Total
Original Reserve	\$154	\$ 9	\$ 6	\$—	\$169
Utilized—cash	(3)	—	(1)	—	(4)
Utilized—noncash	—	(9)	—	3	(6)
Balance at March 31, 2016	\$151	\$ —	\$ 5	\$ 3	\$159
Additional restructuring costs	27	32	16	—	75
Utilized—cash	(3)	—	—	—	(3)
Utilized—noncash	—	(32)	—	(3)	(35)
Balance at June 30, 2016	\$175	\$ —	\$21	\$—	\$196

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 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	Currency Translation	Total
Original Reserve	\$155	\$ 27	\$—	\$182
Utilized—cash	(1)	—	—	(1)
Utilized—noncash	—	(27)	—	(27)
Balance at September 30, 2015	\$154	\$ —	\$—	\$154
Utilized—cash	(27)	—	—	(27)
Utilized—noncash	—	—	(1)	(1)
Balance at June 30, 2016	\$127	\$ —	\$ (1)	\$126

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—cash	—	—	—	—
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	(39)	—	—	(39)
Utilized—noncash	—	—	(1)	(1)
Balance at June 30, 2016	\$ 43	\$ —	\$ (15)	\$ 28

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	(32)	—	—	—	(32)
Utilized—noncash	—	—	—	(1)	(1)
Balance at June 30, 2016	\$ 32	\$ —	\$ —	\$ (17)	\$ 15

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Notes to Combined Financial Statements (Continued)
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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 10,700 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 June 30, 2016, approximately 6,800 of the employees have been separated from the Company pursuant to the restructuring plans. In addition, the restructuring plans included twenty plant closures for Adient. As of June 30, 2016, ten of the twenty 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 nine months ended June 30, 2016, the Company's effective tax rate was 95% and 238%, respectively. The effective rate was higher than the U.S. federal statutory rate of 35% primarily due to a one-time non-cash tax charge in the second quarter of fiscal 2016 for the Company's change in assertion over permanently reinvested earnings as a result of the proposed separation (\$778 million), the jurisdictional mix of restructuring and impairment costs, the tax impacts of separation costs, and a non-recurring non-cash tax charge in the third quarter of fiscal 2016 related to changes in entity tax status associated with the proposed separation (\$85 million), partially offset by the benefits of global tax planning initiatives and foreign tax rate differentials. For the three and nine months ended June 30, 2015, the Company's effective tax rate was 30% and 17%, 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 non-cash tax charge in the third quarter of fiscal 2015 for the Company's change in assertion over permanently reinvested earnings with the Interiors joint venture transaction associated with the Interiors joint venture transaction (\$75 million) and 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.

Adient
Notes to Combined Financial Statements (Continued)
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9. INCOME TAXES (Continued)

Uncertain Tax Positions

At June 30, 2016, the Company had gross tax effected unrecognized tax benefits of \$382 million, of which \$379 million, if recognized, would impact the effective tax rate. Total net accrued interest at June 30, 2016 was approximately \$12 million (net of tax benefit). The interest and penalties accrued during the nine months ended June 30, 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 United States Department of the Treasury has proposed new regulations under Section 385 of the Internal Revenue Code which may result in certain types of intercompany debt being characterized as equity. The impact of these regulations, if enacted, may impact the Company's tax expense. The Company is currently assessing the impact of these proposed regulations on its combined financial statements.

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 nine months ended June 30, 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 nine months ended June 30, 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 in the second quarter of fiscal 2015.

Other Tax Matters

In the third quarter of fiscal 2016, the Company recorded a non-recurring non-cash tax charge of \$85 million related to changes in entity tax status associated with the proposed separation.

In the third quarter of fiscal 2016, the Company recorded \$75 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 \$12 million tax benefit, which was negatively impacted by the geographic mix and the Company's current tax position in these jurisdictions.

In the second quarter of fiscal 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

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Notes to Combined Financial Statements (Continued)
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9. INCOME TAXES (Continued)

Company's current tax position in these jurisdictions and the underlying tax basis in the impaired assets.

In the second quarter of fiscal 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 one-time 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.

In the third quarter of fiscal 2015, the Company provided income tax expense on the foreign undistributed earnings of certain non-U.S. subsidiaries associated with the Interiors joint venture transaction, which resulted in a non-cash tax charge of \$75 million.

Deferred taxes are classified in the combined statements of financial position as follows:

<u>(in millions)</u>	<u>June 30,</u> <u>2016</u>	<u>September 30,</u> <u>2015</u>
Other noncurrent assets	\$ 232	\$285
Other noncurrent liabilities	(822)	(93)
Net deferred tax asset (liability)	<u>\$ (590)</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 \$8 million for the three months ended June 30, 2016 and 2015, respectively. Total Parent benefit plan net expense allocated to Adient amounted to \$9 million and \$24 million for the nine months ended June 30, 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.

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Notes to Combined Financial Statements (Continued)
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10. RETIREMENT PLANS (Continued)

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":

	Retirement Benefits			
	Three Months Ended June 30,		Nine Months Ended June 30,	
	2016	2015	2016	2015
(in millions)				
Service cost	\$ 2	\$ 2	\$ 6	\$ 8
Interest cost	4	7	12	17
Expected return on plan assets	(5)	(7)	(16)	(18)
Net periodic benefit cost	\$ 1	\$ 2	\$ 2	\$ 7

11. FINANCING ARRANGEMENTS

In July 2016, AGH entered into credit facilities providing for commitments with respect to a \$1.5 billion Revolving Credit Facility and a \$1.5 billion Term Loan A Facility. The credit facilities mature in July 2021. Commencing June 30, 2017 (or if the distribution occurs prior to December 31, 2016, the last day of the first full fiscal quarter after distribution), the Term Loan A Facility will require quarterly amortization payments of 0.625% of the original principal amount thereof in the first year, increasing to 2.50% of the original principal amount thereof by the fourth year. Following the distribution date, the Credit Facility 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. 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%. 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. Following the distribution date, the credit facilities will bear interest based on either LIBOR or a base rate. LIBOR loans will bear interest at a rate of LIBOR plus a margin between 1.25%-2.25% and base rate loans will bear interest at the base rate plus a margin of between 0.25%-1.25% (margins are determined based on Adient's total net leverage ratio).

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Notes to Combined Financial Statements (Continued)
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11. FINANCING ARRANGEMENTS (Continued)

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.

Additionally, in August 2016, AGH preliminarily offered, €1.0 billion of EUR-denominated senior unsecured notes due 2024 and \$0.9 billion USD-denominated senior unsecured notes due 2026, through a private offering exempt from the registration requirements of the Securities Act of 1933. The offer is expected to close in August 2016. The proceeds of the notes will be used, together with anticipated borrowings from the new credit facilities, to make a cash transfer of \$3.0 billion to Johnson Controls with the remaining proceeds to be used for working capital and general corporate purposes.

Net Financing Charges

The Company's net financing charges line item in the combined statements of income contained the following components:

(in millions)	Three Months Ended June 30,		Nine Months Ended June 30,	
	2016	2015	2016	2015
Interest expense	\$ 1	\$2	\$4	\$ 8
Banking fees	<u>1</u>	<u>1</u>	<u>3</u>	<u>2</u>
Other	<u>—</u>	<u>1</u>	<u>1</u>	<u>1</u>
Net financing charges	<u>\$ 2</u>	<u>\$4</u>	<u>\$8</u>	<u>\$11</u>

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Notes to Combined Financial Statements (Continued)
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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 June 30, 2016			Three Months Ended June 30, 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	\$4,810	\$151	\$4,961	\$5,704	\$170	\$5,874
Comprehensive income (loss):						
Net income (loss)	(14)	14	—	208	11	219
Foreign currency translation adjustments	(85)	—	(85)	117	—	117
Realized and unrealized gains (losses) on derivatives	4	—	4	5	—	5
Other comprehensive income (loss)	(81)	—	(81)	122	—	122
Comprehensive income (loss)	(95)	14	(81)	330	11	341
Other change in equity:						
Dividends attributable to noncontrolling interests	—	(36)	(36)	—	(12)	(12)
Change in noncontrolling interest share	—	2	2	—	(7)	(7)
Change in Parent's net investment	133	—	133	(234)	—	(234)
Ending balance	\$4,848	\$131	\$4,979	\$5,800	\$162	\$5,962

(in millions, net of tax)	Nine Months Ended June 30, 2016			Nine Months Ended June 30, 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)	(656)	42	(614)	591	40	631
Foreign currency translation adjustments	(54)	1	(53)	(551)	(3)	(554)
Realized and unrealized gains (losses) on derivatives	12	—	12	2	—	2
Other comprehensive income (loss)	(42)	1	(41)	(549)	(3)	(552)
Comprehensive income (loss)	(698)	43	(655)	42	37	79
Other change in equity:						
Dividends attributable to noncontrolling interests	—	(55)	(55)	—	(27)	(27)
Change in noncontrolling interest share	—	2	2	—	(7)	(7)
Change in Parent's net investment	(80)	—	(80)	305	—	305
Ending balance	\$4,848	\$131	\$4,979	\$5,800	\$162	\$5,962

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Notes to Combined Financial Statements (Continued)
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12. EQUITY AND NONCONTROLLING INTERESTS (Continued)

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:

<u>(in millions)</u>	<u>Three Months</u> <u>Ended</u> <u>June 30,</u>		<u>Nine Months</u> <u>Ended</u> <u>June 30,</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
<u>Beginning balance</u>	\$42	\$34	\$31	\$27
<u>Net income</u>	7	5	19	13
<u>Foreign currency translation adjustments</u>	—	(2)	1	(1)
<u>Dividends</u>	—	—	(2)	(2)
<u>Ending balance</u>	\$49	\$37	\$49	\$37

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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:

<u>(in millions, net of tax)</u>	<u>Three Months</u> <u>Ended</u> <u>June 30,</u>		<u>Nine Months</u> <u>Ended</u> <u>June 30,</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
<u>Foreign currency translation adjustments</u>				
Balance at beginning of period	<u>\$(198)</u>	<u>\$(385)</u>	<u>\$(229)</u>	<u>\$ 283</u>
Aggregate adjustment for the period (net of tax effect of \$(7), \$1, \$(4) and \$7)	<u>(85)</u>	<u>117</u>	<u>(54)</u>	<u>(551)</u>
Balance at end of period	<u>(283)</u>	<u>(268)</u>	<u>(283)</u>	<u>(268)</u>
<u>Realized and unrealized gains (losses) on derivatives</u>				
Balance at beginning of period	<u>(9)</u>	<u>(9)</u>	<u>(17)</u>	<u>(6)</u>
Current period changes in fair value (net of tax effect of \$4, \$5, \$9 and \$6)	<u>10</u>	<u>10</u>	<u>27</u>	<u>12</u>
Reclassification to income (net of tax effect of \$(4), \$(3), \$(10) and \$(6))	<u>(6)</u>	<u>(5)</u>	<u>(15)</u>	<u>(10)</u>
Balance at end of period	<u>(5)</u>	<u>(4)</u>	<u>(5)</u>	<u>(4)</u>
<u>Pension and postretirement plans</u>				
Balance at beginning of period	<u>(1)</u>	<u>(1)</u>	<u>(1)</u>	<u>(1)</u>
Balance at end of period	<u>(1)</u>	<u>(1)</u>	<u>(1)</u>	<u>(1)</u>
Accumulated other comprehensive loss, end of period	<u>\$(289)</u>	<u>\$(273)</u>	<u>\$(289)</u>	<u>\$(273)</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

Adient
Notes to Combined Financial Statements (Continued)
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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 June 30, 2016, the Parent had a 5 billion yen cross-currency interest rate swap outstanding. 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	
	June 30, 2016	September 30, 2015	June 30, 2016	September 30, 2015
Other current assets				
Foreign currency exchange derivatives	\$ 2	\$ 5	\$ 8	\$41
Cross-currency interest rate swaps	—	5	—	—
Total assets	\$ 2	\$10	\$ 8	\$41
Other current liabilities				
Foreign currency exchange derivatives	\$17	\$27	\$—	\$17
Cross-currency interest rate swaps	8	1	—	—
Total liabilities	\$25	\$28	\$—	\$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 June 30, 2016 and September 30, 2015, no cash collateral was received or pledged under the master netting agreements.

Adient
Notes to Combined Financial Statements (Continued)
June 30, 2016
(unaudited)

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	
	June 30, 2016	September 30, 2015	June 30, 2016	September 30, 2015
Gross amount recognized	\$10	\$51	\$25	\$45
Gross amount eligible for offsetting	(4)	(2)	(4)	(2)
Net amount	<u>\$ (6)</u>	<u>\$49</u>	<u>\$21</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 June 30,		Nine Months Ended June 30,	
		2016	2015	2016	2015
Foreign currency exchange derivatives	Cost of sales	<u>\$10</u>	<u>\$8</u>	<u>\$25</u>	<u>\$16</u>

Derivatives in ASC 815 Cash Flow Hedging Relationships		Amount of Loss Recognized in AOCI on Derivative	
		June 30, 2016	September 30, 2015
Foreign currency exchange derivatives		<u>\$(5)</u>	<u>\$(17)</u>

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 June 30,		Nine Months Ended June 30,	
		2016	2015	2016	2015
Foreign currency exchange derivatives	Cost of sales	<u>\$ 5</u>	<u>\$—</u>	<u>\$—</u>	<u>\$(1)</u>
Foreign currency exchange derivatives	Net financing charges	<u>9</u>	<u>2</u>	<u>(3)</u>	<u>13</u>
Total		<u>\$14</u>	<u>\$ 2</u>	<u>\$(3)</u>	<u>\$12</u>

The amount of losses recognized as cumulative translation adjustment (CTA) within AOCI on the effective portion of outstanding net investment hedges was \$5 million at June 30, 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 nine months ended June 30, 2016 and 2015, no gains or

Adient
Notes to Combined Financial Statements (Continued)
June 30, 2016
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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 June 30, 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	\$10	\$—	\$10	\$—
Total assets	\$10	\$—	\$10	\$—
Other current liabilities				
Foreign currency exchange derivatives	\$17	\$—	\$17	\$—
Cross-currency interest rate swaps	8	—	8	—
Total liabilities	\$25	\$—	\$25	\$—

Adient
Notes to Combined Financial Statements (Continued)
June 30, 2016
(unaudited)

14. FAIR VALUE MEASUREMENTS (Continued)

(in millions)	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)
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	\$—

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 June 30, 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 June 30, 2016, the Parent had one cross-currency interest rate swap outstanding totaling 5 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.

Adient
Notes to Combined Financial Statements (Continued)
June 30, 2016
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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 June 30,		Nine Months Ended June 30,	
	2016	2015	2016	2015
Net Sales				
Seating	\$4,338	\$4,337	\$12,776	\$12,767
Interiors	24	1,065	117	3,142
Total net sales	\$4,362	\$5,402	\$12,893	\$15,909

(in millions)	Three Months Ended June 30,		Nine Months Ended June 30,	
	2016	2015	2016	2015
Segment Income				
Seating	\$208	\$276	\$ 634	\$691
Interiors	12	50	50	98
Total restructuring and impairment costs	(75)	—	(244)	—
Net financing charges	(2)	(4)	(8)	(11)
Income before income taxes	\$143	\$322	\$ 432	\$778

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

Adient
Notes to Combined Financial Statements (Continued)
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16. IMPAIRMENT OF LONG-LIVED ASSETS (Continued)

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 second and third quarters of fiscal 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 \$41 million impairment charge within restructuring and impairment costs on the combined statements of income, of which \$9 million was recorded in the second quarter and \$32 million was recorded in the third quarter. Of the total impairment charges, \$40 million related to the Seating segment and \$1 million related to the Interiors 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 impairment 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 June 30, 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 June 30, 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 nine months ended June 30, 2016 and 2015.

Adient
Notes to Combined Financial Statements (Continued)
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(unaudited)

17. NONCONSOLIDATED PARTIALLY-OWNED AFFILIATES (Continued)

The Company maintains total investments in partially-owned affiliates of \$1.7 billion and \$1.6 billion at June 30, 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:

<u>(in millions)</u>	<u>June 30, 2016</u>		
	<u>YFJC</u>	<u>All Other</u>	<u>Total</u>
<u>Current assets</u>	<u>\$2,060</u>	<u>\$3,977</u>	<u>\$6,037</u>
<u>Noncurrent assets</u>	<u>606</u>	<u>2,088</u>	<u>2,694</u>
<u>Total assets</u>	<u>\$2,666</u>	<u>\$6,065</u>	<u>\$8,731</u>
<u>Current liabilities</u>	<u>\$1,848</u>	<u>\$4,053</u>	<u>\$5,901</u>
<u>Noncurrent liabilities</u>	<u>44</u>	<u>150</u>	<u>194</u>
<u>Noncontrolling interests</u>	<u>100</u>	<u>28</u>	<u>128</u>
<u>Shareholders' equity</u>	<u>674</u>	<u>1,834</u>	<u>2,508</u>
<u>Total liabilities and shareholders' equity</u>	<u>\$2,666</u>	<u>\$6,065</u>	<u>\$8,731</u>

<u>(in millions)</u>	<u>September 30, 2015</u>		
	<u>YFJC</u>	<u>All Other</u>	<u>Total</u>
<u>Current assets</u>	<u>\$1,595</u>	<u>\$3,923</u>	<u>\$5,518</u>
<u>Noncurrent assets</u>	<u>541</u>	<u>2,121</u>	<u>2,662</u>
<u>Total assets</u>	<u>\$2,136</u>	<u>\$6,044</u>	<u>\$8,180</u>
<u>Current liabilities</u>	<u>\$1,352</u>	<u>\$4,140</u>	<u>\$5,492</u>
<u>Noncurrent liabilities</u>	<u>41</u>	<u>108</u>	<u>149</u>
<u>Noncontrolling interests</u>	<u>67</u>	<u>11</u>	<u>78</u>
<u>Shareholders' equity</u>	<u>676</u>	<u>1,785</u>	<u>2,461</u>
<u>Total liabilities and shareholders' equity</u>	<u>\$2,136</u>	<u>\$6,044</u>	<u>\$8,180</u>

Adient
Notes to Combined Financial Statements (Continued)
June 30, 2016
(unaudited)

17. NONCONSOLIDATED PARTIALLY-OWNED AFFILIATES (Continued)

Summarized income statement data with reconciliation to Adient's equity in net income from nonconsolidated partially-owned affiliates:

(in millions)	Nine Months Ended June 30, 2016		
	YFJC	All Other	Total
Net sales	\$3,156	\$9,002	\$12,158
Gross profit	438	918	1,356
Operating income	334	501	835
Net income	274	470	744
Income attributable to noncontrolling interests	35	17	52
Net income attributable to the entity	239	453	692
Equity in net income of affiliated companies, before basis adjustments	\$ 121	\$ 157	\$ 278
Basis adjustments	(3)	(15)	(18)
Equity in net income of affiliated companies	118	142	260

(in millions)	Nine Months Ended June 30, 2015		
	YFJC	All Other	Total
Net sales	\$3,018	\$2,957	\$5,975
Gross profit	414	348	762
Operating income	327	273	600
Net income	271	255	526
Income attributable to noncontrolling interests	33	—	33
Net income attributable to the entity	238	255	493
Equity in net income of affiliated companies, before basis adjustments	\$ 120	\$ 107	\$ 227
Basis adjustments	(2)	—	(2)
Equity in net income of affiliated companies	118	107	225

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 June 30, 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

Adient
Notes to Combined Financial Statements (Continued)
June 30, 2016
(unaudited)

18. COMMITMENTS AND CONTINGENCIES (Continued)

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.

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.

The following table sets forth the net sales to and purchases from related parties included in the combined statements of operations:

(in millions)	Nine Months Ended June 30,	
	2016	2015
Net sales to related parties	\$378	\$140
Purchases from related parties	288	111

The following table sets forth the amount of accounts receivable due from and payable to related parties in the combined statements of financial position:

(in millions)	June 30, 2016	September 30, 2015
Receivable from related parties	\$156	\$254
Payable to related parties	47	122

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
Notes to Combined Financial Statements (Continued)
June 30, 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 June 30, 2016 and 2015 were \$76 million and \$102 million, respectively, of corporate expenses incurred by JCI. Included in cost of sales and selling, general and administrative expense during the nine months ended June 30, 2016 and 2015 were \$215 million and \$284 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 \$138 million and \$332 million of costs related to the separation of Adient have been incurred by the Parent for the three and nine months ended June 30, 2016, respectively. Of these amounts, \$122 million and \$254 million was deemed to directly benefit Adient as a stand-alone company for the three and nine months ended June 30, 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.

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

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		<u>12,265,929,961</u>	<u>10,200,137,997</u>	<u>9,547,873,639</u>
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		<u>3,474,031,718</u>	<u>3,123,732,329</u>	<u>2,972,470,301</u>
TOTAL ASSETS		<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.

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.
NOTES TO CONSOLIDATED FINANCIAL 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)

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
YEARS ENDED 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)

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.

SHANGHAI YANFENG JOHNSON CONTROLS SEATING CO., LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE
YEARS ENDED 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)

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

SHANGHAI YANFENG JOHNSON CONTROLS SEATING CO., LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE
YEARS ENDED 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)

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.

SHANGHAI YANFENG JOHNSON CONTROLS SEATING CO., LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE
YEARS ENDED 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)

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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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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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:

<u>Type</u>	<u>Tax rate</u>	<u>Taxable base</u>
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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	<u>31 December 2013</u>			<u>31 December 2014</u>
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	Written-off	
		in the	in the	
		current year	current year	
Less: provision for bad debts	(934,051)	(12,138)	—	(946,189)
	<u>367,600,678</u>			<u>464,461,266</u>
	<u>31 December 2012</u>			<u>31 December 2013</u>
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	Written-off	
		in the	in the	
		current year	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>
		Increase in the current year	Written-off in the current year
Less: Provision for declines in the value of inventories			
Raw materials	(31,190,832)	(1,708,382)	4,444,581
Work in progress	(805,118)	22,032	(90,673)
Finished goods	(5,164,390)	(637,187)	1,502,359
	<u>(37,160,340)</u>	<u>(2,323,537)</u>	<u>5,856,267</u>
	<u>638,115,225</u>		<u>(33,627,610)</u>
			<u>701,202,676</u>

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7 Notes to the consolidated financial statements (Continued)

	<u>31 December 2013</u>			<u>31 December 2014</u>
Cost—				
Raw materials	504,552,628			495,782,759
Work in progress	21,841,835			32,424,927
Finished goods	<u>131,202,783</u>			<u>147,067,879</u>
	<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	<u>(2,500,283)</u>	<u>(2,664,107)</u>	—	<u>(5,164,390)</u>
	<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>
	<u>31 December 2012</u>			<u>31 December 2013</u>
Cost—				
Raw materials	340,889,632			504,552,628
Work in progress	21,655,669			21,841,835
Finished goods	<u>111,761,097</u>			<u>131,202,783</u>
	<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	<u>(3,305,400)</u>	<u>805,117</u>	—	<u>(2,500,283)</u>
	<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)

<u>31 December 2013</u>	<u>Increase in investment</u>	<u>Share of net profit under equity method</u>	<u>Profit/Cash dividends declared by associates</u>	<u>Share of other comprehensive income</u>	<u>Share of other changes in equity</u>	<u>31 December 2014</u>
62,434,370	—	13,897,472	—	—	—	76,331,842
<u>31 December 2012</u>	<u>Increase in investment</u>	<u>Share of net profit under equity method</u>	<u>Profit/Cash dividends declared by associates</u>	<u>Share of other comprehensive income</u>	<u>Share of other changes in equity</u>	<u>31 December 2013</u>
61,350,581	—	1,083,789	—	—	—	62,434,370

(b) Joint venture

General information of significant joint venture:

	<u>Major business location</u>	<u>Place of registration</u>	<u>Nature of business</u>	<u>Interest held</u>	<u>Voting rights held</u>
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:

	<u>31 December 2014</u>	<u>Increase in investment</u>	<u>Share of net profit under equity method</u>	<u>Profit/Cash dividends declared by associates</u>	<u>Share of other comprehensive income</u>	<u>Share of other changes in equity</u>	<u>31 December 2015 (Unaudited)</u>
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) 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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	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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(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
	<u>485,022,530</u>	<u>438,173,404</u>	<u>8,286,315</u>	<u>(551,857,151)</u>	<u>(32,719,431)</u>	<u>(12,499,839)</u>	<u>334,405,828</u>
Including: Capitalised borrowing cost	—	—	—	—	—	—	—
Less: provision for impairment of construction in progress . .	—	—	—	—	—	—	—
	<u>485,022,530</u>						<u>334,405,828</u>

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
	<u>453,220,391</u>	<u>711,620,071</u>	<u>(590,142,661)</u>	<u>(89,675,271)</u>	<u>485,022,530</u>
Including: Capitalised borrowing costs	1,384,961	—	(1,384,961)	—	—
Less: provision for impairment of construction in progress	—	—	—	—	—
	<u>453,220,391</u>				<u>485,022,530</u>

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
	<u>374,843,783</u>	<u>532,632,376</u>	<u>6,363,451</u>	<u>(419,860,112)</u>	<u>(40,759,107)</u>	<u>453,220,391</u>
Including: Capitalised from borrowing costs	—	1,384,961	—	—	—	1,384,961
Less: provision for impairment of construction in progress	—	—	—	—	—	—
	<u>374,843,783</u>					<u>453,220,391</u>

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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(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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(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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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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(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
	<u>8,468,879,463</u>	<u>6,510,519,647</u>	<u>5,850,740,700</u>

(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
	<u>621,152,813</u>	<u>548,588,559</u>	<u>466,055,388</u>

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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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	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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(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	<u>(5,398,000)</u>	<u>(5,398,000)</u>	<u>(2,699,000)</u>
	<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	<u>7,601,631</u>		<u>17,291,686</u>		<u>20,050,781</u>	
	<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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(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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(22) Capital Surplus

	31 December 2014	Increase in the current year	Decrease in the current year	31 December 2015 (Unaudited)
Other capital surplus	—	—	—	—
	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
	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)	—
	<u>1,148,851</u>	<u>—</u>	<u>(1,148,851)</u>	<u>—</u>
	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
	<u>1,148,851</u>	<u>—</u>	<u>—</u>	<u>1,148,851</u>

(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
	<u>284,833,010</u>	<u>44,230,042</u>	<u>—</u>	<u>329,063,052</u>
	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
	<u>242,136,006</u>	<u>44,886,804</u>	<u>(2,189,800)</u>	<u>284,833,010</u>
	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
	<u>197,012,397</u>	<u>45,123,609</u>	<u>—</u>	<u>242,136,006</u>

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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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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(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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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	<u>463,389,635</u>	<u>388,801,668</u>	<u>371,443,481</u>

(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	—	—	—
	<u>(275,031)</u>	<u>—</u>	<u>(275,031)</u>

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	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>114,900</u>	<u>—</u>	<u>114,900</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	<u>2,997,630,277</u>	<u>2,667,362,302</u>	<u>2,601,463,326</u>

(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	<u>742,575,521</u>	<u>236,301,655</u>	<u>349,722,554</u>

(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	<u>3,741,333,102</u>	<u>2,998,757,581</u>	<u>2,762,455,926</u>

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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>
			<u>Fair value</u>
			<u>Acquisition date</u>
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)
	<u>3,338,651</u>
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	Current year changes	31 December 2015 (Unaudited)
	RMB		RMB
Yanfeng Trim	1,078,947,853	—	1,078,947,853
	31 December 2013	Current year changes	31 December 2014
	USD		RMB
Yanfeng Trim(i)	139,233,200	—	1,078,947,853
	31 December 2012	Current year changes	31 December 2013
	USD		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	<u>50.01%</u>	<u>50.00%</u>	<u>50.01%</u>	<u>50.00%</u>	<u>50.01%</u>	<u>50.00%</u>

(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	Controlled by the parent company
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 Fibril(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)

	Relationship with the Group
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 (Unaudited)	2014	2013
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 (Unaudited)	2014	2013
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 (Unaudited)	2014	2013
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 (Unaudited)	2014	2013
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 (Unaudited)	2014	2013
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 (Unaudited)	2014	2013
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	21,133,578	36,513,000	84,290,000

(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 . . .	385,533,629	112,121,166	96,202,227

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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
	<u>728,260,261</u>	<u>634,942,741</u>	<u>577,564,917</u>

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)				
	Within 1 year	1 to 5 years	Over 5 years	Total
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			
	Within 1 year	1 to 5 years	Over 5 years	Total
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			
	Within 1 year	1 to 5 years	Over 5 years	Total
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:

	<u>31 December 2015</u> (Unaudited)	<u>31 December 2014</u>
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:

	<u>31 December 2015</u> (Unaudited)	<u>31 December 2014</u>
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

SHANGHAI YANFENG JOHNSON CONTROLS SEATING CO., LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE
YEARS ENDED 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)

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 |

COMPANIES ACT 2014

A PUBLIC COMPANY LIMITED BY SHARES

CONSTITUTION

OF

ADIENT PUBLIC LIMITED COMPANY

(as adopted by Special Resolution on [•] 2016)

COMPANIES ACT 2014
A PUBLIC COMPANY LIMITED BY SHARES

MEMORANDUM OF ASSOCIATION

OF

ADIENT PUBLIC LIMITED COMPANY

1. The name of the Company is Adient public limited company.
2. The Company is a public limited company for the purposes of Part 17 of the Companies Act 2014.
3. The objects for which the Company is established are:

3.1.

3.1.1. To carry on all or any of the businesses of producers, designers, manufacturers, servicers, buyers, sellers, and distributing agents of and dealers in all kinds of industrial and commercial goods, products, merchandise, services, solutions and real and personal property of every class and description, including automotive seating and interiors; and to do all things usually dealt in by persons carrying on any of the abovementioned businesses or likely to be required in connection with any of the said businesses.

3.1.2. To carry on the business of a holding company and to coordinate the administration, finances and activities of any subsidiary companies or associated companies, to do all lawful acts and things whatsoever that are necessary or convenient in carrying on the business of such a holding company and in particular to carry on, in all its branches, the business of a management services company, to act as managers and to direct or coordinate the management of other companies or of the business, property and estates of any company or person and to undertake and carry out all such services in connection therewith as may be deemed necessary or appropriate by the Company's board of directors and to exercise its powers as a shareholder of other companies.

3.2. To invest (including long-term investments in, and acquisitions of, the shares or other securities or ownership interests in other companies) any monies of the Company in such investments and in such manner as may from time to time be determined, and to hold, sell or deal with such investments and generally to purchase, take on lease or in exchange or otherwise acquire any real and personal property and rights or privileges.

3.3. To develop and turn to account any land acquired by the Company or in which it is interested and in particular by laying out and preparing the same for building purposes, constructing, altering, pulling down, decorating, maintaining, fitting up and improving buildings and conveniences, and by planting, paving, draining, farming, cultivating, letting on building lease or building agreement and by advancing money to and entering into contracts and arrangements of all kinds with builders, tenants and others.

3.4. To acquire and hold shares and stocks of any class or description, debentures, debenture stocks, bonds, bills, mortgages, obligations, investments, partnership interests, limited partnership interests, trust interests, membership interests and other securities or ownership interests of all descriptions and of any kind issued or guaranteed by any company or undertaking of whatever nature and wheresoever constituted or carrying on business or issued or guaranteed by any government, state, dominion, colony, sovereign ruler, commissioners, trust, public, municipal, local or other authority or body of whatever nature and wheresoever situated and investments, securities and property of all descriptions and of any kind, including real and chattel real estates, mortgages, reversions, assurance policies, contingencies and choses in action.

3.5. To remunerate by cash payments or allotment of shares or securities or other ownership interests (including rights to acquire shares or securities or other ownership interests) of the Company credited as fully paid up or otherwise any person or company for services rendered or to be rendered to the Company or any parent or subsidiary body corporate whether in the conduct or management of its business, or in placing or assisting to place or guaranteeing the placing of any of the shares of the Company's capital, or any debentures or other securities of the Company or in or about the formation or promotion of the Company.

3.6. To purchase for investment property of any tenure and any interest therein, and to make advances upon the security of land or other similar property or any interest therein.

3.7. To acquire by purchase, exchange, lease, fee, farm grant or otherwise, either for an estate in fee simple or for any less estate or other estate or interest, whether immediate or reversionary and whether vested or contingent, any lands, tenements or hereditaments of any tenure, whether subject or not to any charges or encumbrances, and to hold, farm, work and manage and to let, sublet, mortgage or charge land and buildings of any kind, reversions, interests, annuities, life policies, and any other property real or personal, movable or immovable, either absolutely or conditionally, and either subject or not to any mortgage, charge, ground rent or other rents or encumbrances.

3.8. To erect or secure the erection of buildings or other structures of any kind with a view of occupying or letting them or otherwise utilising them and to enter into any contracts or leases and to grant any licences necessary to effect the same.

3.9. To maintain and improve any lands, tenements or hereditaments acquired by the Company or in which the Company is interested, in particular by decorating, maintaining, furnishing, fitting up and improving houses, shops, flats, maisonettes and other buildings and structures and to enter into contracts and arrangements of all kinds with tenants and others.

3.10. To sell, exchange, mortgage (with or without power of sale), assign, turn to account or otherwise dispose of and generally deal with the whole or any part of the property, shares, stocks, securities, estates, rights or undertakings of the Company, real property, chattels real or personal, movable or immovable, either in whole or in part.

3.11. To take part in the management, supervision, or control of the business or operations of any company or undertaking, and for that purpose to appoint and remunerate any directors, accountants, or other experts or agents to act as consultants, supervisors and agents of other companies or undertakings and to provide managerial, advisory, technical, design, purchasing and selling services and any other services deemed appropriate by the Company.

3.12. To make, draw, accept, endorse, negotiate, issue, execute, discount and otherwise deal with bills of exchange, promissory notes, letters of credit, circular notes, and other negotiable or non-negotiable or transferable or non-transferrable instruments.

3.13. To redeem, purchase, or otherwise acquire in any manner permitted by law any shares in the Company's capital or other securities or ownership interests of any kind issued by the Company.

3.14. To guarantee, support or secure whether by personal covenant or by mortgaging or charging all or any part of the undertaking, property and assets (present and future) and uncalled capital of the Company or by both such methods, or by any other method whatsoever, the performance of the obligations of, and the repayment or payment of the principal amounts of and the premiums, interest, dividends and other amounts due on or with respect to any security of any person, firm or company, including any company which is for the time being the Company's holding company (as defined by section 8 of the Companies Act 2014) or subsidiary (as defined by section 7 of the Companies Act 2014) or another subsidiary as defined by the said section of the Company's holding company (as defined by section 8 of the Companies Act 2014) or otherwise associated with the Company in business notwithstanding the fact that the Company may not receive any consideration, advantage or benefit, direct or indirect from entering into such guarantee or other arrangement or transaction contemplated herein.

3.15. To lend the funds of the Company with or without security and at interest or free of interest.

3.16. To raise or borrow or secure the payment of money, including by the issue of bonds, debentures or debenture stock, perpetual or redeemable, or by mortgage, charge, lien or pledge upon the whole or any part of the undertaking, property, assets or rights of the Company, present or future, including its uncalled capital and generally in any other manner as the directors shall from time to time determine and to enter into or issue interest and currency hedging and swap agreements, forward rate agreements, interest and currency futures or options and other forms of financial instruments, and to purchase, redeem or pay off any of the foregoing and to guarantee any or all of the liabilities of the Company, any other company or any other person, and any debentures, debenture stock or other securities may be issued at a discount, premium or otherwise, and with any special privileges as to redemption, surrender, transfer, drawings, allotments of shares, attending and voting at general meetings of the Company, appointment of directors and otherwise.

3.17. To accumulate capital for any of the purposes of the Company, and to appropriate any of the Company's assets to specific purposes, either conditionally or unconditionally, and to admit any class or section

of those who have any dealings with the Company to any share in the profits thereof or in the profits of any particular branch of the Company's business or to any other special rights, privileges, advantages or benefits.

3.18. To reduce the share capital of the Company in any manner permitted by law.

3.19. To make gifts or grant bonuses to officers or other persons who are or have been in the employment of the Company and to allow any such persons to have the use and enjoyment of such property, chattels or other assets belonging to the Company upon such terms as the Company shall think fit.

3.20. To establish and maintain or procure the establishment and maintenance of any pension or superannuation fund (whether contributory or otherwise) for the benefit of and to give or procure the giving of donations, gratuities, pensions, annuities, allowances, emoluments or charitable aid to any persons who are or were at any time in the employment or service of the Company or any of its predecessors in business, or of any company which is a subsidiary of the Company or who may be or have been directors or officers of the Company, or of any such other company as aforesaid, or any persons in whose welfare the Company or any such other company as aforesaid may be interested and the wives, husbands, widows, widowers, families, relatives or dependants of any such persons, and to make payments towards insurance and assurance and to form and contribute to provident and benefit funds for the benefit of any such persons and to remunerate any person, firm or company rendering services to the Company or of any company which is a subsidiary of the Company, whether by cash payment, gratuities, pensions, annuities, allowances, emoluments or by the allotment of shares or securities of the Company credited as paid up in full or in part or otherwise.

3.21. To employ experts to investigate and examine into the conditions, prospects, value, character and circumstances of any business concerns, undertakings, assets, property or rights.

3.22. To insure the life of any person who may, in the opinion of the Company, be of value to the Company, as having or holding for the Company interests, goodwill, or influence or otherwise and to pay the premiums on such insurance.

3.23. To distribute either upon a distribution of assets or division of profits among the Shareholders of the Company in kind any property of the Company, and in particular any shares, debentures or securities of other companies belonging to the Company or of which the Company may have the power of disposing.

3.24. To give, whether directly or indirectly, and whether by means of a loan, guarantee, the provision of security or otherwise, any financial assistance for the purpose of or in connection with a purchase or subscription made or to be made by any person of or for any shares in the Company, or, where the Company is a subsidiary company, in its holding company.

3.25. To do and carry out all or any of the foregoing or following objects in any part of the world and either as principals, agents, contractors, trustees or otherwise, and either by or through agents, trustees or otherwise and either alone or in partnership or in conjunction with any other company, firm or person, provided that nothing herein contained shall empower the Company to carry on the business of insurance.

3.26. To apply for, purchase or otherwise acquire any patents, brevets d'invention, licences, trademarks, trade names, copyrights, industrial designs, know-how, concessions and other forms of intellectual property rights and the like conferring any exclusive or non-exclusive or limited or contingent rights to use, or any secret or other information as to any invention or process of the Company, or the acquisition of which may seem calculated directly or indirectly to benefit the Company, and to use, exercise, develop, or grant licences in respect of, or otherwise turn to account the property, rights or information so acquired.

3.27. To enter into partnership or into any arrangement for sharing profits, union of interests, co-operation, joint venture, reciprocal concession or otherwise with any person or company.

3.28. To acquire and undertake the whole or any part of the undertaking, business, property and liabilities of any person or company.

3.29. To adopt such means of making known the Company and its products and services as may seem expedient.

3.30. To acquire and carry on any business carried on by a subsidiary or a holding company of the Company or another subsidiary of a holding company of the Company.

3.31. To promote any company or companies for the purpose of acquiring all or any of the property and liabilities of this Company or for any other purpose which may seem directly or indirectly calculated to benefit this Company.

3.32. To amalgamate with, merge with or otherwise become part of or associated with any other company or association in any manner permitted by law.

3.33. To make voluntary dispositions of all or any part of the property and rights of the Company and to make gifts thereof or gratuitous payments either for no consideration or for a consideration less than the market value of such property or rights or the amount of cash payment or by all or any such methods.

3.34. To receive voluntary dispositions of all or any part of the undertakings, properties, assets or rights of any other corporation and to receive gifts thereof or gratuitous payments either for no consideration or for a consideration less than the market value of such property or rights or the amount of cash payment or by all or any such methods.

3.35. To do and carry out all such other things, except the issuing of policies of insurance, as may be deemed by the Company capable of being carried on in connection with the above objects or any of them or calculated to enhance the value of or render profitable any of the Company's undertakings, properties, assets or rights.

And it is hereby declared that (i) the word "company" in this clause, except where used in reference to this Company, shall be deemed to include any person, partnership, limited partnership, limited liability partnership, limited liability company, other corporate body, trust or other body of persons whether incorporated or not incorporated and whether domiciled in Ireland or elsewhere and that the objects of the Company as specified in each of the foregoing paragraphs of this clause shall be separate and distinct objects and shall not be in anyway limited or restricted by reference to or inference from the terms of any other paragraph or the name of the Company and (ii) any phrase introduced by the terms "including," "include," "in particular" or any similar expression shall be construed as illustrative and shall not limit the sense of the words preceding those terms.

4. The liability of each Shareholder is limited to the amount from time to time unpaid on such Shareholder's Shares.

5. The authorised share capital of the Company is 25,000 Euro Deferred Shares of €1.00 each, 500,000,000 Ordinary Shares of US\$0.001 each and 100,000,000 Preferred Shares of \$0.001 each.

6. Notwithstanding any other provision of these Memorandum and Articles of Association, amendments to this paragraph of the Memorandum of Association, and amendments to Articles 68.1, 77, 84-87, 88, 99, 117, 161, 200 and 203 may only be made with the prior approval of the holders of at least 80% in nominal value of the issued shares of the Company which carry an entitlement to vote at a general meeting of the Company.

7. The shares forming the capital, increased or reduced, may be increased or reduced and be divided into such classes and issued with any special rights, privileges and conditions or with such qualifications as regards preference, dividend, capital, voting or other special incidents, and be held upon such terms as may be attached thereto or as may from time to time be provided by the original or any substituted or amended Articles of Association and regulations of the Company for the time being, but so that where shares are issued with any preferential or special rights attached thereto, such rights shall not be alterable otherwise than pursuant to the provisions of the Company's Memorandum and Articles of Association for the time being.

8. Capitalised terms that are not defined in this Memorandum of Association bear the same meaning as those given in the Articles of Association of the Company.

COMPANIES ACT 2014
A PUBLIC COMPANY LIMITED BY SHARES
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OF
ADIENT PUBLIC LIMITED COMPANY

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COMPANIES ACT 2014
A PUBLIC COMPANY LIMITED BY SHARES
CONSTITUTION
OF
ADIENT PUBLIC LIMITED COMPANY

(as adopted by Special Resolution on [•] 2016)

PRELIMINARY

1. Sections 43(2), 77 to 81, 83(3), 95(1), 96(2) to (11), 124, 125, 126(2) to (8), 144(3), 144(4), 148(2), 158 to 160, 161 (1), 161 (4)-(9), 162 to 165, 178(2), 180(5), 181(1), 181(6), 182(2), 182(5), 183(3), 183(6), 186(c)(i), 186(f), 187, 188, 218(3) to (5), 229, 230, 338(5), 338(6), 618(1)(b), 620(8), 1090, 1092 and 1113 of the Companies Act shall not apply to the Company. The provisions of the Companies Act which are stated therein to apply to a public limited company, save to the extent that its constitution is permitted to provide or state otherwise, will apply to the Company subject to the alterations contained in these Articles, and will, so far as not inconsistent with these Articles, bind the Company and its Shareholders.

2.

2.1. In these Articles (unless the context requires otherwise) the following words have the following meanings:

“**1990 Regulations**” The Companies Act 1990 (Uncertificated Securities) Regulations 1996 (S.I. No. 68 of 1996) as may be amended from time to time;

“**acting in concert**” has the meaning given to it in the Irish Takeover Panel Act, 1997, Takeover Rules;

“**Address**” includes any number or address used for the purposes of communication by way of electronic mail or other electronic communication;

“**Adoption Date**” means [•];

“**affiliate**” has the meaning given to it in Rule 12b-2 of the Exchange Act;

“**Articles**” or “**Articles of Association**” means these Articles of association of the Company, as amended from time to time;

“**Assistant Secretary**” means any person appointed by the Board or the Secretary from time to time to assist the Secretary;

“**associate**” has the meaning given to it in Rule 12b-2 of the Exchange Act;

“**Auditors**” means the persons for the time being performing the duties of the statutory auditors of the Company;

“**beneficial ownership**” shall have the meaning given to it in Rule 13d-3 of the Exchange Act;

“**Board**” means the board of Directors for the time being of the Company;

“**Chairperson**” means the chairperson of the Board from time to time and/or chairperson of a general meeting of the Company as the context may require;

“**clear days**” means, in relation to a period of notice, that period excluding the day when the notice is given or deemed to be given and the day for which notice is being given or on which an action or event for which notice is being given is to occur or take effect;

“**Companies Act**” means the Companies Act 2014 and every statutory modification, replacement and re-enactment thereof for the time being in force;

“**Company**” means Adient plc;

“**control**”, “**controlling**”, “**controlled by**” and “**under common control with**” means the possession of or entitlement to acquire, directly or indirectly, the power to direct or cause the direction of the management

and policies of a person, whether through the ownership of Voting Shares, by contract, or otherwise, and in particular, but without prejudice to the generality of the preceding words, if such person, either alone or with anyone with whom he or she is acting in concert, possesses or is entitled to acquire:

(1) interests in shares carrying 20% or more of the voting rights attributable to the capital of an entity which are exercisable at a general meeting;

(2) such percentage of the issued share capital of an entity as would, if the whole of the income or assets of the entity were in fact distributed among its shareholders (without regard to any rights which such person or any other person has as a loan creditor) entitle such person to receive 20% or more of the income or assets so distributed; or

(3) such rights as would, in the event of the winding-up of an entity or in any other circumstances, entitle such person to receive 20% or more of the assets of the entity which would then be available for distribution among the shareholders of the entity.

A person who is the owner of 20% or more of the outstanding voting shares of any corporation, partnership, unincorporated association or other entity shall be presumed to have control of such entity, in the absence of proof by a preponderance of the evidence to the contrary. Notwithstanding the foregoing, a presumption of control shall not apply where such person holds Voting Shares, in good faith and not for the purpose of circumventing the Articles, as an agent, bank, broker, nominee, custodian or trustee for one or more owners who do not individually or as a group have control of such entity;

“Court” means the Irish High Court;

“Depository” means any depository, clearing agency, custodian, nominee or similar entity appointed under arrangements entered into by the Company or otherwise approved by the Board that holds, or is interested directly or indirectly, including through a nominee, in, Shares, or rights or interests in respect thereof, and which issues certificates, instruments, securities or other documents of title, or maintains accounts, evidencing or recording the entitlement of the holders thereof, or account holders, to or to receive such Shares, rights or interests (and shall include, where so approved by the Board, the trustees (acting in their capacity as such) of any employees’ share scheme established by the Company);

“Depository Interest” means any certificate, instrument, security or other document of title issued, or account maintained, by a Depository to evidence or record the entitlement of the holder, or account holder, to or to receive Shares, or rights or interests in respect thereof;

“Directors” means the then-current directors of the Company;

“dividend” includes dividends, final dividends, interim dividends and bonus dividends;

“electronic communication” shall have the meaning given to those words in the Electronic Commerce Act 2000;

“electronic signature” shall have the meaning given to those words in the Electronic Commerce Act 2000;

“Enterprise” means the Company and any other corporation, limited liability company, partnership, joint venture, trust, employee benefit plan or other enterprise of which a person is or was serving at the request of the Company;

“Euro Deferred Shares” means the euro deferred shares of €1.00 in the capital of the Company having the rights ascribed to them in these Articles;

“Exchange” means any securities exchange or other system on which the Shares of the Company may be listed or otherwise authorised for trading from time to time;

“Exchange Act” means the Securities Exchange Act of 1934 of the United States of America as amended from time to time, together with the rules and regulations promulgated thereunder;

“holder” means in relation to a Share, the Shareholder whose name is entered in the Register as the holder of that Share;

“Memorandum” means the memorandum of association of the Company as amended from time to time;

“month” means a calendar month;

“Official” means a director, officer, secretary, employee, trustee, agent, partner, managing member, fiduciary or other official of the Company or another Enterprise;

“Ordinary Resolution” means an ordinary resolution of the Company’s Shareholders within the meaning of section 191 of the Companies Act;

“Ordinary Shares” means the ordinary shares of of US\$0.001 in the capital of the Company having the rights ascribed to them in these Articles;

“owner”, “own” and “owned” when used with respect to any shares, means a person that individually or with or through any of its affiliates or associates:

(a) beneficially owns such shares, directly or indirectly;

(b) has (i) the right to acquire such shares (whether such right is exercisable immediately or only after the passage of time) pursuant to any agreement, arrangement or understanding, or upon the exercise of conversion rights, exchange rights, warrants or options, or otherwise; provided, that a person shall not be deemed the owner of shares tendered pursuant to a tender or exchange offer made by such person or any of such person’s affiliates or associates until such tendered shares are accepted for purchase or exchange; or (ii) the right to vote such shares pursuant to any agreement, arrangement or understanding; provided, however, that a person shall not be deemed the owner of any shares because of such person’s right to vote such shares if the agreement, arrangement or understanding to vote such shares arises solely from a revocable proxy or consent given in response to a proxy or consent solicitation made to ten (10) or more persons; or

(c) has any agreement, arrangement or understanding (other than customary agreements with and between underwriters and selling group members with respect to a bona fide public offering of securities) for the purpose of acquiring, holding, voting (except voting pursuant to a revocable proxy or consent as described in item (ii) of subsection (b) above), or disposing of such shares with any other person that beneficially owns, or whose affiliates or associates beneficially own, directly or indirectly, such shares.

“paid-up” means paid-up in accordance with the Companies Act as to the nominal value and any premium payable in respect of the issue of any Shares and includes credited as paid-up;

“Preferred Shares” means the preferred shares of US\$0.001 in the capital of the Company having such rights as may be ascribed to them in accordance with these Articles.

“public announcement” means disclosure in a press release reported by a financial news service or in a document publicly filed by the Company with the Securities Exchange Commission pursuant to Section 13, 14 or 15(d) of the Exchange Act and the rules and regulations promulgated thereunder;

“Redeemable Shares” means redeemable shares in accordance with the Companies Act;

“Register” means the register of members of the Company maintained by or on behalf of the Company, in accordance with the Companies Act and includes (except where the context requires otherwise) any duplicate Register;

“registered office” means the registered office for the time being of the Company;

“Regulation S-K” means Regulation S-K of the General Rules and Regulations promulgated by the SEC pursuant to the Securities Act;

“Seal” means the seal of the Company, if any, and includes every duplicate seal;

“SEC” means the United States Securities and Exchange Commission or any successor agency;

“Secretary” means the person appointed by the Board to perform any or all of the duties of secretary of the Company and includes an Assistant Secretary and any person appointed by the Board or the Secretary to perform the duties of secretary of the Company, in each case, when acting in the capacity of the secretary of the Company;

“Securities Act” means the United States Securities Act of 1933, as amended from time to time, together with the rules and regulations promulgated thereunder;

“Share” and “Shares” means a share or shares in the capital of the Company;

“Shareholder” means a person who has agreed to become a member of the Company and whose name is entered in the Register as a registered holder of Shares;

“Special Resolution” means a special resolution of the Company’s Shareholders within the meaning of section 191 of the Companies Act; and

“Voting Shares” means Shares of any class or series entitled to vote generally at general meetings of the Company and every reference to a percentage of Voting Shares shall refer to such percentage of the votes of such Voting Shares.

2.2. In these Articles:

2.2.1. words importing the singular number include the plural number and vice-versa;

2.2.2. words importing the feminine gender include the masculine gender and the neuter and vice-versa;

2.2.3. words importing persons include any company, partnership or other body of persons, whether corporate or not, any trust and any government, governmental body or agency or public authority, whether of Ireland or elsewhere and references to a company, except where used in reference to this Company, shall be deemed to include any person, partnership, limited partnership, limited liability partnership, limited liability company, other corporate body, trust or other body of persons whether incorporated or not incorporated and whether domiciled in Ireland or elsewhere;

2.2.4. expressions referring to “written” and “in writing” shall be construed, unless the contrary intention appears, as including references to printing, lithography, photography and any other modes of representing or reproducing words in a visible form except as provided in these Articles and/or where it constitutes writing in electronic form sent to the Company;

2.2.5. expressions referring to execution of any document shall include any mode of execution whether under seal or under hand or any mode of electronic signature;

2.2.6. references to provisions of any law or regulation shall be construed as references to those provisions as amended, modified, re-enacted or replaced from time to time;

2.2.7. any phrase introduced by the terms “including,” “include,” “in particular” or any similar expression shall be construed as illustrative and shall not limit the sense of the words preceding those terms;

2.2.8. reference to “officer” or “officers” in these Articles means any executive that has been designated by the Company as an “officer” and, for the avoidance of doubt, shall not have the meaning given to such term in the Companies Act and any such officers shall not constitute officers of the Company within the meaning of section 2(1) of the Companies Act;

2.2.9. headings are inserted for reference only and shall be ignored in construing these Articles;

2.2.10. references to US\$, USD, \$ or dollars shall mean United States dollars, the lawful currency of the United States of America and references to €, euro, or EUR shall mean the euro, the lawful currency of Ireland.

REGISTERED OFFICE

3. The registered office shall be at such place in Ireland as the Board from time to time shall decide.

SHARE CAPITAL; ISSUE OF SHARES

4. The authorised share capital of the Company is 25,000 Euro Deferred Shares of €1.00 each, 500,000,000 Ordinary Shares of US\$0.001 each and 100,000,000 Preferred Shares of \$0.001 each.

5. Subject to the provisions of these Articles relating to new Shares, the Shares shall be at the disposal of the Directors, and they may (subject to the provisions of the Companies Act) allot, issue, grant options over or otherwise dispose of them to such persons, on such terms and conditions and at such times as they may consider to be in the best interests of the Company and its Shareholders, but so that no Share shall be issued at a discount save in accordance with sections 71(4) and 1026 of the Companies Act, and so that, in the case of Shares offered to the public for subscription, the amount payable on application on each such Share shall not be less than one-quarter of the nominal amount of the Share and the whole of any premium thereon. To the extent permitted by the Companies Act, Shares may also be allotted by a committee of the Directors or by any other person where such committee or person is so authorised by the Directors.

6. The Board is authorised, from time to time, to grant such persons, for such periods and upon such terms as the Board deems advisable, options or awards to purchase or subscribe for any number of Shares of any class or classes or of any series of any class and other securities or ownership interests of the Company as the Board may deem advisable, and to cause warrants or other appropriate instruments evidencing such options or awards to be issued.

7.

7.1. The Directors are, for the purposes of section 1021 of the Companies Act, generally and unconditionally authorised to exercise all powers of the Company to allot and issue relevant securities (as defined by the said section 1021) up to the amount of the Company’s authorised share capital and to allot and issue any Shares acquired by or on behalf of the Company pursuant to the provisions of the Companies Act and

held as treasury shares and, unless renewed, or a longer period of time is allowed under applicable law, this authority shall expire five years from the Adoption Date.

7.2. The Directors are hereby empowered pursuant to sections 1022 and 1023(3) of the Companies Act to allot equity securities within the meaning of the said section 1023 for cash pursuant to the authority conferred by Article 7.1 as if section 1022 of the Companies Act did not apply to any such allotment.

7.3. The Company may before the expiry of the authorities conferred by Articles 7.1 and/or 7.2 make an offer or agreement which would or might require relevant securities (as defined in section 1021 of the Companies Act) and/or equity securities (as defined in section 1023 of the Companies Act), as the case may be, to be allotted after such expiry and the Board may allot relevant securities and/or equity securities in pursuance of such an offer or agreement as if the authorities conferred by Articles 7.1 and/or 7.2 had not expired.

7.4. The Company may issue permissible letters of allotment (as defined by section 1019 of the Companies Act) to the extent permitted by the Companies Act.

8. Without prejudice to any special rights previously conferred on the holders of any existing Shares or class of Shares or any rights conferred on the Directors pursuant to Article 18, any Share in the Company may be issued with such preferred or deferred or other special rights or such restrictions, whether in regard to dividend, voting, return of capital or otherwise, as the Company may from time to time by Ordinary Resolution determine.

9. The Company may pay commission to any person in consideration of any person subscribing or agreeing to subscribe, whether absolutely or conditionally, for the Shares in the Company or procuring or agreeing to procure subscriptions, whether absolute or conditional, for any Shares in the Company on such terms and subject to the provisions of the Companies Act and to such conditions as the Board may determine, including by paying cash or allotting and issuing fully or partly paid Shares or any combination of the two. The Company may also on any issue of Shares pay such brokerage as may be lawful.

ORDINARY SHARES

10. The rights and restrictions attaching to the Ordinary Shares shall be as follows:

10.1. subject to the right of the Company to set record dates for the purposes of determining the identity of Shareholders entitled to notice of and/or to vote at a general meeting and any rules or regulations applicable to the conduct of any general meeting of the Company, the right to attend and speak at any general meeting of the Company and to exercise one vote per Ordinary Share held at any general meeting of the Company;

10.2. the right to participate pro rata in all dividends declared by the Company with respect to the Ordinary Shares; and

10.3. the right, in the event of the Company's winding up, to participate pro rata with all other holders of Ordinary Shares in the total assets of the Company.

11. The rights attaching to the Ordinary Shares shall be subject to the terms of issue of any series or class of Preferred Shares allotted by the Directors from time to time in accordance with Article 18.

12.

12.1. If an Ordinary Share is not listed on a securities market, a regulated market or another market recognised for the purposes of section 1072 of the Companies Act, in each case within the meaning of the Companies Act, it shall be deemed to be a Redeemable Share on, and from the time of, the existence or creation of an agreement, transaction or trade between the Company (including any agent or broker acting on behalf of the Company) and any person (who may or may not be a Shareholder) pursuant to which the Company acquires or will acquire Ordinary Shares, or an interest in Ordinary Shares, from the relevant person. In these circumstances, the acquisition of such shares by the Company shall constitute the redemption of a Redeemable Share in accordance with the Companies Act. No resolution, whether special or otherwise, shall be required to be passed to deem any Ordinary Share a Redeemable Share.

12.2. If an Ordinary Share is listed on a securities market, a regulated market or another market recognised for the purposes of section 1072 of the Companies Act, in each case within the meaning of the Companies Act, the provisions of Article 12.1 shall apply unless the Board resolves, prior to the existence or creation of any relevant arrangement, that the arrangement concerned is to be treated as an acquisition of Shares pursuant to Article 34.3, in which case the arrangement shall be so executed.

13. All Ordinary Shares shall rank *pari passu* with each other in all respects.

EURO DEFERRED SHARES

14. The holders of the Euro Deferred Shares shall not be entitled to receive any dividend or distribution and shall not be entitled to receive notice of, nor to attend, speak or vote at, any general meeting of the Company. On a return of assets, whether on liquidation or otherwise, the Euro Deferred Shares shall entitle the holder thereof only to the repayment of the amounts paid up on such shares after repayment of the capital paid up on the Ordinary Shares and the holders of the Euro Deferred Shares (as such) shall not be entitled to any further participation in the assets or profits of the Company.

15. The Special Resolution adopting these Articles passed on the Adoption Date shall be deemed to confer irrevocable authority on the Company at any time after the Adoption Date:

15.1. to acquire all or any of the fully paid Euro Deferred Shares otherwise than for valuable consideration in accordance with section 102 of the Companies Act and without obtaining the sanction of the holders thereof;

15.2. to appoint any person to execute on behalf of the holders of the Euro Deferred Shares remaining in issue (if any) a transfer thereof and/or an agreement to transfer the same otherwise than for valuable consideration to the Company or to such other person as the Company may nominate;

15.3. to cancel any acquired Euro Deferred Shares; and

15.4. pending such acquisition and/or transfer and/or cancellation, to retain the certificate (if any) for such Euro Deferred Shares.

16. In accordance with section 1040(3) of the Companies Act, the Company shall, not later than three years after any acquisition by it of any Euro Deferred Shares as aforesaid, cancel such shares (except those which, or any interest of the Company in which, it shall have previously disposed of) and reduce the amount of the share capital by the nominal value of the shares so cancelled and the Board may take such steps as are required to enable the Company to carry out its obligations under that subsection without complying with sections 84 and 85 of the Companies Act, including passing resolutions in accordance with section 1040(5) of the Companies Act.

17. Neither the acquisition by the Company otherwise than for valuable consideration of all or any of the Euro Deferred Shares nor the redemption thereof nor the cancellation thereof by the Company in accordance with these Articles shall constitute a variation or abrogation of the rights or privileges attached to the Euro Deferred Shares, and accordingly the Euro Deferred Shares or any of them may be so acquired, redeemed and cancelled without any consent or sanction on the part of the holders thereof. The rights conferred upon the holders of the Euro Deferred Shares shall not be deemed to be varied or abrogated by the creation of further Shares ranking in priority thereto or *pari passu* therewith.

PREFERRED SHARES

18. The Directors are authorised to issue all or any of the authorised but unissued Preferred Shares from time to time in one or more classes or series, and to fix for each such class or series such voting power, full or limited, or no voting power, and such designations, preferences and relative, participating, optional or other special rights and such qualifications, limitations or restrictions thereof, as shall be stated and expressed in the resolution or resolutions adopted by the Directors providing for the issuance of such class or series, including (but not limited to) the authority to provide that any such class or series may be:

18.1. redeemable at the option of the Company, or the holders, or both, with the manner of the redemption to be set by the Directors, and redeemable at such time or times, including upon a fixed date, and at such price or prices as the Directors may determine;

18.2. entitled to receive dividends (which may be cumulative or non-cumulative) at such rates, on such conditions and at such times as the Directors may determine, and which may be payable in preference to, or in such relation to, the dividends payable on any other class or classes of Shares or any other series as the Directors may determine;

18.3. entitled to such rights upon the dissolution of, or upon any distribution of the assets of, the Company as the Directors may determine; or

18.4. convertible into, or exchangeable for, Shares of any other class or classes of Shares, or of any other series of the same or any other class or classes of Shares, of the Company at such price or prices or at such rates of exchange and with such adjustments as the Directors may determine.

The Directors may at any time before the allotment of any Preferred Share by further resolution in any way amend the designations, preferences, rights, qualifications, limitations or restrictions, or vary or revoke the designations of such Preferred Shares.

19. The rights conferred upon the holder of any pre-existing Shares in the share capital of the Company shall be deemed not to be varied by the creation, issue and allotment of Preferred Shares in accordance with Article 18.

ISSUE OF WARRANTS

20. The Board may issue warrants to subscribe for any class of Shares or other securities of the Company on such terms as it may from time to time determine.

CERTIFICATES FOR SHARES

21. Unless otherwise provided for by the Board or the rights attaching to or by the terms of issue of any particular Shares, or to the extent required by the Companies Act, any Exchange, depository or any operator of any clearance or settlement system or by law, no person whose name is entered as a Shareholder in the Register shall be entitled to receive a share certificate for any Shares of any class held by him or her (nor on transferring a part of holding, to a certificate for the balance).

22. Any share certificate, if issued, shall specify the number of Shares in respect of which it is issued and the amount paid thereon or the fact that they are fully paid, as the case may be, and may otherwise be in such form as shall be determined by the Board. Such certificates may be under Seal. All certificates for Shares shall be consecutively numbered or otherwise identified and shall specify the Shares to which they relate. The name and address of the person to whom the Shares represented thereby are issued, with the number of Shares and date of issue, shall be entered in the Register. All certificates surrendered to the Company for transfer shall be cancelled and no new certificate shall be issued until the former certificate for a like number of Shares shall have been surrendered and cancelled. The Board may authorise certificates to be issued with the Seal and authorised signature(s) affixed by some method or system of mechanical or electronic process. In respect of a Share or Shares held jointly by several persons, the Company shall not be bound to issue a certificate or certificates to each such person, and the issue and delivery of a certificate or certificates to one of several joint holders shall be sufficient delivery to all such holders.

23. If a share certificate is defaced, worn out, lost or destroyed, it may be renewed on such terms (if any) as to evidence and indemnity and on the payment of such expenses reasonably incurred by the Company in investigating such evidence, as the Board may prescribe, and, in the case of defacement or wearing out, upon delivery of the old certificate.

REGISTER

24. The Company shall maintain or cause to be maintained a Register of its Shareholders in accordance with the Companies Act.

25. If the Board considers it necessary or appropriate, the Company may establish and maintain a duplicate Register or Registers of Shareholders at such location or locations within or outside Ireland as the Board thinks fit. The original Register shall be treated as the Register for the purposes of these Articles and the Companies Act.

26. The Company, or any agent(s) appointed by it to maintain any duplicate Register in accordance with these Articles, shall, as soon as practicable and on a regular basis record, or procure the recording of, in the original Register all transfers of Shares effected on any duplicate Register and shall at all times maintain the original Register in such manner as to show at all times the Shareholders for the time being and the Shares respectively held by them, in all respects in accordance with the Companies Act.

27. The Company shall not be bound to register more than four persons as joint holders of any Share. If any Share shall stand in the names of two or more persons, the person first named in the Register shall be deemed the sole holder thereof as regards service of notices and, subject to the provisions of these Articles, all or any other matters connected with the Company.

TRANSFER OF SHARES

28. Subject to such of the restrictions of these Articles and to such of the conditions of issue or transfer as may be applicable, all transfers of Shares shall be effected by an instrument in writing (an “**instrument of transfer**”) in such form as the Board or the Secretary may approve. All such instruments of transfer must be left

at the registered office or at such other place as the Board or the Secretary may specify and all such instruments of transfer shall be retained by the Company.

29.

29.1. The instrument of transfer of any Share shall be executed by the transferor or alternatively for and on behalf of the transferor by the Secretary (or such other person as may be nominated by the Secretary for this purpose) on behalf of the Company, and the Secretary (or relevant nominee), acting on behalf of the Company, shall be deemed to have been irrevocably appointed agent for the transferor of such Share or Shares with full power to execute, complete and deliver in the name of and on behalf of the transferor of such Share or Shares all such transfers of Shares held by the Shareholders in the share capital of the Company. An instrument of transfer need not be executed by the transferee except to the extent required by the Companies Act. Any document which records the name of the transferor, the name of the transferee, the class and number of Shares agreed to be transferred, details of the total consideration payable and the date of the agreement to transfer the Shares, shall, once executed in accordance with this Article, be deemed to be a proper instrument of transfer for the purposes of section 94 of the Companies Act.

29.2. The transferor shall be deemed to remain the holder of the Share until the name of the transferee is entered on the Register in respect thereof, and neither the title of the transferee nor the title of the transferor shall be affected by any irregularity or invalidity in the proceedings in reference to the sale should the Board so determine.

29.3. The Company, insofar as the Companies Act or any other applicable law permits, may, or may procure that a subsidiary of the Company shall, pay Irish stamp duty arising on a transfer of Shares on behalf of the transferee of such Shares of the Company. If stamp duty resulting from the transfer of Shares in the Company which would otherwise be payable by the transferee is paid by the Company or any subsidiary of the Company on behalf of the transferee, then in those circumstances, the Company shall, on its behalf or on behalf of its subsidiary (as the case may be), be entitled, but not required, to (i) seek reimbursement of the stamp duty from the transferee, (ii) set-off the stamp duty against any dividends payable to the transferee of those Shares or (iii) claim a first and permanent lien on the Shares on which stamp duty has been paid by the Company or its subsidiary for the amount of stamp duty paid.

29.4. Notwithstanding the provisions of these Articles and subject to any regulations made under section 1086 of the Companies Act or the 1990 Regulations, title to any Shares in the Company may also be evidenced and transferred without a written instrument in accordance with section 1086 of the Companies Act or any regulations made thereunder, and the 1990 Regulations. The Board shall have power to permit any class of Shares to be held in uncertificated form and to implement any arrangements they think fit for such evidencing and transfer which accord with such regulations and in particular shall, where appropriate, be entitled to disapply or modify all or part of the provisions in these Articles with respect to the requirement for written instruments of transfer and share certificates (if any), in order to give effect to such regulations.

30. The Board may, without assigning any reason for its decision, decline to register any transfer of any Share which is not a fully paid Share. The Board may also, without assigning any reason, refuse to register a transfer of any Share unless:

30.1. the instrument of transfer is fully and properly completed and is lodged with the Company at the Registered Office or at such other place as the Board or the Secretary may specify accompanied by the certificate for the Shares (if any) to which it relates (which shall upon registration of the transfer be cancelled) and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer;

30.2. the instrument of transfer is in respect of only one class of Shares;

30.3. a registration statement under the Securities Act is in effect with respect to such transfer or such transfer is exempt from registration and, if requested by the Board, a written opinion from counsel reasonably acceptable to the Board is obtained to the effect that such transfer is exempt from registration;

30.4. the instrument of transfer is properly stamped (in circumstances where stamping is required);

30.5. in the case of a transfer to joint holders, the number of joint holders to which the Share is to be transferred does not exceed four;

30.6. it is satisfied, acting reasonably, that all applicable consents, authorisations, permissions or approvals of any governmental body or agency in Ireland or any other applicable jurisdiction required to be obtained under relevant law prior to such transfer have been obtained; and

30.7. it is satisfied, acting reasonably, that the transfer would not violate the terms of any agreement to which the Company (or any of its subsidiaries) and the transferor are party or subject.

31. If the Board shall refuse to register a transfer of any Share, it shall, within two months after the date on which the transfer was lodged with the Company, send to each of the transferor and the transferee notice of such refusal.

32. The Company shall not be obligated to make any transfer to an individual under 18 years of age or to a person in respect of whom an order has been made by a competent court or official on the grounds that he or she is or may be suffering from mental disorder or is otherwise incapable of managing his or her affairs or under other legal disability.

33. Upon every transfer of Shares, the certificate (if any) held by the transferor shall be given up to be cancelled, and shall forthwith be cancelled accordingly, and subject to Article 21 a new certificate may be issued without charge to the transferee in respect of the Shares transferred to him or her, and if any of the Shares included in the certificate so given up shall be retained by the transferor, a new certificate in respect thereof may be issued to him or her without charge.

REDEMPTION AND REPURCHASE OF SHARES

34. Subject to the provisions of Chapter 6 of Part 3 and Chapter 5 of Part 17 of the Companies Act and the other provisions of this Article 34, and without prejudice to Article 18, the Company may:

34.1. pursuant to section 66(4) of the Companies Act, issue any Shares of the Company which are to be redeemed or are liable to be redeemed at the option of the Company or the Shareholder on such terms and in such manner as may be determined by the Board;

34.2. redeem Shares of the Company on such terms as may be contained in, or be determined pursuant to the provisions of, these Articles. Subject as aforesaid, the Company may cancel any Shares so redeemed or may hold them as treasury shares (as defined by section 106(1) of the Companies Act) and re-issue such treasury shares as Shares of any class or classes or cancel them;

34.3. subject to or in accordance with the provisions of the Companies Act and without prejudice to any relevant special rights attached to any class of Shares, pursuant to section 105 and Chapter 5 of Part 17 of the Companies Act, acquire any of its own Shares (including any Redeemable Shares and without any obligation to acquire on any *pro rata* basis as between Shareholders or Shareholders of the same class) and may cancel any Shares so acquired or hold them as treasury shares (as defined by section 106(1) of the Companies Act) and may re-issue any such Shares as Shares of any class or classes or cancel them; or

34.4. convert any of its Shares into Redeemable Shares provided that the total number of Shares which shall be redeemable pursuant to this authority shall not exceed the limit in section 1071(b) of the Companies Act. No resolution of Shareholders, whether special or otherwise, shall be required to be passed to convert any of the Company's Shares into Redeemable Shares.

35. The Company may make a payment in respect of the redemption or purchase of its own Shares in any manner permitted by the Companies Act.

36. The holder of the Shares being redeemed or purchased shall be bound to deliver up to the Company at its registered office or such other place as the Board shall specify, the certificate(s) (if any) thereof for cancellation and thereupon the Company shall pay to him or her the purchase or redemption monies or consideration in respect thereof.

VARIATION OF RIGHTS OF SHARES

37. Without prejudice to the authority conferred on the Directors pursuant to Article 18 to issue Preferred Shares in the capital of the Company, if at any time the share capital of the Company is divided into different classes or series of Shares, the rights attached to any class or series (unless otherwise provided by the terms of issue of the Shares of that class or series) may be varied or abrogated with the consent in writing of the holders of a majority of the issued Shares of that class or series entitled to vote on such variation or abrogation, or with the sanction of an Ordinary Resolution passed at a general meeting of the holders of the Shares of that class or series.

38. The provisions of these Articles relating to general meetings of the Company shall apply *mutatis mutandis* to every such general meeting of the holders of one class or series of Shares except that the necessary quorum shall be one or more persons holding or representing by proxy at least a majority of the issued Shares of the class or series.

39. The rights conferred upon the holders of the Shares of any class or series issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the Shares of that class or series, be deemed to be varied by (i) the creation or issue of further Shares ranking *pari passu* therewith; (ii) a purchase or redemption by the Company of its own Shares; or (iii) the creation or issue for value (as determined by the Board) of further Shares ranking as regards participation in the profits or assets of the Company or otherwise in priority to them. For the avoidance of doubt:

39.1. the issue, redemption or purchase of any of the 25,000 Euro Deferred Shares of €1.00 each or the 100,000,000 Preferred Shares of US\$0.001 each shall not constitute a variation of the rights of the holders of Ordinary Shares; and

39.2. the issue of Preferred Shares or any class or series of Preferred Shares which rank *pari passu* with, or junior to, any existing Preferred Shares or class or series of Preferred Shares shall not constitute a variation of the existing Preferred Shares or class or series of Preferred Shares.

LIEN ON SHARES

40. The Company shall have a first and paramount lien on every Share (not being a fully paid Share) for all monies (whether presently payable or not) payable at a fixed time or called in respect of that Share. The Board, at any time, may declare any Share to be wholly or in part exempt from the provisions of this Article 40. The Company's lien on a Share shall extend to all monies payable in respect of it.

41. The Company may sell, in such manner as the Board determines, any Share on which the Company has a lien if a sum in respect of which the lien exists is presently payable and is not paid within 14 clear days after notice demanding payment, stating that if the notice is not complied with the Share may be sold, has been given to the holder of the Share or to the person entitled to it by reason of the death or bankruptcy of the holder.

42. To give effect to a sale, the Board may authorise some person to execute an instrument of transfer of the Share(s) sold to, or in accordance with, the directions of the transferee. The transferee shall be entered in the Register as the holder of the Share(s) comprised in any such transfer, and he or she shall not be bound to see to the application of the purchase monies nor shall his or her title to the Share be affected by any irregularity in, or invalidity of, the proceedings in reference to the sale, and after the name of the transferee has been entered in the Register, the remedy of any person aggrieved by the sale shall be in damages only and against the Company exclusively.

43. The net proceeds of the sale, after payment of the costs, shall be applied in payment of so much of the sum for which the lien exists as is presently payable and any residue (upon surrender to the Company for cancellation of the certificate for the Shares sold and subject to a like lien for any monies not presently payable as existed upon the Shares before the sale) shall be paid to the person entitled to the Shares at the date of the sale.

44. Whenever any law for the time being of any country, state or place imposes or purports to impose any immediate or future or possible liability upon the Company to make any payment or empowers any government or taxing authority or government official to require the Company to make any payment in respect of any Shares registered in the Register as held either jointly or solely by any Shareholders or in respect of any dividends, bonuses or other monies due or payable or accruing due or which may become due or payable to such Shareholder by the Company on, or in respect of, any Shares registered as mentioned above or for or on account or in respect of any Shareholder and whether in consequence of:

- (a) the death of such Shareholder;
- (b) the non-payment of any income tax or other tax by such Shareholder;
- (c) the non-payment of any estate, probate, succession, death, stamp or other duty by the executor or administrator of such Shareholder or by or out of his or her estate; or
- (d) any other act or thing;

in every such case (except to the extent that the rights conferred upon holders of any class of Shares renders the Company liable to make additional payments in respect of sums withheld on account of the foregoing):

44.1. the Company shall be fully indemnified by such Shareholder or his or her executor or administrator from all liability;

44.2. the Company shall have a lien upon all dividends and other monies payable in respect of the Shares registered in the Register as held either jointly or solely by such Shareholder for all monies paid or payable by the Company as referred to above in respect of such Shares or in respect of any dividends or other

monies thereon or for or on account or in respect of such Shareholder under or in consequence of any such law, together with interest at the rate of 15% per annum (or such other rate as the Board may determine) thereon from the date of payment to date of repayment, and the Company may deduct or set off against such dividends or other monies so payable any monies paid or payable by the Company as referred to above together with interest at the same rate;

44.3. the Company may recover as a debt due from such Shareholder or his or her executor or administrator (wherever constituted) any monies paid by the Company under or in consequence of any such law and interest thereon at the rate and for the period referred to above in excess of any dividends or other monies then due or payable by the Company; and

44.4. the Company may, if any such money is paid or payable by it under any such law as referred to above, refuse to register a transfer of any Shares by any such Shareholder or his or her executor or administrator until such money and interest is set off or deducted as referred to above or, in the case that it exceeds the amount of any such dividends or other monies then due or payable by the Company, until such excess is paid to the Company.

45. Subject to the rights conferred upon the holders of any class of Shares, nothing in Article 44 will prejudice or affect any right or remedy which any law may confer or purport to confer on the Company. As between the Company and every such Shareholder as referred to above (and, his or her executor, administrator and estate, wherever constituted), any right or remedy which such law shall confer or purport to confer on the Company shall be enforceable by the Company.

CALLS ON SHARES

46. Subject to the terms of allotment, the Board may make calls upon the Shareholders in respect of any monies unpaid on their Shares and each Shareholder (subject to receiving at least 14 clear days' notice specifying when and where payment is to be made) shall pay to the Company as required by the notice the amount called on his or her Shares. A call may be required or permitted to be paid in instalments. A call may be revoked before receipt by the Company of a sum due thereunder, in whole or in part, and payment of a call may be postponed in whole or in part.

47. A call shall be deemed to have been made at the time when the resolution of the Board authorising the call was passed.

48. A person on whom a call is made shall (in addition to a transferee) remain liable notwithstanding the subsequent transfer of the Share in respect of which the call is made.

49. The joint holders of a Share shall be jointly and severally liable to pay all calls in respect thereof.

50. If a call remains unpaid after it has become due and payable, the person from whom it is due and payable shall pay interest on the amount unpaid from the day it became due until it is paid at the rate fixed by the terms of allotment of the Share or in the notice of the call or, if no rate is fixed, at the appropriate rate (as defined by the Companies Act), but the Board may waive payment of the interest wholly or in part.

51. An amount payable in respect of a Share on allotment or at any fixed date, whether in respect of nominal value or by way of premium, shall be deemed to be a call and, if it is not paid, the provisions of these Articles shall apply as if that amount had become due and payable by virtue of a call.

52. Subject to the terms of allotment, the Board may make arrangements on the issue of Shares for a difference between the holders in the amounts and times of payment of calls on their Shares.

53. The Directors may, if they think fit, receive from any Shareholder willing to advance the same all or any part of the monies uncalled and unpaid upon any Shares held by him or her, and upon all or any of the monies so advanced may pay (until the same would, but for such advance, become payable) interest at such rate as may be agreed upon between the Directors and the Shareholder paying such sum in advance.

FORFEITURE

54. If a Shareholder fails to pay any call or instalment of a call on the day appointed for payment thereof, the Directors, at any time thereafter during such times as any part of the call or instalment remains unpaid, may serve a notice on him or her requiring payment of so much of the call or instalment as is unpaid together with any interest which may have accrued.

55. The notice shall state a further day (not earlier than the expiration of 14 clear days from the date of service of the notice) on or before which the payment required by the notice is to be made, and shall state that in the event of non-payment at or before the time appointed, the Shares in respect of which the call was made will be liable to be forfeited.

56. If the requirements of any such notice as aforesaid are not complied with, then at any time thereafter before the payment required by the notice has been made, any Shares in respect of which the notice has been given may be forfeited by a resolution of the Directors to that effect. The forfeiture shall include all dividends or other monies payable in respect of the forfeited Shares and not paid before forfeiture. The Board may accept a surrender of any Share liable to be forfeited hereunder.

57. On the trial or hearing of any action for the recovery of any money due for any call, it shall be sufficient to prove that the name of the Shareholder sued is entered in the Register as the holder, or one of the holders, of the Shares in respect of which such debt accrued, that the resolution making the call is duly recorded in the minute book and that notice of such call was duly given to the Shareholder sued, in pursuance of these Articles, and it shall not be necessary to prove the appointment of the Directors who made such call nor any other matters whatsoever, but the proof of the matters aforesaid shall be conclusive evidence of the debt.

58. A forfeited Share may be sold or otherwise disposed of on such terms and in such manner as the Directors think fit and at any time before a sale or disposition the forfeiture may be cancelled on such terms as the Directors think fit. Where, for the purposes of its disposal, such a Share is to be transferred to any person, the Board may authorise some person to execute an instrument of transfer of the Share to that person. The Company may receive the consideration, if any, given for the Share on any sale or disposition thereof and may execute a transfer of the Share in favour of the person to whom the Share is sold or disposed of and thereupon he or she shall be registered as the holder of the Share and shall not be bound to see to the application of the purchase money, if any, nor shall his or her title to the Share be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale or disposal of the Share.

59. A person whose Shares have been forfeited shall cease to be a Shareholder in respect of the forfeited Shares, but nevertheless shall remain liable to pay to the Company all monies which, at the date of forfeiture, were payable by him or her to the Company in respect of the Shares, without any deduction or allowance for the value of the Shares at the time of forfeiture but his or her liability shall cease if and when the Company shall have received payment in full of all such monies in respect of the Shares.

60. A statement in writing that the maker of the statement is a Director or the Secretary of the Company, and that a Share in the Company has been duly forfeited on the date stated in the statement, shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the Share.

61. The provisions of these Articles as to forfeiture shall apply in the case of non-payment of any sum which, by the terms of issue of a Share, becomes payable at a fixed time, whether on account of the nominal value of the Share or by way of premium, as if the same had been payable by virtue of a call duly made and notified.

62. The Directors may accept the surrender of any Share which the Directors have resolved to have been forfeited upon such terms and conditions as may be agreed and, subject to any such terms and conditions, a surrendered Share shall be treated as if it has been forfeited.

NON-RECOGNITION OF TRUSTS

63. The Company shall not be obligated to recognise any person as holding any Share upon any trust (except as is otherwise provided in these Articles or to the extent required by law) and the Company shall not be bound by or be compelled in any way to recognise (even when having notice thereof) any equitable, contingent, future, or partial interest in any Share, or any interest in any fractional part of a Share, or (except only as is otherwise provided by these Articles or the Companies Act) any other rights in respect of any Share except an absolute right to the entirety thereof in the registered holder. This shall not preclude the Company from requiring the Shareholders or a transferee of Shares to furnish the Company with information as to the beneficial ownership of any Share when such information is reasonably required by the Company.

TRANSMISSION OF SHARES

64. If a Shareholder dies, the survivor or survivors where the deceased was a joint holder, and the legal personal representatives of the deceased where he or she was a sole holder or the only survivor of joint holders, shall be the only persons recognised by the Company as having any title to his or her interest in the Shares; but nothing herein contained shall release the estate of any deceased holder from any liability in respect of any Share which had been jointly held by him or her solely or jointly with other persons.

65. A person becoming entitled to a Share in consequence of the death, bankruptcy, liquidation or insolvency of a Shareholder, or otherwise becoming entitled to a Share by operation of any law, directive or regulation (whether of Ireland, the European Union, or any other jurisdiction) may elect, upon such evidence of title being produced as the Directors or the Secretary (or such other person as may be nominated by the Secretary for this purpose) may reasonably require at any time and from time to time, and subject as further provided in this Article, either to become the holder of the Share or to have some person nominated by him or her registered as the transferee. If he or she elects to become the holder of the Share, he or she shall give notice to the Company to that effect and, where the Directors or the Secretary (or such other person as may be nominated by the Secretary for this purpose) are satisfied with the evidence of title produced to them, they may register such persons as the holder of the Share, subject to the other provisions of these Articles and of the Companies Act. If he or she elects to have another person registered, he or she shall execute an instrument of transfer of the Share to that person. All of these Articles relating to the transfer of Shares shall apply to the notice or instrument of transfer as if it were an instrument of transfer executed by the Shareholder and the event giving rise to the entitlement of the relevant person to the Shares had not occurred.

66. A person becoming entitled to a Share by transmission shall have the rights to which he or she would be entitled if he or she were the holder of the Share (including the right to receive and give a valid discharge for any dividends, distributions or other moneys payable on or in respect of the Share), except that, before being registered as the holder of the Share, he or she shall not be entitled in respect of it to receive notices of, or to attend or vote at, any meeting of the Company or at any separate meeting of holders of any class of Shares in the Company, so, however, that the Directors or the Secretary (or such other person as may be nominated by the Secretary for this purpose), at any time, may give notice requiring any such person to elect either to be registered himself or herself or to transfer the Share and, if the notice is not complied with within 90 days, the Directors or the Secretary (or such other person as may be nominated by the Secretary for this purpose) thereupon may withhold payment of all dividends, bonuses or other monies payable in respect of the Share until the requirements of the notice have been complied with.

AMENDMENT OF MEMORANDUM OF ASSOCIATION; CHANGE OF LOCATION OF REGISTERED OFFICE; AND ALTERATION OF CAPITAL

67. The Company may by Ordinary Resolution (or as otherwise provided in these Articles, determined by the Board or permitted under applicable law):

67.1. divide its share capital into several classes and attach to them respectively any preferential, deferred, qualified or special rights, privileges or conditions;

67.2. increase the authorised share capital by such sum to be divided into Shares of any nominal value;

67.3. consolidate and divide all or any of its share capital into Shares of larger nominal value than its existing Shares;

67.4. subdivide its existing Shares, or any of them, into Shares of smaller nominal value, so however, that in the sub-division, the proportion between the amount paid and the amount, if any, unpaid on each reduced Share shall be the same as it was in the case of the Share from which the reduced Share is derived (and so that the Board may determine that, as between the holders of the Shares resulting from such sub-division, one or more of the Shares may have, as compared with the others, any such preferred, deferred or other rights or be subject to any such restrictions as the Company has power to attach to unissued or new Shares);

67.5. cancel any Shares that have not been taken or agreed to be taken by any person, and diminish the amount of the Company's share capital by the amount of the Shares so cancelled;

67.6. increase the nominal value of any of the Shares by the addition to them of any undenominated capital;

67.7. reduce the nominal value of any of the Shares by the deduction from them of any part of that value, subject to the crediting of the amount of the deduction to undenominated capital, other than the share premium account;

67.8. convert any undenominated capital into Shares for allotment as bonus shares to holders of existing Shares; and/or

67.9. subject to applicable law, change the currency denomination of its share capital.

68. Subject to the provisions of the Companies Act and to paragraph 6 of the Memorandum, the Company may:

68.1. by Special Resolution (or as otherwise required or permitted by applicable law and/or paragraph 6 of the Memorandum) change its name, alter or add to the Memorandum with respect to any objects, powers or other matters specified therein or alter or add to these Articles;

68.2. by Special Resolution (or as otherwise required or permitted by these Articles and applicable law) reduce its issued share capital and any capital redemption reserve fund, share premium account or undenominated capital account. In relation to such reductions, the Company may by Special Resolution (or as otherwise required or permitted by these Articles and applicable law) determine the terms upon which the reduction is to be effected, including in the case of a reduction of part only of any class of Shares, those Shares to be affected; and

68.3. by resolution of the Directors, change the location of its registered office.

69. Whenever as a result of an alteration or reorganisation of the share capital of the Company, or otherwise, any Shareholders would become entitled to fractions of a Share, the Board may, on behalf of those Shareholders, sell the Shares representing the fractions for the best price reasonably obtainable to any person and distribute the proceeds of sale in due proportion among those Shareholders, and the Board may authorise any person to execute an instrument of transfer of the Shares to, or in accordance with the directions of, the purchaser. The transferee shall not be bound to see to the application of the purchase money nor shall his or her title to the Shares be affected by any irregularity in or invalidity of the proceedings in reference to the sale.

CLOSING REGISTER OR FIXING RECORD DATE

70. For the purpose of determining Shareholders entitled to notice of or to vote at any meeting of Shareholders or any adjournment thereof, or Shareholders entitled to receive payment of any dividend, or in order to make a determination of Shareholders for any other proper purpose, the Board may provide, subject to the requirements of section 174 of the Companies Act, that the Register shall be closed for transfers at such times and for such periods, not exceeding in the whole 30 days in each year. If the Register shall be so closed for the purpose of determining Shareholders entitled to notice of, or to vote at, a meeting of Shareholders, such Register shall be so closed for at least five days immediately preceding such meeting and the record date for such determination shall be the date of the closure of the Register.

71. In lieu of, or apart from, closing the Register, the Board may fix in advance a date as the record date (a) for any such determination of Shareholders entitled to notice of or to vote at a meeting of the Shareholders, which record date shall not be more than 60 days before the date of such meeting, and (b) for the purpose of determining the Shareholders entitled to receive payment of any dividend or other distribution, or in order to make a determination of Shareholders for any other proper purpose, which record date shall not be more than 60 days prior to the date of payment of such dividend or other distribution or the taking of any action to which such determination of Shareholders is relevant.

72. If the Register is not so closed and no record date is fixed for the determination of Shareholders entitled to notice of or to vote at a meeting of Shareholders, the date immediately preceding the date on which notice of the meeting is deemed given under these Articles shall be the record date for such determination of Shareholders. Where a determination of Shareholders entitled to vote at any meeting of Shareholders has been made as provided in these Articles, such determination shall apply to any adjournment thereof; provided, however, that the Directors may fix a new record date of the adjourned meeting, if they think fit.

GENERAL MEETINGS

73. The Board shall convene and the Company shall hold annual general meetings in accordance with the requirements of the Companies Act.

74. The Board may, whenever it thinks fit, and shall, on the requisition in writing of Shareholders holding such number of Shares as is prescribed by, and made in accordance with, the Companies Act, convene a general meeting in the manner required by the Companies Act. All general meetings other than annual general meetings shall be called extraordinary general meetings. Where any provision of the Companies Act confers rights on the shareholders of a company to convene a general meeting without first directing the board of directors to convene a general meeting and expresses such rights to apply save where a company's Articles of association or constitution provides otherwise, such rights shall not apply to the Shareholders of the Company.

75. The Company shall in each year hold a general meeting as its annual general meeting in addition to any other meeting in that year, and shall specify the meeting as such in the notice calling it. Not more than 15 months shall elapse between the date of one annual general meeting of the Company and that of the next. Each general meeting shall be held at such time and place as designated by the Board and as specified in the notice of

meeting. Subject to section 176 of the Companies Act, the Board may convene a general meeting wherever it thinks fit.

76. The Board may authorise the Secretary to postpone or cancel any general meeting called in accordance with the provisions of these Articles (other than a meeting requisitioned by the Shareholders in accordance with the Companies Act or the postponement or cancellation of which would be contrary to the Companies Act, law or a Court order pursuant to the Companies Act) if the Board considers that, for any reason, it is impractical or unreasonable to hold the general meeting, provided that notice of postponement or cancellation is given to each Shareholder before the time for such meeting. Fresh notice of the date, time and place for any postponed meeting shall be given to each Shareholder in accordance with the provisions of these Articles.

NOTICE OF GENERAL MEETINGS

77. Subject to Article 78, an annual general meeting, and an extraordinary general meeting called for the passing of a Special Resolution, shall be called on at least 21 clear days' notice and no more than 60 clear days' notice, and all other extraordinary general meetings shall be called on at least 14 clear days' notice and no more than 60 clear days' notice. Such notice shall state the date, time, place of the meeting and the general nature of the business to be considered. Every notice shall specify such other details as are required by applicable law or the relevant code, rules and regulations applicable to the listing of the Shares on any Exchange.

78. Subject to the Companies Act and notwithstanding that it is convened by shorter notice than that specified in Article 77, a general meeting shall be deemed to have been duly convened if it is so agreed by all of the Shareholders entitled to attend and vote at the meeting.

79. A general meeting of the Company shall, whether or not the notice specified in Article 77 or Article 78 has been given and whether or not the provisions of the Articles regarding general meetings have been complied with, be deemed to have been duly convened if applicable law so permits and it is so agreed by the Auditors and by all the Shareholders entitled to attend and vote thereat or by their proxies.

80. The notice convening an annual general meeting shall specify the meeting as such, and the notice convening a meeting to pass a Special Resolution shall specify the intention to propose the resolution as a Special Resolution. Notice of every general meeting shall be given in any manner permitted by these Articles to all Shareholders.

81. There shall appear with reasonable prominence in every notice of general meetings of the Company a statement that a Shareholder entitled to attend and vote is entitled to appoint one or more proxies to attend and vote instead of him or her and that a proxy need not be a Shareholder of the Company.

82. The accidental omission to give notice of a general meeting to, or the non-receipt of notice of a meeting by, any person entitled to receive notice shall not invalidate the proceedings of that meeting.

83. In cases where instruments of proxy are sent out with notices, the accidental omission to send such instrument of proxy to, or the non-receipt of such instrument of proxy by, any person entitled to receive notice shall not invalidate (i) the notice; or (ii) any resolution passed or any proceeding at any such meeting. A Shareholder present, either in person or by proxy, at any general meeting of the Company or of the holders of any class of Shares in the Company will be deemed to have received notice of that meeting and, where required, of the purpose for which it was called.

ADVANCE NOTICE OF SHAREHOLDER BUSINESS AND NOMINATIONS

84.

84.1. Without qualification or limitation, subject to Section 86.3 of these Articles, for any nominations or any other business to be properly brought before an annual general meeting by a Shareholder, the Shareholder must have given timely notice thereof (including, in the case of nominations, the completed and signed questionnaire, representation and agreement required by Article 87 of these Articles), and timely updates and supplements thereof, in each case in proper form, in writing to the Secretary, and such other business must otherwise be a proper matter for Shareholder action.

84.2. To be timely, a Shareholder's notice shall be delivered to the Secretary at the Registered Office (i) with respect to the first annual general meeting, not later than the 10th day following the day on which public announcement of the date of such annual general meeting is first made by the Company and (ii) with respect to all other annual general meetings 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; provided, however, that in the event that the date of the annual general meeting is more than 30 days before or more than 60 days after such anniversary date, notice by the Shareholder must be so 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 the 90th day prior to the date of such annual general meeting or, if the first public announcement of the date of such annual general meeting is less than 100 days prior to the date of such annual general meeting, the 10th day following the day on which public announcement of the date of such meeting is first made by the Company. In no event shall any adjournment or postponement of an annual general meeting, or the public announcement thereof, commence a new time period for the giving of a Shareholder's notice as described above.

84.3. Notwithstanding anything in Article 84.2 to the contrary, in the event that the number of directors to be elected to the Board is increased by the Board, and there is no public announcement by the Company naming all of the nominees for director or specifying the size of the increased Board at least 100 days prior to the first anniversary of the preceding year's annual general meeting, a Shareholder's notice required by these Articles 84 – 87 shall also be considered timely, but only with respect to nominees for any new positions created by such increase, if it shall be delivered to the Secretary at the Registered Office not later than the close of business on the 10th day following the day on which such public announcement is first made by the Company.

84.4. In addition, to be considered timely, a Shareholder's notice shall further be updated and supplemented, if necessary, so that the information provided or required to be provided in such notice shall be 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, and such update and supplement shall be delivered to the Secretary at the Registered Office not later than five business days after the record date for the meeting in the case of the update and supplement required to be made as of the record date, and not later than eight business days prior to the date for the meeting or any adjournment or postponement thereof in the case of the update and supplement required to be made as of ten business days prior to the meeting or any adjournment or postponement thereof. For the avoidance of doubt, the obligation to update and supplement as set forth in this Article or any other Article of these Articles shall not limit the Company's rights with respect to any deficiencies in any notice provided by a Shareholder, extend any applicable deadlines hereunder or enable or be deemed to permit a Shareholder who has previously submitted notice hereunder to amend or update any proposal or to submit any new proposal, including by changing or adding nominees, matters, business and or resolutions proposed to be brought before a meeting of the Shareholders.

85.

85.1. Without qualification or limitation, subject to Article 86.3 of these Articles, for any business to be properly requested to be brought before a meeting of the Company other than an annual general meeting, the Shareholder must have given timely notice thereof and timely updates and supplements thereof in each case in proper form, in writing to the Secretary and such business must otherwise be a proper matter for Shareholder action.

85.2. Subject to Article 86.3 of these Articles, in the event the Company calls a meeting of Shareholders (other than an annual general meeting) for the purpose of electing one or more directors to the Board, any Shareholder may nominate an individual or individuals (as the case may be) for election to such position(s) as specified in the Company's notice of meeting, provided that the Shareholder gives timely notice thereof (including the completed and signed questionnaire, representation and agreement required by Article 87 of these Articles), and timely updates and supplements thereof, in each case in proper form, in writing, to the Secretary.

85.3. To be timely, a Shareholder's notice shall be delivered to the Secretary at the Registered Office not earlier than the close of business on the 120th day prior to the date of such meeting and not later than the close of business on the later of the 90th day prior to the date of such meeting or, if the first public announcement of the date of such meeting is less than 100 days prior to the date of such meeting, the 10th day following the day on which public announcement is first made of the date of the extraordinary general meeting and, if applicable, of the nominees proposed by the Board to be elected at such meeting. In no event shall any adjournment or postponement of an extraordinary general meeting of Shareholders, or the public announcement thereof, commence a new time period for the giving of a Shareholder's notice as described above.

85.4. In addition, to be considered timely, a Shareholder's notice shall further be updated and supplemented, if necessary, so that the information provided or required to be provided in such notice shall be 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, and such update and supplement shall be delivered to the Secretary at the Registered Office not later than five business days after the record date for the meeting in the case of the update and supplement required to be made as of the record date, and not later than eight business days prior to the date for the meeting, any adjournment or postponement thereof in the case of the update and

supplement required to be made as of ten business days prior to the meeting or any adjournment or postponement thereof.

86.

86.1. A Shareholder's notice pursuant to Article 84 or 85 must include the following, as applicable.

(a) As to the Shareholder giving the notice and the beneficial owner, if any, on whose behalf the nomination or proposal, as applicable, is made, a Shareholder's notice must set forth: (i) the name and address of such Shareholder, as they appear on the Company's Register, of such beneficial owner, if any, and of their respective affiliates or associates or others acting in concert therewith, (ii) (A) the class or series and number of Shares of the Company which are, directly or indirectly, owned beneficially and of record by such Shareholder, such beneficial owner and their respective affiliates or associates or others acting in concert therewith, (B) any option, warrant, convertible security, stock appreciation right, or similar right with an exercise or conversion privilege or a settlement payment or mechanism at a price related to any class or series of Shares of the Company or with a value derived in whole or in part from the value of any class or series of Shares of the Company, or any synthetic arrangement having the characteristics of a long position in any class or series of Shares of the Company, or any contract, derivative, swap or other transaction or series of transactions designed to produce economic benefits and risks that correspond substantially to the ownership of any class or series of Shares of the Company, including due to the fact that the value of such contract, derivative, swap or other transaction or series of transactions is determined by reference to the price, value or volatility of any class or series of Shares of the Company, whether or not such instrument, contract or right shall be subject to settlement in the underlying class or series of Shares of the Company, through the delivery of cash or other property, or otherwise, and without regard to whether the Shareholder, the beneficial owner, if any, or any affiliates or associates or others acting in concert therewith, may have entered into transactions that hedge or mitigate the economic effect of such instrument, contract or right, or any other direct or indirect opportunity to profit or share in any profit derived from any increase or decrease in the value of Shares of the Company (any of the foregoing, a **"Derivative Instrument"**) directly or indirectly owned beneficially by such Shareholder, the beneficial owner, if any, or any affiliates or associates or others acting in concert therewith, (C) any proxy, contract, arrangement, understanding, or relationship pursuant to which such Shareholder, such beneficial owner or any of their respective affiliates or associates or others acting in concert therewith has any right to vote any class or series of Shares of the Company, (D) any agreement, arrangement, understanding, relationship or otherwise, including any repurchase or similar so-called "stock borrowing" agreement or arrangement, involving such Shareholder, such beneficial owner or any of their respective affiliates or associates or others acting in concert therewith, directly or indirectly, the purpose or effect of which is to mitigate loss to, reduce the economic risk (of ownership or otherwise) of any class or series of the Shares of the Company by, manage the risk of share price changes for, or increase or decrease the voting power of, such Shareholder, such beneficial owner or any of their respective affiliates or associates or others acting in concert therewith with respect to any class or series of the Shares of the Company, or which provides, directly or indirectly, the opportunity to profit or share in any profit derived from any decrease in the price or value of any class or series of the Shares of the Company (any of the foregoing, a **"Short Interest"**), (E) any rights to dividends on the Shares of the Company owned beneficially by such Shareholder, such beneficial owner or any of their respective affiliates or associates or others acting in concert therewith that are separated or separable from the underlying Shares of the Company, (F) any proportionate interest in Shares of the Company or Derivative Instruments held, directly or indirectly, by a general or limited partnership in which such Shareholder, such beneficial owner or any of their respective affiliates or associates or others acting in concert therewith is a general partner or, directly or indirectly, beneficially owns an interest in a general partner of such general or limited partnership, (G) any performance-related fees (other than an asset-based fee) that such Shareholder, such beneficial owner or any of their respective affiliates or associates or others acting in concert therewith is entitled to on any increase or decrease in the value of Shares of the Company or Derivative Instruments, if any, including, without limitation, any such interests held by Shareholders of the immediate family sharing the same household of such Shareholder, such beneficial owner or any of their respective affiliates or associates or others acting in concert therewith, (H) any significant equity interests or any Derivative Instruments or Short Interests in any principal competitor of the Company held by such Shareholder, such beneficial owner or any of their respective affiliates or associates or others acting in concert therewith and (I) any direct or indirect interest of such Shareholder, such beneficial owner or any of their respective affiliates or associates or others acting in concert therewith in any contract with the Company, any affiliate of the Company or any principal competitor of the Company (including, in any such case, any employment agreement, collective bargaining agreement or consulting agreement), (iii) all information that would be required to be set forth in a Schedule 13D filed pursuant to Rule 13d-1(a) under the Exchange Act or an amendment pursuant to Rule 13d-2(a) under the Exchange Act if such a statement were required to be filed under the Exchange Act by such Shareholder, such beneficial owner or any of their respective affiliates or

associates or others acting in concert therewith, if any, and (iv) any other information relating to such Shareholder, such beneficial owner of any of their respective affiliates or associates or others acting in concert therewith, if any, that would be required to be disclosed in a proxy statement and form or proxy or other filings required to be made in connection with solicitations of proxies for, as applicable, the proposal and/or for the election of directors in a contested election pursuant to Section 14 of the Exchange Act;

(b) If the notice relates to any business other than a nomination of a director or directors that the Shareholder proposes to bring before the meeting, a Shareholder's notice must, in addition to the matters set forth in Article 86.1(a) above, also set forth: (i) a brief description of the business desired to be brought before the meeting, the reasons for conducting such business at the meeting and any material interest of such Shareholder, such beneficial owner and each of their respective affiliates or associates or others acting in concert therewith, if any, in such business, (ii) the text of the proposal or business (including the text of any resolutions proposed for consideration and, in the event that such proposal or business includes a proposal to amend the Articles of the Company, the text of the proposed amendment), and (iii) a description of all agreements, arrangements and understandings between such Shareholder, such beneficial owner and each of their respective affiliates or associates or others acting in concert therewith, if any, and any other person or persons (including their names) in connection with the proposal of such business by such Shareholder;

(c) As to each individual, if any, whom the Shareholder proposes to nominate for election or re-election to the Board, a Shareholder's notice must, in addition to the matters set forth in Article 86.1(a) above, also set forth: (i) all information relating to such individual that would be required to be disclosed in a proxy statement or other filings required to be made in connection with solicitations of proxies for election of directors in a contested election pursuant to Section 14 of the Exchange Act (including such individual's written consent to being named in the proxy statement as a nominee and to serving as a director if elected) and (ii) a description of all direct and indirect compensation and other material monetary agreements, arrangements and understandings during the past three years, and any other material relationships, between or among such Shareholder and beneficial owner, if any, and their respective affiliates and associates, or others acting in concert therewith, on the one hand, and each proposed nominee, and his or her respective affiliates and associates, or others acting in concert therewith, on the other hand, including, without limitation, all information that would be required to be disclosed pursuant to Rule 404 promulgated under Regulation S-K if the Shareholder making the nomination and any beneficial owner on whose behalf the nomination is made, if any, or any affiliate or associate thereof or person acting in concert therewith, were the "registrant" for the purposes of such rule and the nominee were a director or executive officer of such registrant; and

(d) with respect to each individual, if any, whom the Shareholder proposes to nominate for election or re-election to the Board, a Shareholder's notice must, in addition to the matters set forth in Articles 86.1(a) — 86.1(c) above, also include a completed and signed questionnaire, representation and agreement required by Article 87 of these Articles. The Company may require any proposed nominee to furnish such other information as may reasonably be required by the Company to determine the eligibility of such proposed nominee to serve as an independent director of the Company or that could be material to a reasonable Shareholder's understanding of the independence, or lack thereof, of such nominee. Notwithstanding anything to the contrary, only persons who are nominated in accordance with the procedures set forth in these Articles shall be eligible for election as directors.

86.2. Notwithstanding the provisions of these Articles, a Shareholder shall also comply with all applicable requirements of the Exchange Act with respect to the matters set forth in Articles 84 — 87; provided, however, that any references in these Articles to the Exchange Act are not intended to and shall not limit the separate and additional requirements set forth in these Articles with respect to nominations or proposals as to any other business to be considered.

86.3. Nothing in these Articles shall be deemed to affect any rights (x) of Shareholders to request inclusion of proposals in the Company's proxy statement pursuant to Rule 14a-8 under the Exchange Act or (y) of the holders of any preference shares if and to the extent provided for under law or these Articles. Subject to Rule 14a-8 under the Exchange Act and Article 88, nothing in these Articles shall be construed to permit any Shareholder, or give any Shareholder the right, to include or have disseminated or described in the Company's proxy statement any nomination of director or directors or any other business proposal.

87. To be eligible to be a nominee of any Shareholder for election or re-election as a Director, a person must deliver (in accordance with the time periods prescribed for delivery of notice under Articles 84-87) to the Secretary at the Registered Office a written questionnaire with respect to the background and qualification of such individual and the background of any other person or entity on whose behalf, directly or indirectly, the nomination is being made (which questionnaire shall be provided by the Secretary upon written request), and a written representation and agreement (in the form provided by the Secretary upon written request) that such

individual (A) is not and will not become a party to (1) any agreement, arrangement or understanding with, and has not given any commitment or assurance to, any person or entity as to how such person, if elected as a Director, will act or vote on any issue or question (a **“Voting Commitment”**) that has not been disclosed to the Company, and (2) any Voting Commitment that could limit or interfere with such individual’s ability to comply, if elected as a Director, with such individual’s fiduciary duties under applicable law, (B) is not and will not become a party to any agreement, arrangement or understanding with any person or entity other than the Company with respect to any direct or indirect compensation, reimbursement or indemnification in connection with service or action as a Director that has not been disclosed to the Company, (C) in such individual’s personal capacity and on behalf of any person or entity on whose behalf, directly or indirectly, the nomination is being made, would be in compliance, if elected as a Director, and will comply, with all applicable corporate governance, conflict of interest, confidentiality and stock ownership and trading policies and guidelines of the Company publicly disclosed from time to time, and (D) consents to being named as a nominee in the Company’s proxy statement pursuant to Rule 14a-4(d) under the Exchange Act and any associated proxy card of the Company and agrees to serve if elected as a Director.

INCLUSION OF SHAREHOLDER DIRECTOR NOMINATIONS IN THE COMPANY’S PROXY MATERIALS

88.

88.1. Subject to the terms and conditions set forth in these Articles, the Company shall include in its proxy materials for an annual general meeting the name, together with the Required Information (as defined below), of any person nominated for election (the **“Shareholder Nominee”**) to the Board by a Shareholder or group of Shareholders that satisfy the requirements of this Article 88 including qualifying as an Eligible Shareholder (as defined in Article 88.4 below) and that expressly elects at the time of providing the written notice required by this Article 88 (a **“Proxy Access Notice”**) to have its nominee included in the Company’s proxy materials pursuant to this Article 88. For the purposes of this Article 88:

(a) **“Constituent Holder”** shall mean any Shareholder, collective investment fund included within a Qualifying Fund (as defined in Article 88.4 below) or beneficial owner whose share ownership is counted for the purposes of qualifying as holding the Proxy Access Request Required Shares (as defined in Article 88.4 below) or qualifying as an Eligible Shareholder (as defined in Article 88.4 below);

(b) **“associate”** shall have the meaning ascribed thereto in Rule 405 under the Securities Act, provided, however, that the term “partner” shall not include any limited partner that is not involved in the management of the relevant partnership; and

(c) a Shareholder (including any Constituent Holder) shall be deemed to **“own”** only those Voting Shares in relation to which the Shareholder itself (or such Constituent Holder itself) possesses both (a) the full voting and investment rights pertaining to the Shares and (b) the full economic interest in (including the opportunity for profit and risk of loss on) such Shares. The number of Shares calculated in accordance with (a) and (b) of the preceding sentence shall be deemed not to include (and to the extent any of the following arrangements have been entered into by affiliates of the Shareholder (or of any Constituent Holder), shall be reduced by) any Shares (x) sold by such Shareholder or Constituent Holder (or any of either’s affiliates) in any transaction that has not been settled or closed, including any short sale, (y) borrowed by such Shareholder or Constituent Holder (or any of either’s affiliates) for any purposes or purchased by such Shareholder or Constituent Holder (or any of either’s affiliates) pursuant to an agreement to resell, or (z) subject to any option, warrant, forward contract, swap, contract of sale, other derivative or similar agreement entered into by such Shareholder or Constituent Holder (or any of either’s affiliates), whether any such instrument or agreement is to be settled with shares or with cash based on the notional amount or value of Voting Shares, in any such case which instrument or agreement has, or is intended to have, or if exercised by either party thereto would have, the purpose or effect of (i) reducing in any manner, to any extent or at any time in the future, such Shareholder’s or Constituent Holder’s (or either’s affiliate’s) full right to vote or direct the voting of any such Shares, and/or (ii) hedging, offsetting or altering to any degree gain or loss arising from the full economic ownership of such Shares by such Shareholder or Constituent Holder (or either’s affiliate), other than any such arrangements solely involving an exchange listed multi-industry market index fund in which Voting Shares represent at the time of entry into such arrangement less than 10% of the proportionate value of such index;

(d) a beneficial owner (including any Constituent Holder) shall **“own”** Shares held in the name of a nominee or other intermediary so long as the beneficial owner itself (or such Constituent Holder itself) retains the right to instruct how the Shares are voted with respect to the election of Directors and the right to direct the disposition thereof and possesses the full economic interest in the Shares. A Shareholder’s (including any Constituent Holder’s) ownership of shares shall be deemed to continue during any period in which such person has loaned such Shares or delegated any voting power over such Shares by means of a proxy,

power of attorney or other instrument or arrangement which in all such cases is revocable at any time by the Shareholder. The terms “owned,” “owning” and other variations of the word “own” in this Article 88 shall have correlative meanings.

(e) the “**Required Information**” that the Company will include in its proxy statement is (1) the information concerning the Shareholder Nominee and the Eligible Shareholder that the Company determines is required to be disclosed in the Company’s proxy statement by the regulations promulgated under the Exchange Act; and (2) if the Eligible Shareholder so elects, a Statement (as defined in Article 88.6 below). The Company shall also include the name of the Shareholder Nominee in its proxy card. For the avoidance of doubt, and any other provision of these Articles notwithstanding, the Company may in its sole discretion solicit against, and include in the proxy statement its own statements or other information relating to, any Eligible Shareholder and/or Shareholder Nominee, including any information provided to the Company with respect to the foregoing.

88.2. To be timely, a Shareholder’s Proxy Access Notice must be delivered to the registered office of the Company within the time periods applicable to Shareholder notices of nominations pursuant to Articles 84-87. In no event shall any adjournment or postponement of an annual general meeting, the date of which has been announced by the Company, commence a new time period for the giving of a Proxy Access Notice.

88.3. The number of Shareholder Nominees (including Shareholder Nominees that were submitted by an Eligible Shareholder for inclusion in the Company’s proxy materials pursuant to this Article 88 but either are subsequently withdrawn or that the Board decides to nominate as Board nominees) appearing in the Company’s proxy materials with respect to an annual general meeting shall not exceed the greater of (x) two and (y) the largest whole number that does not exceed 20% of the number of Directors in office as of the last day on which a Proxy Access Notice may be delivered in accordance with the procedures set forth in this Article 88 (such greater number, the “**Permitted Number**”); provided, however, that the Permitted Number shall be reduced by:

(a) the number of such director candidates for which the Company shall have received one or more valid Shareholder notices nominating director candidates pursuant to Articles 84-87;

(b) the number of Directors in office or director candidates that in either case will be included in the Company’s proxy materials with respect to such annual general meeting as an unopposed (by the Company) nominee pursuant to any agreement, arrangement or other understanding with any Shareholder or group of Shareholders (other than any such agreement, arrangement or understanding entered into in connection with an acquisition of Voting Shares, by such Shareholder or group of Shareholders, from the Company), other than any such Director referred to in this Article 88.3 who at the time of such annual general meeting will have served as a director continuously, as a nominee of the Board, for at least two annual terms, but only to the extent the Permitted Number after such reduction with respect to this Article 88.3 equals or exceeds one; and

(c) the number of Directors in office that will be included in the Company’s proxy materials with respect to such annual general meeting for whom access to the Company’s proxy materials was previously provided pursuant to this Article 88, other than any such Director referred to in this Article 88.3 who at the time of such annual general meeting will have served as a director continuously, as a nominee of the Board, for at least two annual terms; provided, further, that in the event the Board resolves to reduce the size of the Board effective on or prior to the date of the annual general meeting, the Permitted Number shall be calculated based on the number of Directors in office as so reduced. In the event that the number of Shareholder Nominees submitted by Eligible Shareholders pursuant to this Article 88 exceeds the Permitted Number, each Eligible Shareholder will select one Shareholder Nominee for inclusion in the Company’s proxy materials until the Permitted Number is reached, going in order of the amount (largest to smallest) of Voting Shares each Eligible Shareholder disclosed as owned in its Proxy Access Notice submitted to the Company. If the Permitted Number is not reached after each Eligible Shareholder has selected one Shareholder Nominee, this selection process will continue as many times as necessary, following the same order each time, until the Permitted Number is reached.

88.4. An “**Eligible Shareholder**” is one or more Shareholders who own and have owned, or are acting on behalf of one or more beneficial owners who own and have owned (in each case as defined above), in each case continuously for at least three years as of both the date that the Proxy Access Notice is received by the Company pursuant to this Article 88, and as of the record date for determining Shareholders eligible to vote at the annual general meeting, at least 3% of the aggregate voting power of the Voting Shares (the “**Proxy Access Request Required Shares**”), and who continue to own the Proxy Access Request Required Shares at all times between the date such Proxy Access Notice is received by the Company and the date of the applicable annual general meeting, provided that the aggregate number of Shareholders, and, if and to the extent that a Shareholder is acting on behalf of one or more beneficial owners, of such beneficial owners, whose stock

ownership is counted for the purpose of satisfying the foregoing ownership requirement shall not exceed 20. Two or more collective investment funds that are (I) part of the same family of funds or sponsored by the same employer or (II) a “group of investment companies” as such term is defined in Section 12(d)(1)(G)(ii) of the Investment Company Act of 1940 (a “**Qualifying Fund**”) shall be treated as one Shareholder for the purpose of determining the aggregate number of Shareholders in this Article 88.4, provided that each fund included within a Qualifying Fund otherwise meets the requirements set forth in this Article 88. No Shares may be attributed to more than one group constituting an Eligible Shareholder under this Article 88 (and, for the avoidance of doubt, no Shareholder may be a Shareholder of more than one group constituting an Eligible Shareholder). A Shareholder acting on behalf of one or more beneficial owners will not be counted separately as a Shareholder with respect to the Shares owned by beneficial owners on whose behalf such Shareholder has been directed in writing to act, but each such beneficial owner will be counted separately, subject to the other provisions of this Article 88.4, for the purposes of determining the number of Shareholders whose holdings may be considered as part of an Eligible Shareholder’s holdings. For the avoidance of doubt, Proxy Access Request Required Shares will qualify as such if and only if the beneficial owner of such Shares as of the date of the Proxy Access Notice has itself individually beneficially owned such Shares continuously for the three-year period ending on that date and through the other applicable dates referred to above (in addition to the other applicable requirements being met).

88.5. No later than the final date when a nomination pursuant to this Article 88 may be delivered to the Company, an Eligible Shareholder (including each Constituent Holder) must provide the following information in writing to the Secretary of the Company:

- (a) with respect to each Constituent Holder, the name and address of, and number of Voting Shares owned by, such person;
- (b) one or more written statements from the Shareholder (and from any intermediaries through which the Shares are or have been held during the required three-year holding period) verifying that, as of a date within seven calendar days prior to the date the Proxy Access Notice is delivered to the Company, such person owns, and has owned continuously for the preceding three years, the Proxy Access Request Required Shares, and such person’s agreement to provide:
 - (i) within ten days after the record date for the annual general meeting, written statements from the Shareholder and intermediaries, as applicable, verifying such person’s continuous ownership of the Proxy Access Request Required Shares through the record date, together with any additional information reasonably requested to verify such person’s ownership of the Proxy Access Request Required Shares; and
 - (ii) immediate notice if the Eligible Shareholder ceases to own any of the Proxy Access Request Required Shares prior to the date of the applicable annual general meeting;
- (c) any information relating to such Eligible Shareholder (including any Constituent Holder) and their respective affiliates or associates or others acting in concert therewith, and any information relating to such Eligible Shareholder’s Shareholder Nominee(s), in each case that would be required to be disclosed in a proxy statement and form of proxy or other filings required to be made in connection with solicitations of proxies for the election of such Shareholder Nominee(s) in a contested election pursuant to Section 14 of the Exchange Act;
- (d) a description of all direct and indirect compensation and other material monetary agreements, arrangements and understandings during the past three years, and any other material relationships, between or among the Eligible Shareholder (including any Constituent Holder) and its or their respective affiliates and associates, or others acting in concert therewith, on the one hand, and each of such Eligible Shareholder’s Shareholder Nominee(s), and his or her respective affiliates and associates, or others acting in concert therewith, on the other hand, including, without limitation, all information that would be required to be disclosed pursuant to Rule 404 promulgated under Regulation S-K if the Eligible Shareholder (including any Constituent Holder), or any affiliate or associate thereof or person acting in concert therewith, were the “registrant” for the purposes of such rule and the Shareholder Nominee were a director or executive officer of such registrant;
- (e) a representation that such person:
 - (i) acquired the Proxy Access Request Required Shares in the ordinary course of business and not with the intent to change or influence control of the Company, and does not presently have such intent;

(ii) has not nominated and will not nominate for election to the Board at the annual general meeting any person other than the Shareholder Nominee(s) being nominated pursuant to this Article 88;

(iii) has not engaged and will not engage in, and has not and will not be a “participant” in another person’s, “solicitation” within the meaning of Rule 14a-1(l) under the Exchange Act in support of the election of any individual as a director at the annual general meeting other than its Shareholder Nominee(s) or a nominee of the Board;

(iv) will not distribute to any Shareholder any form of proxy for the annual general meeting other than the form distributed by the Company; and

(v) will provide facts, statements and other information in all communications with the Company and its Shareholders that are and will be true and correct in all material respects and do not and will not omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading, and will otherwise comply with all applicable laws, rules and regulations in connection with any actions taken pursuant to this Article 88;

(f) in the case of a nomination by a group of Shareholders that together is such an Eligible Shareholder, the designation by all group members of one group member that is authorized to act on behalf of all members of the nominating shareholder group with respect to the nomination and matters related thereto, including withdrawal of the nomination; and

(g) an undertaking that such person agrees to:

(i) assume all liability stemming from, and indemnify and hold harmless the Company and each of its Directors, officers, and employees individually against any liability, loss or damages in connection with any threatened or pending action, suit or proceeding, whether legal, administrative or investigative, against the Company or any of its Directors, officers or employees arising out of any legal or regulatory violation arising out of the Eligible Shareholder’s communications with the Shareholders of the Company or out of the information that the Eligible Shareholder (including such person) provided to the Company; and

(ii) file with the SEC any solicitation by the Eligible Shareholder of Shareholders of the Company relating to the annual general meeting at which the Shareholder Nominee will be nominated.

In addition, no later than the final date when a nomination pursuant to this Article 88 may be delivered to the Company, a Qualifying Fund whose stock ownership is counted for the purposes of qualifying as an Eligible Shareholder must provide to the Secretary of the Company documentation reasonably satisfactory to the Board that demonstrates that the funds included within the Qualifying Fund satisfy the definition thereof. In order to be considered timely, any information required by this Article 88 to be provided to the Company must be supplemented (by delivery to the Secretary of the Company) (1) no later than ten days following the record date for the applicable annual general meeting, to disclose the foregoing information as of such record date, and (2) no later than the fifth day before the annual general meeting, to disclose the foregoing information as of the date that is no earlier than ten days prior to such annual general meeting. For the avoidance of doubt, the requirement to update and supplement such information shall not permit any Eligible Shareholder or other person to change or add any proposed Shareholder Nominee or be deemed to cure any defects or limit the remedies (including, without limitation, under these Articles) available to the Company relating to any defect.

88.6. The Eligible Shareholder may provide to the Secretary of the Company, at the time the information required by this Article 88 is originally provided, a written statement for inclusion in the Company’s proxy statement for the annual general meeting, not to exceed 500 words, in support of the candidacy of such Eligible Shareholder’s Shareholder Nominee (the “**Statement**”). Notwithstanding anything to the contrary contained in this Article 88, the Company may omit from its proxy materials any information or Statement that it, in good faith, believes is materially false or misleading, omits to state any material fact, or would violate any applicable law or regulation.

88.7. No later than the final date when a nomination pursuant to this Article 88 may be delivered to the Company, each Shareholder Nominee must:

(a) provide an executed agreement, in a form deemed satisfactory by the Board or its designee (which form shall be provided by the Company reasonably promptly upon written request of a Shareholder), that such Shareholder Nominee:

(i) consents to being named in the Company's proxy statement and form of proxy card (and will not agree to be named in any other person's proxy statement or form of proxy card) as a nominee and to serving as a Director if elected;

(ii) agrees, if elected, to adhere to the Company's Corporate Governance Guidelines and any other publicly available Company policies and guidelines applicable to Directors; and

(iii) is not and will not become a party to any compensatory, payment or other financial agreement, arrangement or understanding with any person or entity in connection with his or her nomination, service or action as a Director, or any Voting Commitments, in each case that has not been disclosed to the Company;

(b) complete, sign and submit all questionnaires, representations and agreements required by these Articles or of Directors generally; and

(c) provide such additional information as necessary to permit the Board to determine if such Shareholder Nominee:

(i) is independent under the listing standards of each principal United States exchange upon which the Ordinary Shares of the Company are listed, any applicable rules of the SEC and any publicly disclosed standards used by the Board in determining and disclosing the independence of Directors;

(ii) has any direct or indirect relationship with the Company other than those relationships that have been deemed categorically immaterial pursuant to the Company's Related Party Transactions Policy;

(iii) would, by serving on the Board, violate or cause the Company to be in violation of these Articles, the rules and listing standards of the principal United States exchange upon which the common stock of the Company is listed or any applicable law, rule or regulation; and

(iv) is or has been subject to any event specified in Item 401(f) of Regulation S-K (or successor rule).

In the event that any information or communications provided by the Eligible Shareholder (or any Constituent Holder) or the Shareholder Nominee to the Company or its Shareholders ceases to be true and correct in all material respects or omits a material fact necessary to make the statements made, in light of the circumstances under which they were made, not misleading, each Eligible Shareholder or Shareholder Nominee, as the case may be, shall promptly notify the Secretary of the Company of any defect in such previously provided information and of the information that is required to correct any such defect; it being understood for the avoidance of doubt that providing any such notification shall not be deemed to cure any such defect or limit the remedies (including without limitation under these Articles) available to the Company relating to any such defect.

88.8. Any Shareholder Nominee who is included in the Company's proxy materials for a particular annual general meeting but either (1) withdraws from or becomes ineligible or unavailable for election at that annual general meeting (other than by reason of such Shareholder Nominee's disability or other health reason), or (2) does not receive votes cast in favor of the Shareholder Nominee's election of at least 10% of the Shares represented in person or by proxy at the annual general meeting, will be ineligible to be a Shareholder Nominee pursuant to this Article 88 for the next two annual general meetings. Any Shareholder Nominee who is included in the Company's proxy statement for a particular annual general meeting, but subsequently is determined not to satisfy the eligibility requirements of this Article 88 or any other provision of these Articles or other applicable regulation any time before the annual general meeting, will not be eligible for election at the relevant annual general meeting.

88.9. The Company shall not be required to include, pursuant to this Article 88, a Shareholder Nominee in its proxy materials for any annual general meeting, or, if the proxy statement already has been filed, to allow the nomination of a Shareholder Nominee, notwithstanding that proxies in respect of such vote may have been received by the Company:

(a) who is not independent under the listing standards of the principal United States exchange upon which the common stock of the Company is listed, any applicable rules of the SEC and any publicly disclosed standards used by the Board in determining and disclosing independence of Directors, in each case as determined by the Board;

(b) whose service as a member of the Board would violate or cause the Company to be in violation of these Articles, the rules and listing standards of the principal United States exchange upon which the Ordinary Shares of the Company are traded, or any applicable law, rule or regulation;

(c) if the Eligible Shareholder (or any Constituent Holder) or applicable Shareholder Nominee otherwise breaches or fails to comply in any material respect with its obligations pursuant to this Article 88 or any agreement, representation or undertaking required by this Article 88; or

(d) if the Eligible Shareholder ceases to be an Eligible Shareholder for any reason, including, but not limited to, not owning the Proxy Access Request Required Shares through the date of the applicable annual general meeting.

For the purposes of this Article 88.9, (a) and (b) above and, to the extent related to a breach or failure by the Shareholder Nominee, (c) will result in the exclusion from the proxy materials pursuant to this Article 88 of the specific Shareholder Nominee to whom the ineligibility applies, or, if the proxy statement already has been filed, the ineligibility of such Shareholder Nominee to be nominated; provided, however, that (d) above and, to the extent related to a breach or failure by an Eligible Shareholder (or any Constituent Holder), (c) will result in the Voting Shares owned by such Eligible Shareholder (or Constituent Holder) being excluded from the Proxy Access Request Required Shares (and, if as a result the Proxy Access Notice shall no longer have been filed by an Eligible Shareholder, the exclusion from the proxy materials pursuant to this Article 88 of all of the applicable Shareholder's Shareholder Nominees from the applicable annual general meeting or, if the proxy statement has already been filed, the ineligibility of all of such Shareholder's Shareholder Nominees to be nominated).

PROCEEDINGS AT GENERAL MEETINGS

89. The business of annual general meetings shall include:

89.1. the consideration of the Company's statutory financial statements and the report of the Directors and the report of the Auditors on those statements and that report;

89.2. the review by the Shareholders of the Company's affairs;

89.3. the appointment or re-appointment of Auditors;

89.4. the authorisation of the Directors to approve the remuneration of the Auditors; and

89.5. the election and re-election of Directors.

90. No business shall be transacted at any general meeting unless a quorum is present. One or more Shareholders present in person or by proxy (whether or not such Shareholder actually exercises his voting rights in whole, in part or at all at the relevant general meeting) holding not less than a majority of the issued and outstanding Shares of the Company entitled to vote at the meeting in question shall be a quorum.

91. If within 15 minutes (or such longer time not exceeding one hour as the Chairperson of the meeting may decide to wait) after the time appointed for the holding of the meeting a quorum is not present, or if during the meeting a quorum ceases to be present, the meeting (i) if convened on the requisition of Shareholders, shall be dissolved; and (ii) in any other case, shall stand adjourned to the same day in the next week or to such other day and at such other time and place as the Chairperson (or, in default, the Board) may, subject to the provisions of the Companies Act, determine. If at such adjourned meeting a quorum is not present within 15 minutes after the time appointed for holding it the adjourned meeting shall be dissolved.

92. If the Board wishes to make this facility available to Shareholders for any general meetings of the Company, a Shareholder may participate in any general meeting of the Company, by means of a telephone, video, electronic or similar communication equipment by way of which all persons participating in such meeting can communicate with each other simultaneously and instantaneously and such participation shall be deemed to constitute presence in person at the meeting.

93. Each Director and the Auditors shall be entitled to attend and speak at any general meeting of the Company.

94. The Chairperson (if any) of the Board or, in his or her absence, the vice or deputy chairperson (if any) shall preside as chairperson at a general meeting. If there is no chairperson or vice or deputy chairperson, or if at a meeting neither is present within five minutes after the time fixed for the start of the meeting, or neither is willing to act, the Directors present shall select one of their number to be chairperson of the meeting. If only one Director is present and willing to act, such Director shall be chairperson of the meeting. In default, the

Shareholders present in person and entitled to vote shall choose one of their number to be chairperson of the meeting.

95. The Chairperson of the meeting may, and shall if so directed by the meeting (upon the passage of an Ordinary Resolution), adjourn the meeting from time to time and from place to place, but no business shall be transacted at any adjourned meeting other than the business left unfinished, or which might have been transacted, at the meeting from which the adjournment took place. When a general meeting is adjourned for thirty (30) days or more, notice of the adjourned meeting shall be given as in the case of an original meeting; save as aforesaid it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned general meeting. Without prejudice to any other power of adjournment which the chair of the meeting may have under these Articles, at common law or otherwise, the chair may, without the consent of the meeting, adjourn the meeting from time to time (or indefinitely) and from place to place if he or she decides that it is necessary or appropriate to do so in order to: (a) secure the proper and orderly conduct of the meeting; (b) give all persons entitled to do so an opportunity of attending the meeting; (c) give all persons entitled to do so a reasonable opportunity of speaking and voting at the meeting; or (d) ensure that the business of the meeting is properly concluded or disposed of, including (without limitation) for the purpose of determining the result of a poll.

96.

96.1. Subject to the Companies Act, a resolution may only be put to a vote at a general meeting of the Company or of any class of Shareholders if:

- (a) it is specified in the notice of meeting;
- (b) it is proposed by or at the direction of the Board;
- (c) it is proposed at the direction of a court of competent jurisdiction;
- (d) it is proposed pursuant to, and in accordance with, the procedures and requirements of Articles 84-88;
- (e) it is proposed on the requisition in writing of such number of Shareholders as is prescribed by, and is made in accordance with, section 178(3) of the Companies Act;
- (f) the Chairperson of the meeting decides that the resolution may properly be regarded as within the scope of the meeting; or
- (g) it has not been withdrawn by the Chairperson in accordance with Article 96.2.

96.2. The Chairperson of the meeting may, at his sole discretion, withdraw any resolution to be put to a vote at a general meeting of the Company or of any class of Shareholders and such withdrawal shall not invalidate the proceedings of such meeting and shall be without prejudice to any other resolutions to be put to a vote at such general meeting of the Company or any class of Shareholders.

96.3. No amendment may be made to a resolution, at or before the time when it is put to a vote, unless the Chairperson of the meeting decides that the amendment or the amended resolution may properly be put to a vote at that meeting.

96.4. If the Chairperson of the meeting rules a resolution or an amendment to a resolution admissible or out of order (as the case may be), the proceedings of the meeting or on the resolution in question shall not be invalidated by any error in his or her ruling. Any ruling by the Chairperson of the meeting in relation to a resolution or an amendment to a resolution shall be final and conclusive.

97. The Board may adopt such rules, regulations and procedures for the conduct of any meeting of the Shareholders as it deems appropriate. Except to the extent inconsistent with any applicable rules, regulations or procedures adopted by the Board, the Chairperson of any meeting may adopt such rules, regulations and procedures for the meeting, and take such actions or give directions with respect to the conduct of the meeting, as the Chairperson of the meeting deems appropriate. The rules, regulations and procedures adopted may include, without limitation, ones that (i) establish an agenda or order of business, (ii) are intended to maintain order and safety at the meeting, (iii) contain limitations on attendance at or participation in the meeting to Shareholders of record of the Company, their duly authorised proxies or such other persons as the Chairperson of the meeting shall determine, (iv) contain restrictions on entry to the meeting after the time fixed for its commencement and (v) limit the time allotted to Shareholder questions or comments. The Chairperson's decision on points of order, matters of procedure or arising incidentally from the business of the meeting shall be final as shall be his or her determination as to whether any point or matter is of such a nature.

98. Except where a greater majority is required by the Companies Act or where the Memorandum or these Articles provide otherwise, any question proposed for a decision of the Shareholders at any general meeting of the Company or a decision of any class of Shareholders at a separate meeting of any class of Shares shall be decided by an Ordinary Resolution.

99. At any general meeting, a resolution put to the vote of the meeting shall be decided on a poll. The Board or the Chairperson may determine the manner in which the poll is to be taken and the manner in which the votes are to be counted.

100. A poll demanded on the election of the Chairperson or on a question of adjournment shall be taken forthwith. A poll demanded on any other question shall be taken at such time as the Chairperson of the meeting directs, and any business other than that on which a poll has been demanded may be proceeded with pending the taking of the poll.

101. No notice need be given of a poll not taken immediately. The result of the poll shall be deemed to be the resolution of the general meeting at which the poll was demanded. On a poll, a Shareholder entitled to more than one vote need not use all his or her votes or cast all the votes he or she uses in the same way.

102. If authorised by the Board, any vote taken by written ballot may be satisfied by a ballot submitted by electronic and/or telephonic transmission, provided that any such electronic or telephonic submission must either set forth or be submitted with information from which it can be determined that the electronic or telephonic submission has been authorised by the Shareholder or proxy.

VOTES OF SHAREHOLDERS

103. Subject to any rights or restrictions for the time being attached to any class or classes of Shares, every Shareholder of record present in person or by proxy shall have one vote for each Share registered in his or her name in the Register. In the case of a tied vote, the Chairperson of the meeting shall be entitled to a further or casting vote in addition to any other vote he or she may have or be entitled to exercise.

104. In the case of joint holders of record the vote of the senior holder who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the Register.

105. A Shareholder of unsound mind, a Shareholder who has made an enduring power of attorney, or in respect of whom an order has been made by any court, having jurisdiction in cases of unsound mind, may vote by his or her committee, donee of an enduring power of attorney, receiver, guardian or other person appointed by the foregoing court, and any such committee, donee of an enduring power of attorney, receiver, guardian or other persons appointed by the foregoing court may vote by proxy.

106. No Shareholder shall be entitled to vote at any general meeting unless he or she is registered as a Shareholder on the record date for such meeting.

107. No objection shall be raised to the qualification of any voter or to the counting of, or failure to count, any vote, except at the general meeting or adjourned general meeting at which the vote objected to is given or tendered and every vote not disallowed at such general meeting shall be valid for all purposes. Any such objection made in due time shall be referred to the Chairperson of the general meeting whose decision shall be final and conclusive.

108. Unless the Board decides otherwise, no Shareholder shall be entitled to be present or vote at any meeting either personally or by proxy until such Shareholder has paid all calls due and payable on every Share held by him or her whether alone or jointly with any other person together with interest and expenses (if any) to the Company.

PROXIES AND CORPORATE REPRESENTATIVES

109. Votes may be given either personally or by proxy. A Shareholder may appoint more than one proxy or the same proxy under one or more instruments to attend and vote at a meeting and may appoint a proxy to vote both in favour of and against the same resolution in such proportion as specified in the instrument appointing the proxy.

110.

110.1. Every Shareholder entitled to attend and vote at a general meeting may appoint a proxy to attend, speak and vote on his or her behalf and may appoint more than one proxy to attend, speak and vote at the same meeting. The appointment of a proxy or corporate representative shall be in such form and may be accepted by the Company at such place and at such time as the Board or the Secretary shall from time to time

determine, subject to applicable requirements of the United States Securities and Exchange Commission and any Exchange on which the Shares are listed.

110.2. Without limiting the foregoing, the Board or the Secretary may from time to time permit appointments of a proxy to be made by means of an electronic or internet communication or facility and may in a similar manner permit supplements to, or amendments or revocations of, any such electronic or internet communication or facility to be made. For the avoidance of doubt, such appointments of proxy made by electronic or internet communications (as permitted by the Board or the Secretary) will be deemed to be deposited at the place specified for such purpose once received by the Company. The Board or the Secretary may in addition prescribe the method of determining the time at which any such electronic or internet communication or facility is to be treated as deposited at the place specified for such purpose. The Board may treat any such electronic or internet communication or facility which purports to be or is expressed to be sent on behalf of a Shareholder as sufficient evidence of the authority of the person sending that instruction to send it on behalf of that Shareholder.

111. Any body corporate which is a Shareholder of the Company may authorise such person or persons as it thinks fit to act as its representative at any meeting of the Company or of any class of Shareholders of the Company and the person or persons so authorised shall be entitled to exercise the same powers on behalf of the body corporate which he or she represents as that body corporate could exercise if it were an individual Shareholder of the Company. The Company may require evidence from the body corporate of the due authorisation of such person or persons to act as the representative of the relevant body corporate.

112. An appointment of proxy relating to more than one meeting (including any adjournment thereof) having once been received by the Company for the purposes of any meeting shall not require to be delivered, deposited or received again by the Company for the purposes of any subsequent meeting to which it relates.

113. Receipt by the Company of an appointment of proxy in respect of a meeting shall not preclude a Shareholder from attending and voting at the meeting or at any adjournment thereof which attendance and voting will automatically cancel any proxy previously submitted.

114. An appointment of proxy shall be valid, unless the contrary is stated therein, for any adjournment of the meeting as well as for the meeting to which it relates.

115. A vote given in accordance with the terms of an appointment of proxy or a resolution authorising a representative to act on behalf of a body corporate shall be valid notwithstanding the death or insanity of the principal, or the revocation of the appointment of proxy or of the authority under which the proxy was appointed or of the resolution authorising the representative to act or transfer of the Share in respect of which the proxy was appointed or the authorisation of the representative to act was given, provided that no notice in writing (whether in electronic form or otherwise) of such death, insanity, revocation or transfer shall have been received by the Company at the registered office before the commencement of the meeting or adjourned meeting at which the appointment of proxy is used or at which the representative acts.

116. The Board may send, at the expense of the Company and subject to applicable law (including the rules and regulations of the United States Securities and Exchange Commission), by post, electronic mail or otherwise, to the Shareholders, forms for the appointment of a proxy (with or without stamped envelopes for their return) for use at any general meeting or at any class meeting, either in blank or nominating any one or more of the Directors or any other persons in the alternative.

DIRECTORS

117. The number of Directors on the Board shall be fixed from time to time solely by the Board, provided, however, that in no case shall the number fixed by the Board be less than 2 nor more than 12.

118. A Director need not hold any Shares but shall be entitled to receive notice of, attend and speak at all general meetings of the Company and of any class of Shareholders of the Company.

119. The remuneration to be paid to the Directors shall be such remuneration as the Directors in their sole discretion shall determine. The Directors shall also be entitled to be paid their travelling, hotel and other expenses properly incurred by them in going to, attending and returning from meetings of the Directors, or any committee of the Directors, or general meetings of the Company, or otherwise in connection with the business of the Company, or to receive a fixed allowance in respect thereof as may be determined by the Board from time to time, or a combination partly of one such method and partly the other. The amount, rate or basis of the remuneration or expenses to be paid to the Directors shall not require approval or ratification by the Company in general meeting. A Director is expressly permitted (for the purposes of section 228(1)(d) of the Companies Act) to use the Company's property pursuant to or in connection with: the exercise or performance of his duties,

functions and powers as Director or employee; the terms of any contract of service or employment or letter of appointment; and, or in the alternative, any other usage authorised by the Directors (or a person authorised by the Directors) from time to time; and including in each case for a Director's own benefit or for the benefit of another person.

120. The Board may approve additional remuneration to any Director undertaking any special work or services for, or undertaking any special mission on behalf of, the Company other than his or her ordinary routine work as a Director. Any fees paid to a Director who is also counsel or solicitor to the Company, or otherwise serves it in a professional capacity shall be in addition to his or her remuneration as a Director.

121. A fee payable to a Director pursuant to Articles 120 to 124 shall be distinct from any salary or remuneration payable to such Director under a service agreement or other amount payable to him or her pursuant to other provisions of these Articles and accrues from day to day.

122. The salary or remuneration of a Director appointed to hold employment or executive office in accordance with the Articles may be a fixed sum of money, or wholly or in part governed by business done or profits made, or as otherwise decided by the Board (including, for the avoidance of doubt, by the Board acting through a duly authorised Board committee), and may be in addition to or instead of a fee payable to such Director for his or her services as Director pursuant to these Articles.

123. The Directors may procure the establishment and maintenance of or participate in, or contribute to, any non-contributory or contributory pension or superannuation fund, scheme or arrangement or life assurance scheme or arrangement for the benefit of, and pay, provide for or procure the grant of donations, gratuities, pensions, allowances, benefits or emoluments to any persons (including Directors or officers) who are or shall have been at any time in the employment or service of the Company or of any company which is or was a subsidiary or holding company of the Company or of any predecessor in business of the Company or any such subsidiary or holding company and the wives, husbands, widows, widowers, families, relatives or dependants of any such persons. The Directors may also procure the establishment and subsidy of or subscription to and support of any institutions, associations, clubs, funds or trusts calculated to be for the benefit of any such persons as aforesaid or otherwise to advance the interests and well-being of the Company or of any such other company as aforesaid or its Shareholders, and payments for or towards the issuance of any such persons as aforesaid and subscriptions or guarantees of money for charitable or benevolent objects or for any exhibition or for any public, general or useful object; provided that any Director shall be entitled to retain any benefit received by him or her under this Article 123, subject only, where the Companies Act require, to disclosure to the Shareholders and the approval of the Company in general meeting.

124. Shareholders of special or standing committees may be allowed like compensation for service on any such committees or for attending committee meetings, or both.

DIRECTORS' AND OFFICERS' INTERESTS

125. A Director or an officer of the Company who is in any way, whether directly or indirectly, interested in a contract, transaction or arrangement or proposed contract, transaction or arrangement with the Company shall, in accordance with section 231 of the Companies Act, declare the nature of his or her interest at the first opportunity either (a) at a meeting of the Board at which the question of entering into the contract, transaction or arrangement is first taken into consideration, if the Director or officer of the Company knows this interest then exists, or in any other case, at the first meeting of the Board after learning that he or she is or has become so interested or (b) by providing a general notice to the Directors declaring that he or she is a Director or an officer of, or has an interest in, a person and is to be regarded as interested in any transaction or arrangement made with that person, and after giving such general notice it shall not be necessary to give special notice relating to any particular transaction.

126.

126.1. A Director may hold any other office or place of profit under the Company (other than the office of its Auditors) in conjunction with his or her office of Director for such period and on such terms as to remuneration and otherwise as the Board may determine.

126.2. Nothing in section 228(1)(e) of the Companies Act shall restrict a Director from entering into any commitment which has been approved by the Board or has been approved pursuant to such authority as may be delegated by the Board in accordance with these Articles. It shall be the duty of each Director to obtain the prior approval of the Board, before entering into any commitment permitted by sections 228(1)(e)(ii) and 228(2) of the Companies Act.

127. A Director may act by himself or herself or by his or her firm in a professional capacity for the Company (other than as its Auditors) and he or she or his or her firm shall be entitled to remuneration for professional services as if he or she were not a Director.

128. A Director may be or become a director, managing director, joint managing director, deputy managing director, executive director, manager or other officer or shareholder of any other company or otherwise interested in any company promoted by the Company or in which the Company may be interested as shareholder or otherwise, and no such Director shall be accountable to the Company for any remuneration or other benefits received by him or her as a Director, managing director, joint managing director, deputy managing director, executive director, manager or other officer or shareholder of such other company; provided that he or she has declared the nature of his or her position with, or interest in, such company to the Board in accordance with Article 125 and this has been approved by a majority of the disinterested Directors, notwithstanding the fact that the disinterested Directors may represent less than a quorum.

129. No person shall be disqualified from the office of Director or from being an officer of the Company or prevented by such office from contracting with the Company, either as vendor, purchaser or otherwise, nor shall any such contract or any contract or transaction entered into by or on behalf of the Company in which any Director or officer of the Company shall be in any way interested be or be liable to be avoided, nor shall any Director or officer of the Company so contracting or being so interested be liable to account to the Company for any profit realised by any such contract or transaction by reason of such Director or officer of the Company holding office or of the fiduciary relation thereby established; provided that:

129.1. he or she has declared the nature of his or her interest in such contract or transaction to the Board in accordance with Article 125; and

129.2. the contract or transaction is approved by a majority of the disinterested Directors, notwithstanding the fact that the disinterested Directors may represent less than a quorum.

130. A Director may be counted in determining the presence of a quorum at a meeting of the Board which authorises or approves the contract, transaction or arrangement in which he or she is interested and he or she shall be at liberty to vote in respect of any contract, transaction or arrangement in which he or she is interested, provided that the nature of the interest of any Director in any such contract or transaction shall be disclosed by him or her in accordance with Article 125, at or prior to its consideration and any vote thereon.

131. For the purposes of Article 125:

131.1. a general notice given to the Directors that a Director is to be regarded as having an interest of the nature and extent specified in the notice in any transaction or arrangement in which a specified person or class of persons is interested shall be deemed to be a disclosure that the Director has an interest in any such transaction of the nature and extent so specified;

131.2. an interest of which a Director has no knowledge and of which it is unreasonable to expect him or her to have knowledge shall not be treated as an interest of his or hers; and

131.3. a copy of every declaration made and notice given under Article 125 shall be entered within three days after the making or giving thereof in a book kept for this purpose. Such book shall be open for inspection without charge by any Director, Secretary, the Auditors or Shareholder of the Company at the registered office and shall be produced at every general meeting of the Company and at any meeting of the Directors if any Director so requests in sufficient time to enable the book to be available at the meeting.

POWERS AND DUTIES OF DIRECTORS

132. The business of the Company shall be managed by the Directors, who may pay all expenses incurred in promoting and registering the Company and may exercise all such powers of the Company as are not, by the Companies Act or by these Articles, required to be exercised by the Company in general meeting, subject, nevertheless, to any of these Articles and to the provisions of the Companies Act. No resolution made by the Company in general meeting shall invalidate any prior act of the Directors that would have been valid if that resolution had not been made.

133. The Board shall have the power to appoint and remove officers on such terms as the Board sees fit and to give such titles and delegate such responsibilities to those executives as it sees fit.

134. The Company may exercise the powers conferred by Section 44 of the Companies Act with regard to having an official seal for use abroad and such powers shall be vested in the Directors.

135. Unless otherwise ordered by the Board, the Chief Executive Officer shall have the authority to exercise the voting powers conferred by shares of any other company held or owned by the Company in such manner in

all respects as he or she thinks fit and in particular they may exercise their voting powers in favour of any resolution appointing the directors or any of them as director or officers of such other company or providing for the payment of remuneration or pensions to the directors or officers of such other company. The Board may from time to time confer like powers upon any other person or persons.

136. All cheques, promissory notes, drafts, bills of exchange and other negotiable instruments and all receipts for money paid to the Company shall be signed, drawn, accepted, endorsed or otherwise executed, as the case may be, by such person or persons and in such manner as the Directors shall from time to time by resolution determine.

137. The Directors may from time to time authorise such person or persons as they see fit to perform all acts, including without prejudice to the foregoing, to effect a transfer of any shares, bonds, or other evidences of indebtedness or obligations, subscription rights, warrants, and other securities in another company in which the Company holds an interest and to issue the necessary powers of attorney for the same; and each such person is authorised on behalf of the Company to vote such securities, to appoint proxies with respect thereto, and to execute consents, waivers and releases with respect thereto, or to cause any such action to be taken.

138. The Board may exercise all powers of the Company to borrow money and to mortgage or charge its undertaking, property and uncalled capital or any part thereof and to issue debentures, debenture stock, mortgages, bonds or such other securities whether outright or as security for any debt, liability or obligation of the Company or of any third party.

139. The Board may from time to time provide for the management of the affairs of the Company in such manner as it shall think fit and the specific delegation provisions contained in the Articles shall not limit the general powers conferred by these Articles.

MINUTES

140. The Board shall cause minutes to be made in books kept for the purpose of all (i) appointments of officers and committees made by the Board (ii) resolutions and proceedings at meetings of (a) the Company or of the holders of any class of Shares and (b) the Board and of committees of the Board, including in each case the names of the Directors and others present at each meeting. Any such minutes, if signed by the Chairperson of the meeting at which the proceedings were held or by the Chairperson of the next succeeding meeting or the Secretary, shall be prima facie evidence of the matters stated in them.

DELEGATION OF THE BOARD'S POWERS

141. The Board may, by resolution approved by the affirmative vote of a majority of the Board, delegate any of its powers (with power to sub-delegate) to any committee consisting of one or more Directors and (if thought fit) one or more other persons. The Board may also delegate to any Director, officer or member of the management of the Company or any of its subsidiaries such of its powers as it considers desirable to be exercised by him or her. The Board may also designate one or more Directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of any such committee. Any such delegation may be made subject to any conditions the Board may impose, and either collaterally with or to the exclusion of its own powers (but only if exclusion is explicitly so provided in such delegation) and may be revoked or altered. Subject to any such conditions, the proceedings of a committee of the Board shall be governed by the Articles regulating the proceedings of Directors, so far as they are capable of applying. Each committee shall keep regular minutes and report to the Board when required. Unless otherwise determined by the Board, the quorum necessary for the transaction of any business at any committee meeting shall be a majority of the members of such committee. Where a provision of the Articles refers to the exercise of a power, authority or discretion by the Board and that power, authority or discretion has been delegated by the Board to a committee, the provision shall be construed as permitting the exercise of the power, authority or discretion by the committee.

142. The Board may, by power of attorney or otherwise, appoint any person to be the agent of the Company on such conditions as the Board may determine, provided that the delegation is not to the exclusion of its own powers and may be revoked by the Board at any time.

143. The Board may, by power of attorney or otherwise, appoint any company, firm, person or body of persons, whether nominated directly or indirectly by the Board, to be the attorney or authorised signatory of the Company for such purpose and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Board under these Articles) and for such period and subject to such conditions as they may think fit, and any such powers of attorney or other appointment may contain such provisions for the protection and convenience of persons dealing with any such attorneys or authorised signatories as the Board may think fit

and may also authorise any such attorney or authorised signatory to delegate all or any of the powers, authorities and discretions vested in him or her.

CHAIRPERSON AND EXECUTIVE OFFICERS

144. The Board may elect any Director as Chairperson of the Board and determine the period for which he or she is to hold office.

145. In addition to the Chairperson, the Directors and the Secretary, the Company may appoint such other officers, including executive officers, as the Board may from time to time determine.

146. Any person elected or appointed pursuant to Articles 144 and 145 shall hold his or her office or other position for such period and on such terms as the Board may determine and the Board may revoke or vary any such election or appointment at any time by resolution of the Board. Any such revocation or variation shall be without prejudice to any claim for damages that such person may have against the Company or the Company may have against such person for any breach of any contract of service between him or her and the Company which may be involved in such revocation or variation. If any such office or other position becomes vacant for any reason, the vacancy may be filled by the Board.

147. Except as provided in the Companies Act or these Articles, the powers and duties of any person elected or appointed to any office or executive or official position pursuant to Articles 144 and 145 shall be such as are determined from time to time by the Board.

148. Any officer may resign at any time by giving written notice to the Company. The resignation is effective without acceptance when the notice is given to the Company, unless a later effective date is specified in the notice.

149. The use of the word “officer,” “director” (save where the relevant person is a Director for the purposes of these Articles) (or similar words) in the title of any executive or other position shall not be deemed to imply that the person holding such executive or other position is an “officer” of “director” of the Company within the meaning of the Companies Act.

PROCEEDINGS OF DIRECTORS

150. Except as otherwise provided by these Articles, the Directors shall meet together for the despatch of business, convening, adjourning and otherwise regulating their meetings and procedures as they think fit. Questions arising at any meeting shall be decided by a majority of votes of the Directors present at a meeting at which there is a quorum. Each Director shall have one vote. For the avoidance of doubt, in the case of a tied vote, the Chairperson shall have a second or casting vote.

151. Regular meetings of the Board may be held at such times and places as may be provided for in resolutions adopted by the Board. No additional notice of a regularly scheduled meeting of the Board shall be required.

152. A Director may, and the Secretary on the requisition of a Director shall, at any time summon a meeting of the Directors by at least 24 hours’ notice (or, if notice is mailed, at least four calendar days’ notice) in writing to every Director, unless notice is waived by all the Directors either at, before or after the meeting is held and, provided further, if notice is given in person, by mail, telephone, facsimile or email, the same shall be deemed to have been given on the day it is delivered to the Directors or transmitting organisation, as the case may be. The accidental omission to give notice of a meeting of the Directors to, or the non-receipt of notice of a meeting by, any person entitled to receive notice shall not invalidate the proceedings of that meeting. The presence of a Director at a meeting of the Directors shall be deemed to be a waiver of any failure to give due notice of such meeting unless such Director states that he or she is not waiving any such failure promptly following the calling to order of such meeting. Notice of a Board meeting shall be deemed to be duly given to a Director if it is given to such Director personally or by word of mouth or sent in writing to his or her last known address or any other address given to the Company by such Director for such purpose or given by electronic communications to an address for the time being notified to the Company by the Director. In this Article “**address**,” in relation to documents in electronic form, includes any number or address used for the supply of documents in electronic form.

153. The quorum necessary for the transaction of the business of the Board shall be a majority of the Directors in office. If a quorum shall not be present at any meeting of the Board, the Directors present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present.

154. The continuing Directors may act notwithstanding any vacancy in their body, but if and so long as their number is reduced below the number fixed by or pursuant to these Articles as the minimum number of Directors, the continuing Directors or Director may act for the purpose of increasing the number of Directors to that number, or of summoning a general meeting of the Company, but for no other purpose. If there are no Director or Directors able or willing to act, any two Shareholders may summon a general meeting for the purpose of appointing Directors. Any additional Director so appointed shall hold office (subject to these Articles) only until the dissolution of the annual general meeting next following such appointment unless such Director is re-elected during such meeting.

155. If no Chairperson is elected, or if at any meeting the Chairperson is not present within five minutes after the time appointed for holding the same, the Directors present may choose one of their number to be the Chairperson of the meeting or proceed without a Chairperson of the meeting.

156. All acts done by any meeting of the Directors or of a committee of Directors shall, notwithstanding that it be afterwards discovered that there was some defect in the appointment of any Director, or that they or any of them were disqualified, be as valid as if every such person had been duly appointed and qualified to be a Director.

157. Members of the Board or of any committee thereof may participate in a meeting of the Board or of such committee by means of conference telephone, video conferencing or similar communications equipment by means of which all persons participating in the meeting can hear each other and participation in a meeting pursuant to this provision shall constitute presence in person at such meeting. Unless otherwise determined by the Directors, the meeting shall be deemed to take place where the largest group of those participating is assembled or, if there is no such group, where the Chairperson of the meeting then is.

158. A resolution or other document in writing (in electronic form or otherwise), signed (whether by electronic signature, advanced electronic signature or otherwise as approved by the Directors) by all the Directors entitled to receive notice of a meeting of Directors or of a committee of Directors, and to vote on the relevant resolution or matter, shall be as valid and effectual as if it had been passed at a meeting of Directors or (as the case may be) a committee of Directors duly convened and held and may consist of several documents in the like form each signed by one or more Directors, and such resolution or other document or documents when duly signed may be delivered or transmitted (unless the Directors shall otherwise determine either generally or in any specific case) by facsimile transmission, electronic mail or some other similar means of transmitting the content of documents.

RESIGNATION AND DISQUALIFICATION OF DIRECTORS

159. The office of a Director shall be vacated ipso facto:

159.1. on the death of a Director;

159.2. if he or she resigns his or her office, on the date on which notice of his or her resignation is delivered to the registered office or tendered at a meeting of the Board or on such later date as may be specified in such notice;

159.3. if he or she ceases to be a Director by virtue of any provision of the Companies Act, is removed from office pursuant to these Articles or the Companies Act or becomes prohibited by law from being a Director;

159.4. he or she becomes bankrupt, has an interim receiving order made against him or her, 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;

159.5. he or she is or has been suffering from mental or physical ill health and the Board resolves that his or her office be vacated;

159.6. in the case of a Director who holds executive office, his or her appointment to such office is terminated or expires and the Board resolves that such Director's office be vacated; or

159.7. he or she is absent, without permission of the Board, from Board meetings for six consecutive months and the Board resolves that his or her office be vacated.

160. A resolution of the Board declaring a Director to have vacated office pursuant to this Article shall be conclusive as to the fact and grounds of vacation stated in the resolution.

APPOINTMENT, ROTATION, REMOVAL AND NOMINATION OF DIRECTORS

161. The Board shall have the power at any time to appoint any person who is willing to act as a Director, either to fill a vacancy (whether such vacancy arose as a result of the operation of Article 164 or otherwise) or as an addition to the existing Board or as a successor to a Director who is not re-elected at an annual general meeting and whose successor is not elected at such annual general meeting, subject to the total number of Directors not exceeding any maximum number fixed by or in accordance with these Articles.

162. No person shall be eligible for nomination for election or re-election as a Director at any general meeting unless (i) he or she is recommended by the Board for appointment or, in the case of an existing Director, re-appointment; or (ii) in any other case, the requirements of Articles 84-88 in respect of nominations of Directors are satisfied.

163. At every annual general meeting of the Company, without prejudice to article 162, all of the Directors who wish to continue as directors of the Company shall stand for re-election. A Director who does not stand for such re-election or who fails to be re-elected at such a meeting shall retain office until the close of that meeting (including any adjournment thereof).

164. The Company may, by Ordinary Resolution, of which notice has been given in accordance with section 146 of the Companies Act, remove any Director before the expiration of his or her period of office notwithstanding anything in these Articles or in any agreement between the Company and such Director. Such removal shall be without prejudice to any claim such Director may have for damages for breach of any contract of service between him or her and the Company. The Company may, by Ordinary Resolution, appoint another person in place of a Director removed from office under this Article.

SECRETARY

165. The Board shall appoint the Secretary and may appoint one or more persons to be a joint, deputy or Assistant Secretary at such remuneration (if any) and on such terms as the Board sees fit and any Secretary so appointed may be removed by the Board at any time.

166. The duties of the Secretary shall be those prescribed by the Companies Act, together with such other duties as shall from time to time be prescribed by the Board, and in any case, shall include the making and keeping of records of the votes, doings and proceedings of all meetings of the Shareholders and the Board of the Company, and committees, and the authentication of records of the Company.

167. A provision of the Companies Act or these Articles requiring or authorising a thing to be done by or to a Director and the Secretary shall not be satisfied by its being done by or to the same person acting both as Director and as, or in the place of, the Secretary.

SEAL

168. The Company may, if the Board so determines, have a Seal (including any official seals kept pursuant to the Companies Act) which shall only be used by the authority of the Board or of a committee of the Board authorised by the Board in that regard and every instrument to which the Seal has been affixed shall be signed by any person who shall be either a Director or the Secretary or some other person authorised by the Board, either generally or specifically, for the purpose.

169. The Company may have for use in any place or places outside Ireland a duplicate Seal or Seals, each of which shall be a duplicate of the Seal of the Company, except, in the case of a seal for use in sealing documents creating or evidencing securities issued by the Company, for the addition on its face of the word "Securities" and, if the Board so determines, with the addition on its face of the name of every place where it is to be used.

DIVIDENDS, DISTRIBUTIONS AND RESERVES

170. The Company in general meeting may by ordinary resolution declare dividends, but no dividends shall exceed the amount recommended by the Board. Subject to the Companies Act, the Board may, from time to time, pay such interim dividends as appear to it to be justified by the profits of the Company available for distribution. The Board may direct that any dividend declared by the Company in general meeting or by the Board in accordance with these Articles may be paid wholly or partly by the distribution of specific assets and in particular of paid up shares, debentures or debenture stocks of any other company or in any one or more of such ways. Where any difficulty arises in regard to such distribution, the Board may settle the same as they think expedient, and in particular may issue fractional certificates or ignore fractions, fix the value for distribution of such specific assets or any part thereof and may determine that cash payments shall be made to any Shareholders upon the footing of the value so fixed, in order to adjust the rights of all the parties, and vest any such specific assets in trustees as may seem expedient to the Board.

171. Subject to the Companies Act, the Board may from time to time declare dividends (including interim dividends) and distributions on Shares outstanding and authorise payment of the same out of the funds of the Company lawfully available therefore and in any currency chosen at its discretion.

172. The Board may, before declaring or recommending any dividends or distributions, set aside such sums as it thinks proper as a reserve or reserves which shall, as directed by the Board, be applicable for any purpose of the Company and pending such application may, as directed by the Board, be employed in the business of the Company or be invested in such investments as the Directors may lawfully determine. The Directors may also, without placing the same to reserve, carry forward any profits which they may think it prudent not to dividend or distribute.

173. No dividend, interim dividend or distribution shall be paid otherwise than in accordance with the provisions of section 117 of the Companies Act.

174. Subject to the rights of persons, if any, entitled to Shares with special rights as to dividends or distributions, if dividends or distributions are to be declared on a class of Shares, they shall be declared and paid according to the amounts paid or credited as paid on the Shares of such class outstanding on the record date for such dividend or distribution as determined in accordance with these Articles.

175. The Directors may deduct from any dividend payable to any Shareholder all sums of money (if any) immediately payable by him or her to the Company in relation to his or her Shares.

176. Any dividend, distribution, interest or other monies payable in cash in respect of Shares may be paid by cheque or warrant sent through the post, or sent by any electronic or other means of payment, directed to the registered address of the holder or, in the case of joint holders, to the holder who is first named on the Register or to such person and to such address as such holder or joint holders may in writing direct. Every such cheque or warrant, electronic or other payment shall be made payable to the order of the person to whom it is sent and payment of the cheque or warrant shall be a good discharge to the Company. Any one of two or more joint holders may give effectual receipts for any dividends, bonuses, or other monies payable in respect of the Share held by them as joint holders. Any such dividend or other distribution may also be paid by any other method (including payment in a currency other than US\$, electronic funds transfer, direct debit, bank transfer or by means of a relevant system) which the Directors consider appropriate and any Shareholder who elects for such method of payment shall be deemed to have accepted all of the risks inherent therein. The debiting of the Company's account in respect of the relevant amount shall be evidence of good discharge of the Company's obligations in respect of any payment made by any such methods.

177. No dividend or distribution shall bear interest against the Company.

178. All unclaimed dividends or other monies payable by the Company in respect of a Share may be invested or otherwise made use of by the Board for the benefit of the Company until claimed. If the Directors so resolve, subject to applicable law, any dividend which has remained unclaimed for 12 years from the date of its declaration shall be forfeited and cease to remain owing by the Company. The payment by the Directors of any unclaimed dividend or other monies payable in respect of a Share into a separate account shall not constitute the Company a trustee in respect thereof.

179. If, in respect of a dividend or other amount payable in respect of a share (i) a cheque, warrant or money order is returned undelivered or left uncashed or (ii) a transfer made by or through a bank transfer system and/or other funds transfer system(s) fails or is not accepted, on two consecutive occasions, or one occasion and reasonable enquiries have failed to establish another address or account of the person entitled to the payment, the Company shall not be obliged to send or transfer a dividend or other amount payable in respect of such share to such person until he or she notifies the Company of an address or account to be used for such purpose.

CAPITALISATION

180. Without prejudice to any powers conferred on the Directors as aforesaid, and subject to the Board's authority to issue and allot Shares under Article 7, the Board may:

180.1. resolve to capitalise an amount standing to the credit of reserves (including a share premium account, undenominated capital account, capital redemption reserve and profit and loss account), whether or not available for distribution;

180.2. appropriate the sum resolved to be capitalised to the Shareholders in proportion to the nominal amount of Shares held by them respectively and apply that sum on their behalf in or towards paying up in full unissued Shares or debentures of a nominal amount equal to that sum, and allot the Shares or debentures, credited as fully paid, to the Shareholders (or as the Board may direct) in those proportions, or partly in one way and partly in the other, but the share premium account, undenominated capital account, the capital redemption

reserve and profits that are not available for distribution may, for the purposes of this Article 180, only be applied in paying up unissued Shares to be allotted to Shareholders credited as fully paid;

180.3. make any arrangements it thinks fit to resolve a difficulty arising in the distribution of a capitalised reserve, including where Shares or debentures become distributable in fractions, the Board may deal with the fractions as it thinks fit;

180.4. authorise a person to enter (on behalf of all the Shareholders concerned) into an agreement with the Company providing for the allotment to the Shareholders respectively, credited as fully paid, of Shares or debentures to which they may be entitled on the capitalisation and any such agreement made under this authority being effective and binding on all those Shareholders; and

180.5. generally do all acts and things required to give effect to the resolution.

181. Any such capitalisation will not require approval or ratification by the Shareholders of the Company.

ACCOUNTS

182. The Board shall, in accordance with Chapter 2 of Part 6 of the Companies Act, cause to be kept adequate accounting records, whether in the form of documents, electronic form or otherwise, that:

182.1. correctly record and explain the transactions of the Company;

182.2. will at any time enable the financial position of the Company to be determined with reasonable accuracy;

182.3. will enable the Board to ensure that any financial statements of the Company comply with the requirements of the Companies Act;

182.4. will record all sums of money received and expended by the Company and the matters in respect of which the receipt or expenditure takes place, all sales and purchases of goods by the Company and the assets and liabilities of the Company; and

182.5. will enable the financial statements of the Company to be readily and properly audited.

183. Accounting records shall be kept on a continuous and consistent basis and entries therein shall be made in a timely manner and be consistent from year to year. The Company may send by post, electronic mail or any other means of electronic communication a summary financial statement to its Shareholders or persons nominated by any Shareholder. The Company may meet, but shall be under no obligation to meet, any request from any of its Shareholders to be sent additional copies of its full report and accounts or summary financial statement or other communications with its Shareholders.

184. The accounting records shall be kept at the registered office of the Company or, subject to the provisions of the Companies Act, at such other place as the Directors think fit and shall be open at all reasonable times to the inspection of the Directors.

185. Accounting records shall not be deemed to be kept as required by Articles 182 to 184 if there are not kept such accounting records as are necessary to give a true and fair view of the state of the Company's affairs and to explain its transactions.

186. In accordance with the provisions of the Companies Act, the Board may from time to time cause to be prepared and to be laid before the Company in general meeting profit and loss accounts, balance sheets, group accounts (if any) and such other reports and accounts as may be required by law.

187. A copy of every balance sheet (including every document required by law to be annexed thereto) which is to be laid before the annual general meeting of the Company together with a copy of the Directors' report and Auditors' report shall be sent by post, electronic mail or any other means of communication (electronic or otherwise), not less than 21 clear days before the date of the annual general meeting, to every person entitled under the provisions of the Companies Act to receive them; provided that in the case of those documents sent by electronic mail or any other means of electronic communication, such documents shall be sent with the consent of the recipient, to the Address of the recipient notified to the Company by the recipient for such purposes.

AUDIT

188. Auditors shall be appointed and their duties regulated in accordance with Part 6, Chapter 18 of the Companies Act or any statutory amendment thereof, any other applicable law and such requirements not inconsistent with the Companies Act as the Board may from time to time determine.

NOTICES

189. Any notice to be given, served, sent or delivered pursuant to these Articles shall be in writing (whether in electronic form or otherwise).

189.1. A notice or document to be given, served, sent or delivered in pursuance of these Articles, and the annual report of the Company, may be given to, served on or delivered to any Director, Shareholder or committee member by the Company:

- (a) by handing same to their authorised agent;
- (b) by delivering same to their registered address;
- (c) by sending same by the post in a pre-paid cover addressed to their registered address; or
- (d) by sending, with the consent of the Director, Shareholder or committee member to the extent required by law, same by means of electronic mail or other means of electronic communication approved by the Directors or the Secretary (or such other person as may be nominated by the Secretary for this purpose), to the Address of the Director, Shareholder or committee member notified to the Company by the Director, Shareholder or committee member for such purpose (or if not so notified, then to the Address of the Director, Shareholder or committee member last known to the Company). A notice or document may be sent by electronic means to the fullest extent permitted by the Companies Act.

189.2. For the purposes of these Articles and the Companies Act, a document, including the Company's financial statements and the directors' and auditor's reports thereon, shall be deemed to have been sent to a Director, Shareholder or committee member if a notice is given, served, sent or delivered to the Director, Shareholder or committee member and the notice specifies the website or hotlink or other electronic link at or through which the Director, Shareholder or committee member may obtain a copy of the relevant document.

189.3. Where a notice or document is given, served or delivered pursuant to Article 189.1(a) or 189.1(b) of this Article, the giving, service or delivery thereof shall be deemed to have been effected at the time the same was handed to the Director, Shareholder or committee member or his or her authorised agent, or left at his or her registered Address (as the case may be).

189.4. Where a notice or document is given, served or delivered pursuant to Article 189.1(c) of this Article, the giving, service or delivery thereof shall be deemed to have been effected at the expiration of twenty-four (24) hours after the cover containing it was posted. In proving service or delivery it shall be sufficient to prove that such cover was properly addressed, stamped and posted.

189.5. Where a notice or document is given, served or delivered pursuant to Article 189.1(d) of this Article, the giving, service or delivery thereof shall be deemed to have been effected at the expiration of forty-eight (48) hours after despatch.

189.6. Every legal personal representative, committee, receiver, curator bonis or other legal curator, assignee in bankruptcy, examiner or liquidator of a Shareholder shall be bound by a notice given as aforesaid if sent to the last registered Address of such Shareholder, or, in the event of notice given or delivered pursuant to Article 189.1(d), if sent to the Address notified by the Company by the Shareholder for such purpose notwithstanding that the Company may have notice of the death, lunacy, bankruptcy, liquidation or disability of such Shareholder.

189.7. Notwithstanding anything contained in this Article to the contrary, the Company shall not be obliged to take account of or make any investigations as to the existence of any suspension or curtailment of postal services within or in relation to all or any part of any jurisdiction.

189.8. Any requirement in these Articles for the consent of a Shareholder in regard to the receipt by such Shareholder of electronic mail or other means of electronic communications approved by the Directors, including the receipt of the Company's annual report, statutory financial statements and the Directors' and auditor's reports thereon, shall be deemed to have been satisfied where the Company has written to the Shareholder informing him or her of its intention to use electronic communications for such purposes and the Shareholder has not, within four weeks of the issue of such notice, served an objection in writing on the Company to such proposal. Where a Shareholder has given, or is deemed to have given, his/her consent to the receipt by such Shareholder of electronic mail or other means of electronic communications approved by the Directors, she/he may revoke such consent at any time by requesting the Company to communicate with him or her in documented form; provided, however, that such revocation shall not take effect until five days after

written notice of the revocation is received by the Company. No such consent shall be necessary, and to the extent it is necessary, such consent shall be deemed to have been given, if electronic communications are permitted to be used under the rules and regulations of the United States Securities and Exchange Commission or any Exchange on which the Shares or other securities of the Company are listed.

189.9. Without prejudice to the provisions of Articles 189.1(a) and 189.1(b) of this Article, if at any time by reason of the suspension or curtailment of postal services in any territory, the Company is unable effectively to convene a general meeting by notices sent through the post, a general meeting may be convened by a public announcement and such notice shall be deemed to have been duly served on all Shareholders entitled thereto at noon (New York time) on the day on which the said public announcement is made. In any such case the Company shall put a full copy of the notice of the general meeting on its website.

190. Notice may be given by the Company to the joint holders of a Share by giving the notice to the joint holder whose name stands first in the Register in respect of the Share and notice so given shall be sufficient notice to all the joint holders.

191.

191.1. Every person who becomes entitled to a Share shall, before his or her name is entered in the Register in respect of the Share, be bound by any notice in respect of that Share which has been duly given to a person from whom he or she derives his or her title.

191.2. A notice may be given by the Company to the persons entitled to a Share in consequence of the death or bankruptcy of a Shareholder by sending or delivering it, in any manner authorised by these Articles for the giving of notice to a Shareholder, addressed to them at the address, if any, supplied by them for that purpose. Until such an address has been supplied, a notice may be given in any manner in which it might have been given if the death or bankruptcy had not occurred.

192. The signature (whether electronic signature, an advanced electronic signature or otherwise) to any notice to be given by the Company may be written (in electronic form or otherwise) or printed.

193. A Shareholder present, either in person or by proxy, at any meeting of the Company or the holders of any class of Shares in the Company shall be deemed to have received notice of the meeting and, where required, of the purposes for which it was called.

UNTRACED HOLDERS

194.

194.1. Subject to applicable law, the Company shall be entitled to sell, at the best price reasonably obtainable, any Share or stock of a Shareholder or any Share or stock to which a person is entitled by transmission if and provided that:

(a) for a period of 12 years (not less than three dividends having been declared and paid) no cheque or warrant sent by the Company through the post in a prepaid letter addressed to the Shareholder or to the person entitled by transmission to the Share or stock at his or her address on the Register or other than the last known address given by the Shareholder or the person entitled by transmission to which cheques and warrants are to be sent has been cashed and no communication has been received by the Company from the Shareholder or the person entitled by transmission; and

(b) at the expiration of the said period of 12 years, the Company has given notice by advertisement in a leading newspaper circulating in the area in which the address referred to in Article 194.1(a) is located of its intention to sell such Share or stock; and

(c) the Company has not during the further period of three months after the date of the advertisement and prior to the exercise of the power of sale received any communication from the Shareholder or person entitled by transmission.

194.2. To give effect to any such sale, the Company may appoint any person to execute as transferor an instrument of transfer of such Share or stock and such instrument of transfer shall be as effective as if it had been executed by the Shareholder or person entitled by transmission to such Share or stock. The Company shall account to the Shareholder or other person entitled to such Share or stock for the net proceeds of such sale by carrying all monies in respect thereof to a separate account which shall be a permanent debt of the Company and the Company shall be deemed to be a debtor and not a trustee in respect thereof for such Shareholder or other person. Monies carried to such separate account may either be employed in the business of the Company or invested in such investments (other than shares of the Company or its holding company if any) as the Directors may from time to time think fit.

194.3. To the extent necessary in order to comply with any laws or regulations to which the Company is subject in relation to escheatment, abandonment of property or other similar or analogous laws or regulations (“**Applicable Escheatment Laws**”), the Company may deal with any Share of any Shareholder and any unclaimed cash payments relating to such Share in any manner which it sees fit, including transferring or selling such Share and transferring to third parties any unclaimed cash payments relating to such Share.

194.4. The Company may only exercise the powers granted to it in Article 194.1 above in circumstances where it has complied with, or procured compliance with, the required procedures (as set out in the Applicable Escheatment Laws) with respect to attempting to identify and locate the relevant Shareholder of the Company.

194.5. Any stock transfer form to be executed by the Company in order to sell or transfer a Share pursuant to Article 194.1 may be executed in accordance with Article 29.1.

DESTRUCTION OF DOCUMENTS

195. Subject to applicable law, the Company may destroy:

195.1. any dividend mandate or any variation or cancellation thereof or any notification of change of name or address, at any time after the expiry of two years from the date such mandate variation, cancellation or notification was recorded by the Company;

195.2. any instrument of transfer of Shares which has been registered, at any time after the expiry of six years from the date of registration;

195.3. any other document on the basis of which any entry in the Register was made, at any time after the expiry of six years from the date an entry in the Register was first made in respect of it; and

195.4. it shall be presumed conclusively in favour of the Company that every share certificate (if any) so destroyed was a valid certificate duly and properly sealed and that every instrument of transfer so destroyed was a valid and effective instrument duly and properly registered and that every other document destroyed hereunder was a valid and effective document in accordance with the recorded particulars thereof in the books or records of the Company provided always that:

(a) the foregoing provisions of this Article shall apply only to the destruction of a document in good faith and without express notice to the Company (by a Shareholder or a court) that the preservation of such document was relevant to a claim;

(b) nothing contained in this Article shall be construed as imposing upon the Company any liability in respect of the destruction of any such document earlier than as aforesaid or in any case where the conditions of proviso (a) above are not fulfilled; and

(c) references in this Article to the destruction of any document include references to its disposal in any manner.

WINDING UP

196. If the Company shall be wound up and the assets available for distribution among the Shareholders as such shall be insufficient to repay the whole of the paid up or credited as paid up share capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the Shareholders in proportion to the capital paid up or credited as paid up at the commencement of the winding up on the Shares held by them respectively. Additionally, if in a winding up the assets available for distribution among the Shareholders shall be more than sufficient to repay the whole of the share capital paid up or credited as paid up at the commencement of the winding up, the excess shall be distributed among the Shareholders in proportion to the capital at the commencement of the winding up paid up or credited as paid up on the said Shares held by them respectively; provided that this Article shall not affect the rights of the Shareholders holding Shares issued upon special terms and conditions.

197. In case of a sale by the liquidator under section 601 of the Companies Act, the liquidator may by the contract of sale agree so as to bind all the Shareholders, for the allotment to the Shareholders directly, of the proceeds of sale in proportion to their respective interests in the Company and may further, by the contract, limit a time at the expiration of which obligations or Shares not accepted or required to be sold shall be deemed to have been irrevocably refused and be at the disposal of the Company, but so that nothing herein contained shall be taken to diminish, prejudice or affect the rights of dissenting Shareholders conferred by the said section.

198. The power of sale of the liquidator shall include a power to sell wholly or partially for debentures, debenture stock, or other obligations of another company, either then already constituted or about to be constituted for the purpose of carrying out the sale.

199. If the Company is wound up, the liquidator, with the sanction of a Special Resolution and any other sanction required by the Companies Act, may divide amongst the Shareholders *in specie* or kind the whole or any part of the assets of the Company (whether they shall consist of property of the same kind or not), and, for such purpose, may value any assets and determine how the division shall be carried out as between the Shareholders or different classes of Shareholders. The liquidator, with the like sanction, may vest the whole or any part of such assets in trustees upon such trusts for the benefit of the contributories as, with the like sanction, he or she determines, but so that no Shareholder shall be compelled to accept any assets upon which there is a liability.

INDEMNITY

200.

200.1. Subject to the provisions of, and so far as may be permitted by, the Companies Act, every Director and Secretary shall be entitled to be indemnified by the Company against all costs, charges, losses, expenses and liabilities incurred by him or her in the execution and discharge of his or her duties or in relation thereto, or in his or her capacity as an officer, including any liability incurred by him in defending any proceedings, civil or criminal, which relate to anything done or omitted or alleged to have been done or omitted by him as a director, an officer or employee of the Company and in which judgement is given in his or her favour (or the proceedings are otherwise disposed of without any finding or admission of any material breach of duty on his or her part) or in which he or she is acquitted or in connection with any application under any statute for relief from liability in respect of any such act or omission in which relief is granted to him by the Court.

200.2. As far as permissible under the Companies Act, the Company shall indemnify any current or former Official (excluding any Director or Secretary of the Company in respect only of their role as Director or Secretary of the Company) against expenses, including attorneys' fees, judgments, fines, and amounts paid in settlement actually and reasonably incurred by him or her in connection with any threatened, pending, or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, other than an action by or in the right of the Enterprise in respect of which the Official serves or has served as an Official, to which he or she was, is, or is threatened to be, made a party by reason of the fact that he or she is or was such a an Official, provided always that the indemnity contained in this Article 200.2 shall not extend to any matter which would render it void pursuant to the Companies Act.

200.3. In the case of any threatened, pending or completed action, suit or proceeding by or in the right of the Enterprise in respect of which the Official serves or has served as an Official, the Company shall indemnify, to the fullest extent permitted by the Companies Act, each person indicated in Article 200.2 against expenses, including attorneys' fees actually and reasonably incurred in connection with the defence or the settlement thereof, except no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable for fraud or dishonesty in the performance of his or her duty to the relevant Enterprise unless and only to the extent that the Court or the court in which such action or suit was brought shall determine upon application that despite the adjudication of liability, but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses as the Court shall deem proper.

200.4. As far as permissible under the Companies Act, expenses, including attorneys' fees, incurred in defending any action, suit or proceeding referred to in this Article shall be paid by the Company in advance of the final disposition of such action, suit or proceeding upon receipt of a written affirmation by or on behalf of the Director, Secretary, Official, or other indemnitee of a good faith belief that the criteria for indemnification have been satisfied and a written undertaking to repay such amount if it shall ultimately be determined that he or she is not entitled to be indemnified by the Company as authorised by these Articles.

200.5. It being the policy of the Company that indemnification of the persons specified in this Article shall be made to the fullest extent permitted by law, the indemnification provided by this Article shall not be deemed exclusive (a) of any other rights to which those seeking indemnification or advancement of expenses may be entitled under the Memorandum, Articles, any agreement, any insurance purchased by the Company, any vote of Shareholders or disinterested Directors, or pursuant to the direction (however embodied) of any court of competent jurisdiction, or otherwise, both as to action in his or her official capacity and as to action in another capacity while holding such office, (b) of the power of any Enterprise to indemnify any Official, to the same extent and in the same situations and subject to the same determinations as are hereinabove set forth with

respect to a Director, Secretary, Official, or (c) of any amendments or replacements of the Companies Act which permit for greater indemnification of the persons specified in this Article and any such amendment or replacement of the Companies Act shall hereby be incorporated into these Articles. As used in this Article 200.5, references to the "Company" include all constituent companies in a consolidation or merger in which the Company or any predecessor to the Company by consolidation or merger was involved. The indemnification provided by this Article shall continue as to a person who has ceased to be a Director, Secretary, Official and shall inure to the benefit of the heirs, executors, and administrators of such a person.

200.6. The Directors shall have power to purchase and maintain for any Director, the Secretary or other officers or employees of the Company insurance against any such liability as referred to in section 235 of the Companies Act and such other insurance in respect of Officials as the Directors deem to be appropriate.

200.7. The Company may additionally indemnify any employee or agent of the Company or any director, executive, officer, employee or agent of any of its subsidiaries to the fullest extent permitted by law.

FINANCIAL YEAR

201. The financial year of the Company shall be as prescribed by the Board from time to time.

SHAREHOLDER RIGHTS PLAN

202.

202.1. Subject to the provisions of the Companies Act, the Board may exercise any power of the Company to establish a shareholders rights plan (the "**Rights Plan**") including approving the execution of any document relating to the adoption and/or implementation of the Rights Plan. The Rights Plan may be in such form as the Board shall in its absolute discretion decide.

202.2. Subject to the provisions of the Companies Act, the Board may exercise any power of the Company to grant rights (including approving the execution of any documents relating to the grant of rights) (a) to subscribe for Shares of the Company and/or (b) to acquire Shares of the Company and/or (c) to acquire Depositary Interests issued by the Depositary (to whom the Company would issue new Shares in connection therewith), in each case in accordance with the Rights Plan (the "**Rights**").

202.3. The purposes for which the Board shall be entitled to establish the Rights Plan and to grant Rights in accordance therewith, as provided in Articles 202.1 and 202.2 above, shall include (without limitation) the following where, in the opinion of the majority of the Board members present at a duly convened meeting of the Board, acting in good faith and on such grounds as the Board shall consider reasonable, irrespective of whether such grounds would be considered reasonable by any other party with or without the benefit of hindsight, to do so would improve the likelihood that:

- (a) any process which may result in an acquisition or change of control of the Company is conducted in an orderly manner;
- (b) all Shareholders of the Company will be treated equally and fairly and in a similar manner;
- (c) an optimum price for Shares (or Depositary Interests) would be received by or on behalf of all Shareholders of the Company (or holders of Depositary Interests);
- (d) the Board would have additional time to gather relevant information or pursue appropriate strategies;
- (e) the success of the Company would be promoted for the benefit of its Shareholders as a whole;
- (f) the long-term interests of the Company, its Shareholders and its business would be safeguarded; and/or
- (g) the Company would not suffer serious economic harm.

202.4. Subject to the provisions of the Companies Act, the Board may determine not to redeem the Rights and accordingly exercise any power of the Company to (a) allot Shares of the Company pursuant to the exercise of the Rights or (b) exchange or cause to be exchanged all or part of the Rights (in each case other than Rights held by any person who is deemed to have control of the Company, but shall not include the Company, any subsidiary of the Company, any employee benefit plan of the Company or any subsidiary of the Company, or any entity holding Ordinary Shares in the capital of the Company for or pursuant to the terms of any such

plan) for Ordinary Shares and/or Depositary Interests and/or another class or series of Shares (for the purposes of this Article 202, an “**Exchange**”) in each case in accordance with the Rights Plan. The purposes for which the Board shall be entitled not to redeem the Rights, and accordingly to exercise any power of the Company to allot Shares of the Company or effect an Exchange, shall include (without limitation) the following where, in the opinion of the majority of the Board members present at a duly convened meeting of the Board, acting in good faith and on such grounds as the Board shall consider reasonable, irrespective of whether such grounds would be considered reasonable by any other party with or without the benefit of hindsight, not to redeem the Rights and accordingly to exercise any power of the Company to effect an Exchange or to allot Shares in the Company, would improve the likelihood that:

(a) the use of abusive tactics by any person in connection with any potential acquisition or change of control of the Company would be prevented;

(b) any potential acquisition or change of control of the Company which would be unlikely to treat all Shareholders of the Company equally and fairly and in a similar manner would be prevented;

(c) any potential acquisition or change of control of the Company at a price which would undervalue the Company or its Shares (or Depositary Interests) would be prevented;

(d) any potential acquisition or change of control of the Company which would be likely to harm the prospects of the success of the Company for the benefit of its Shareholders as a whole will be prevented;

(e) the long term interests of the Company and/or, its Shareholders and its business would be safeguarded; and/or

(f) the Company would not suffer serious economic harm.

202.5. For the purposes of this Article 202:

(a) “**own**” shall have the meaning given in Article 2.1, except that clause (b) thereof shall be replaced with the following:

“(b) has (i) the right or obligation to acquire such shares (whether such right is exercisable, or such obligation is required to be performed, immediately or only after the passage of time) pursuant to any agreement, arrangement or understanding (other than customary agreements with and between underwriters and selling group members with respect to a bona fide public offering of securities), or upon the exercise of conversion rights, exchange rights, rights (other than the Rights), warrants or options, or otherwise; provided, that a person shall not be deemed the owner of shares tendered pursuant to a tender or exchange offer made by such person or any of such person’s affiliates or associates until such tendered shares are accepted for purchase or exchange; or (ii) the right to vote such shares pursuant to any agreement, arrangement or understanding; provided, however, that a person shall not be deemed the owner of any shares because of such person’s right to vote such shares if the agreement, arrangement or understanding to vote such shares (1) arises solely from a revocable proxy or consent given in response to a proxy or consent solicitation made pursuant to the Exchange Act and (2) is not also then reportable on Schedule 13D under the Exchange Act (or any comparable or successor report);”

(b) A person shall also be deemed to “**own**” any securities which are beneficially owned, directly or indirectly, by a Counterparty (as defined below) (or any of such Counterparty’s affiliates or associates) under any Derivatives Contract (as defined below) (without regard to any short or similar position under the same or any other Derivatives Contract) to which such person or any of such person’s affiliates or associates is a Receiving Party; provided, however, that the number of Ordinary Shares in the capital of the Company that a person is deemed to beneficially own pursuant to this Article 202.5(a) in connection with a particular Derivatives Contract shall not exceed the number of Notional Ordinary Shares (as defined below) with respect to such Derivatives Contract, provided, further, that the number of securities beneficially owned by each Counterparty (including affiliates and associates) under a Derivative Contract shall for the purposes of this Article 202.5(a) be deemed to include all securities that are beneficially owned, directly or indirectly, by any other Counterparty (or any of such other Counterparty’s affiliates or associates) under any Derivatives Contract to which such first Counterparty (or any of such first Counterparty’s affiliates or associates) is a Receiving Party, with this proviso being applied to successive Counterparties as appropriate;

(c) A “**Derivatives Contract**” is a contract between two parties (the “**Receiving Party**” and the “**Counterparty**”) that is designed to produce economic benefits and risks to the Receiving Party that correspond substantially to the ownership by the Receiving Party of a number of Ordinary Shares in the capital of the Company specified or referenced in such contract (the number corresponding to such economic benefits and risks, the “**Notional Ordinary Shares**”), regardless of whether obligations under such contract are required or permitted to be settled through the delivery of cash, shares or other property, without regard to any short position under the same or any other Derivative Contract. For the avoidance of doubt, interests in broad-based index options, broad-based index futures and broad-based publicly traded market baskets of stocks approved for trading by the appropriate United States federal governmental authority shall not be deemed to be Derivatives Contracts;

(d) a person shall be treated as entitled to acquire anything which he or she is entitled to acquire at a future date, or will at a future date be entitled to acquire, irrespective of whether such future acquisition is contingent upon satisfaction of any conditions precedent; and

(e) there shall be attributed to any person (other than a Depositary) any rights or powers which another person possesses on his or her behalf or may be required to exercise at his or her discretion or on his or her behalf (including rights or powers of a nominee possessed or exercisable by the nominee on behalf of such person).

INTERESTED SHAREHOLDER TRANSACTIONS

203.

203.1. The Company shall not engage in any business combination (as defined below), at any point in time at which the Ordinary Shares of the Company are registered under Section 12(b) or 12(g) of the Exchange Act, with any interested Shareholder (as defined below) for a period of three years following the time that such Shareholder became an interested Shareholder, unless:

(a) prior to such time, the Board approved either the business combination or the transaction which resulted in the Shareholder becoming an interested Shareholder, or

(b) upon consummation of the transaction which resulted in the Shareholder becoming an interested Shareholder, the interested Shareholder owned at least 85% of the Voting Shares (as defined below) of the Company outstanding at the time the transaction commenced, excluding for the purposes of determining the Voting Shares outstanding (but not the outstanding Voting Shares owned by the interested Shareholder) those Shares owned by (a) persons who are Directors and also officers or (b) employee share plans in which employee participants do not have the right to determine confidentially whether Shares held subject to the plan will be tendered in a tender or exchange offer, or

(c) at or subsequent to such time, the business combination is approved by the Board and authorized at an annual or extraordinary meeting of Shareholders, and not by written consent, by the affirmative vote of at least two-thirds of the outstanding Voting Shares of the Company which are not owned by the interested Shareholder.

203.2. The restrictions contained in this Article 203 shall not apply if:

(a) the Company, by action of its Shareholders, adopts an amendment to these Articles expressly deleting or deciding not to be bound by this Article 203 provided that, in addition to any other vote required by law, such amendment to these Articles must be approved by the affirmative vote of the holders of a majority in nominal value of the issued Shares of the Company which carry an entitlement to vote at a general meeting of the Company. An amendment adopted pursuant to this Article shall not be effective until 12 months after the adoption of such amendment and shall not apply to any business combination between the Company and any person who became an interested Shareholder on or prior to such adoption;

(b) a Shareholder becomes an interested Shareholder inadvertently and (i) as soon as practicable divests itself of ownership of sufficient Shares so that the Shareholder ceases to be an interested Shareholder; and (ii) would not, at any time within the three-year period immediately prior to a business combination between the Company and such Shareholder, have been an interested Shareholder but for the inadvertent acquisition of ownership; or

(c) the business combination is proposed prior to the consummation or abandonment of and subsequent to the earlier of the public announcement or the notice required hereunder of a proposed transaction which (a) constitutes one of the transactions described in the second sentence of this Article; (b) is with or by a person who either was not an interested Shareholder during the previous three years or who became an interested Shareholder with the approval of the Board; and (c) is approved or not opposed by a majority of

the members of the Board then in office (but not less than one) who were Directors prior to any person becoming an interested Shareholder during the previous three years or were recommended for election or elected to succeed such Directors by a majority of such Directors. The proposed transactions referred to in the preceding sentence are limited to (x) a merger or consolidation of the Company; (y) a sale, lease, exchange, mortgage, pledge, transfer or other disposition (in one transaction or a series of transactions), whether as part of a dissolution or otherwise, of assets of the Company or of any direct or indirect majority-owned subsidiary of the Company (other than to any direct or indirect wholly-owned subsidiary or to the Company) having an aggregate market value equal to 50% or more of either that aggregate market value of all of the assets of the Company determined on a consolidated basis or the aggregate market value of all the outstanding Shares of the Company; or (z) a proposed tender or exchange offer for 50% or more of the outstanding Voting Shares. The Company shall give not less than 20 calendar days' notice to all interested Shareholders prior to the consummation of any of the transactions described in (x) or (y) above.

203.3. For the purposes of this Article 203, references to:

(a) **"associate"** when used to indicate a relationship with any person, means: (a) any corporation, partnership, unincorporated association or other entity of which such person is a director, officer or partner or is, directly or indirectly, the owner of 20% or more of any class of voting shares; (b) any trust or other estate in which such person has at least a 20% beneficial interest or as to which such person serves as trustee or in a similar fiduciary capacity; and (c) any relative or spouse of such person, or any relative of such spouse, who has the same residence as such person.

(b) **"business combination"** when used in reference to the Company and any interested Shareholder of the Company, means:

(i) any merger, scheme of arrangement or consolidation of the Company or any direct or indirect majority-owned subsidiary of the Company (i) with the interested Shareholder, or (ii) with any other company, partnership, unincorporated association or other entity if the merger or consolidation is caused by the interested Shareholder and as a result of such merger or consolidation, Article 203.2 is not applicable to the surviving entity;

(ii) any sale, lease, exchange, mortgage, pledge, transfer or other disposition (in one transaction or a series of transactions), except proportionately as a Shareholder of the Company, to or with the interested Shareholder, whether as part of a dissolution or otherwise, of assets of the Company or of any direct or indirect majority-owned subsidiary of the Company which assets have an aggregate market value equal to 10% or more of either the aggregate market value of all the assets of the Company determined on a consolidated basis or the aggregate market value of all the outstanding Shares of the Company;

(iii) any transaction which results in the issuance or transfer by the Company or by any direct or indirect majority-owned subsidiary of the Company of any shares of the Company or of such subsidiary to the interested Shareholder, except: (A) pursuant to the exercise, exchange or conversion of securities exercisable for, exchangeable for or convertible into shares of the Company or any such subsidiary which securities were outstanding prior to the time that the interested Shareholder became such; (B) pursuant to a dividend or distribution paid or made, or the exercise, exchange or conversion of securities exercisable for, exchangeable for or convertible into Shares of the Company or any such subsidiary which security is distributed, pro rata to all holders of a class or series of shares of the Company subsequent to the time the interested Shareholder became such; (C) pursuant to an exchange offer by the Company to purchase shares made on the same terms to all holders of said shares; or (D) any issuance or transfer of shares by the Company; provided, however, that in no case under items (B)-(D) of this Article 203.3(b)(iii) shall there be an increase in the interested Shareholder's proportionate share of the shares of any class or series of the Company or of the Voting Shares of the Company (except as a result of immaterial changes due to fractional share adjustments);

(iv) any transaction involving the Company or any direct or indirect majority-owned subsidiary of the Company which has the effect, directly or indirectly, of increasing the proportionate share of the shares of any class or series, or securities convertible into the shares of any class or series, of the Company or of any such subsidiary which is owned by the interested Shareholder, except as a result of immaterial changes due to fractional share adjustments or as a result of any purchase or redemption of any shares not caused, directly or indirectly, by the interested Shareholder; or

(v) any receipt by the interested Shareholder of the benefit, directly or indirectly (except proportionately as a Shareholder of the Company), of any loans, advances, guarantees, pledges, or other financial benefits (other than those expressly permitted in subsections (i)-(iv) above) provided by or through the Company or any direct or indirect majority-owned subsidiary.

(c) “**interested Shareholder**” means any person (other than the Company or any direct or indirect majority-owned subsidiary of the Company) that (a) is the owner of 15% or more of the outstanding Voting Shares of the Company, or (b) is an affiliate or associate of the Company and was the owner of 15% or more of the outstanding Voting Shares of the Company at any time within the three-year period immediately prior to the date on which it is sought to be determined whether such person is an interested Shareholder, and the affiliates and associates of such person; provided, that the term “interested Shareholder” shall not include any person whose ownership of Shares in excess of the 15% limitation set forth herein is the result of any action taken solely by the Company; provided, that any such person shall be an interested Shareholder if thereafter such person acquires additional Voting Shares of the Company, except as a result of further corporate action not caused, directly or indirectly, by such person. For the purpose of determining whether a person is an interested Shareholder, the Voting Shares of the Company deemed to be outstanding shall include Shares deemed to be owned by the person through application of the definition of “owner” in Article 2, but shall not include any other unissued Shares of the Company which may be issuable pursuant to any agreement, arrangement or understanding, or upon exercise of conversion rights, warrants or options, or otherwise.

(d) “**shares**” means, with respect to any company, shares in the capital of the company and, with respect to any other entity, any equity interest.

DISPUTE RESOLUTION

204.

204.1. The courts of Ireland shall have exclusive jurisdiction to determine any dispute (as defined below) related to or connected with (a) any derivative claim in respect of a cause of action vested in the Company or seeking relief on behalf of the Company, (b) any action asserting a claim of breach of a fiduciary or other duty owed by any Director or officer or other employee of the Company to the Company or the Company’s Shareholders, or (c) any action asserting a claim against the Company or any Director or officer or other employee of the Company arising under the laws of Ireland or pursuant to any provision of the Articles (as either may be amended from time to time).

204.2. Damages alone may not be an adequate remedy for any breach of this Article 204, so that, in the event of a breach or anticipated breach, the remedies of injunction and/or an order for specific performance would in appropriate circumstances be available.

204.3. The governing law of the Articles is the substantive law of Ireland.

204.4. For the purposes of this Article 204:

(a) a “**dispute**” shall mean any dispute, controversy or claim;

(b) references to “**Company**” shall be read so as to include each and any of the Company’s subsidiary undertakings from time to time; and

(c) “**Director**” shall be read so as to include each and any director of the Company from time to time in his or her capacity as such or as an employee of the Company and shall include any former director of the Company.

We, the corporate body whose name and address is subscribed, wish to be formed into a company in pursuance of this memorandum of association, and we agree to take the number of shares in the capital of the Company set opposite our respective names.

Name, Address and Description of the Subscriber	Number of shares taken by the Subscriber
<hr/> For and on behalf of Goodbody Trustees Limited IFSC, North Wall Quay, Dublin 1 Limited Liability Company	One Ordinary Share of EURUS\$0.001 each

Dated

Witness to the above signature: _____

Name:

Address:

Occupation:

**ADIANT PLC
2016 OMNIBUS INCENTIVE PLAN**

1. Purpose and Effective Date.

(a) *Purpose.* The Adiant plc 2016 Omnibus Incentive Plan has two complementary purposes: (i) to attract and retain outstanding individuals to serve as officers and employees and (ii) to increase shareholder value. This Plan will provide participants incentives to increase shareholder value by offering the opportunity to acquire shares of the Company, or receive monetary payments, on the potentially favorable terms that this Plan provides. In addition, this Plan permits the issuance of awards in partial substitution for awards relating to ordinary shares of Johnson Controls International plc (“JCI”) immediately prior to the spin-off of the Company by JCI (the “Spinoff”), in accordance with the terms of an Employee Matters Agreement into which JCI and the Company intend to enter in connection with the Spinoff (the “Employee Matters Agreement”).

(b) *Effective Date.* This Plan will become effective on October 31, 2016 (the “Effective Date”).

2. Definitions. Capitalized terms used in this Plan have the meanings given below. Additional defined terms are set forth in other sections of this Plan.

(a) “10% Shareholder” means an Eligible Employee who, as of the date an ISO is granted to such individual, owns more than ten percent (10%) of the total combined voting power of all classes of shares then issued by the Company or a Subsidiary corporation.

(b) “Administrator” means the Committee. In addition, subject to any limitations imposed by law and any restrictions imposed by the Committee, the Chief Executive Officer of the Company may act as the Administrator with respect to Awards granted (or to be granted) to employees who are not Section 16 Participants or subject to Code Section 162(m) at the time such authority or responsibility is exercised.

(c) “Affiliate” means any entity that, directly or through one or more intermediaries, is controlled by, controls, or is under common control with the Company within the meaning of Code Sections 414(b) or (c), provided that, in applying such provisions, the phrase “at least 50 percent” shall be used in place of “at least 80 percent” each place it appears therein.

(d) “Affiliated Company” or “Affiliated Companies” shall include any company or companies controlled by, controlling or under common control with the Company; provided that when determining when a Participant has experienced a separation from service for purposes of this Plan, control shall be determined pursuant to Code Sections 414(b) or (c), except that the phrase “at least 50 percent” shall be used in place of the phrase “at least 80 percent” in each place it appears in the regulations thereunder.

(e) “Award” means a grant of Options, Share Appreciation Rights, Performance Shares, Performance Units, Restricted Shares, Restricted Share Units, Deferred Share Rights, Dividend Equivalent Units, an Annual Incentive Award, a Long-Term Incentive Award, or any other type of award permitted under this Plan.

(f) “Beneficial Ownership” (or derivatives thereof) shall have the meaning ascribed to such term in Rule 13d-3 of the General Rules and Regulations under the Exchange Act.

(g) “Board” means the Board of Directors of the Company.

(h) “Cause” means (1) if the Participant is subject to an employment agreement with the Company or an Affiliate that contains a definition of “cause”, such definition, or (2) otherwise, except as otherwise determined by the Administrator and set forth in an Award agreement, any of the following as determined by the Administrator in its sole discretion: (A) any act or omission that is inimical to the best interests of the Company or any Affiliate; (B) violation of any employment, non-compete, confidentiality or other agreement in effect with the Company or any Affiliate, or the Company’s or an Affiliate’s code of ethics, as then in effect, (C) conduct rising to the level of gross negligence or willful misconduct in the course of employment with the Company or an Affiliate, (D) commission of an act of dishonesty or disloyalty involving the Company or an Affiliate, or taking any action which damages or negatively reflects on the reputation of the Company or an Affiliate, (E) failure to comply with applicable laws relating to trade secrets, confidential information or unfair competition or a violation of any other federal, state or local law in connection with the Participant’s employment or service, or (F) breach of any fiduciary duty to the Company or an Affiliate.

(i) “Change of Control” means the first to occur of the following events:

(i) The acquisition by any Person of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of 35% or more of either (A) the then-outstanding Shares (the “Outstanding Company Ordinary Shares”) or (B) the combined voting power of the then-outstanding voting securities of the Company entitled to vote generally in the election of directors (the “Outstanding Company Voting Securities”); provided, however, that the following acquisitions shall not constitute a Change of Control: (1) any acquisition directly from the Company, (2) any acquisition by the Company, (3) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any Affiliated Company or (4) any acquisition by any corporation pursuant to a transaction that complies with Sections 2(i)(iii)(A) — 2(i)(iii)(C);

(ii) Any time at which individuals who, as of the Effective Date, constitute the Board (the “Incumbent Board”) cease for any reason to constitute at least a majority of the Board; provided, however, that any individual becoming a director subsequent to the date hereof whose election, or nomination for election by the Company’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 an actual or threatened election contest with respect to the election or removal of directors 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 corporate transaction, whether by way of scheme of arrangement or otherwise, involving the Company or any of its subsidiaries, a sale or other disposition of all or substantially all of the assets of the Company, or the acquisition of assets or shares of another entity by the Company or any of its subsidiaries (each, a “Business Combination”), in each case unless, following such Business Combination, (A) all or substantially all of the individuals and entities that were the beneficial owners of the Outstanding Company Ordinary Shares and the Outstanding Company Voting Securities immediately prior to such Business Combination beneficially

own, directly or indirectly, more than 50% of the then-outstanding common or ordinary shares 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 (including, without limitation, a corporation that, as a result of such transaction, owns the Company or all or substantially all of the Company's assets either directly or through one or more subsidiaries) in substantially the same proportions as their ownership immediately prior to such Business Combination of the Outstanding Company Ordinary Shares and the Outstanding Company Voting Securities, as the case may be, (B) no Person (excluding any corporation resulting from such Business Combination or any employee benefit plan (or related trust) of the Company or an Affiliated Company or such corporation resulting from such Business Combination) beneficially owns, directly or indirectly, 35% or more of, respectively, the then-outstanding shares of common or ordinary shares of the corporation resulting from such Business Combination or the combined voting power of the then-outstanding voting securities of such corporation, 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 of the corporation 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) Approval by the shareholders of the Company of a complete liquidation or dissolution of the Company.

Notwithstanding the foregoing, for purposes of an Award (1) that provides for the payment of deferred compensation that is subject to Code Section 409A or (2) with respect to which the Company permits a deferral election, the definition of Change of Control herein shall be deemed amended to conform to the requirements of Code Section 409A to the extent necessary for the Award and deferral election to comply with Code Section 409A.

(j) "Code" means the Internal Revenue Code of 1986, as amended. Any reference to a specific provision of the Code includes any successor provision and the regulations promulgated under such provision.

(k) "Commission" means the United States Securities and Exchange Commission or any successor agency.

(l) "Committee" means the Compensation Committee of the Board (or a successor committee with the same or similar authority), or such other committee of the Board designated by the Board to administer this Plan and composed of no fewer than two directors, each of whom is a "non-employee director" within the meaning of Rule 16b-3 and an "outside director" within the meaning of Code Section 162(m)(4)(C); provided that if no such committee shall be in existence at any time, the functions of the Committee shall be carried out by the Board.

(m) "Company" means Adient plc or any successor thereto.

(n) "Deferred Share Right" means the right to receive Shares or Restricted Shares at some future time.

(o) “Director” means a member of the Board, and “Non-Employee Director” means a Director who is not also an officer or an employee of the Company or an Affiliate.

(p) “Disability” means, except as otherwise determined by the Administrator and set forth in an Award agreement: (i) with respect to an ISO, the meaning given in Code Section 22(e)(3), and (ii) with respect to all other Awards, the inability to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of at least twelve (12) months, as determined by the Administrator. The Administrator shall make the determination of Disability and may request such evidence of disability as it reasonably determines.

(q) “Distribution Time” means the effective time of the distribution, in connection with the Spinoff, of Shares to the holders of ordinary shares of JCI.

(r) “Dividend Equivalent Unit” means the right to receive a payment, in cash or property, equal to the cash dividends or other distributions paid with respect to a Share.

(s) “Eligible Employee” means any officer or other employee of the Company or of any Affiliate, or any individual that the Company or an Affiliate has engaged to become an officer or employee.

(t) “Exchange Act” means the Securities Exchange Act of 1934, as amended. Any reference to a specific provision of the Exchange Act includes any successor provision and the regulations and rules promulgated under such provision.

(u) “Excluded Items” means any gains or losses from the sale of assets outside the ordinary course of business; any gains or losses from discontinued operations; any extraordinary gains or losses; the effects of accounting changes; any unusual, nonrecurring, transition, one-time or similar items or charges; the diluted impact of goodwill on acquisitions; and any other items specified by the Administrator; provided that, for Awards intended to qualify as performance-based compensation under Code Section 162(m) and not subject to the transition period under Treasury Reg. Section 1.162-27(f)(4)(iii), the Administrator shall specify the Excluded Items in writing at the time the Award is made unless, after application of the Excluded Items, the amount payable under the Award is reduced.

(v) “Fair Market Value” means, per Share on a particular date: (i) the closing price on such date on the New York Stock Exchange or, if no sales of Shares occur on the date in question, on the last preceding date on which there was a sale on such market; (ii) if the Shares are not listed on the New York Stock Exchange, but are traded on another national securities exchange or in an over-the-counter market, the last sales price (or, if there is no last sales price reported, the average of the last bid and asked prices) for the Shares on the particular date, or on the last preceding date on which there was a sale of Shares on that exchange or market; or (iii) if the Shares are neither listed on a national securities exchange nor traded in an over-the-counter market, the price determined by the Administrator. The Administrator also shall establish the Fair Market Value of any other property. If an actual sale of a Share occurs on the market, then the Company may consider the sale price to be the Fair Market Value of such Share.

(w) “Incentive Award” means the right to receive a cash payment to the extent Performance Goals are achieved, and shall include “Annual Incentive Awards” as described in Section 10 and “Long-Term Incentive Awards” as described in Section 11.

(x) “Incentive Share Option” or “ISO” mean an Option that meets the requirements of Code Section 422.

(y) “JCI Plan” means the Johnson Controls International Public Limited Company 2016 Omnibus Incentive Plan or any similar or predecessor plan sponsored by JCI or any of its subsidiaries under which any awards remain outstanding as of immediately prior to the Distribution Time.

(z) “Option” means the right to purchase Shares at a stated price for a specified period of time.

(aa) “Participant” means an individual selected by the Administrator to receive an Award.

(bb) “Performance Awards” means a Performance Share and Performance Unit, and any Award of Restricted Shares, Restricted Share Units or Deferred Share Rights the payment or vesting of which is contingent on the attainment of one or more Performance Goals.

(cc) “Performance Goals” means the following categories (in all cases after taking into account any Excluded Items, as applicable), including in each case any measure based on such category:

- (i) Basic earnings per share for the Company on a consolidated basis.
- (ii) Diluted earnings per share for the Company on a consolidated basis.
- (iii) Total shareholder return.
- (iv) Fair Market Value of Shares.
- (v) Net sales.
- (vi) Increase in percentage of total revenues represented by consolidated or unconsolidated revenues.
- (vii) Cost of sales.
- (viii) Gross profit.
- (ix) Selling, general and administrative expenses.
- (x) Operating income.
- (xi) Segment income.
- (xii) Earnings before interest and the provision for income taxes (EBIT).
- (xiii) Earnings before interest, the provision for income taxes, depreciation, and amortization (EBITDA).
- (xiv) Net income.

- (xv) Accounts receivable.
- (xvi) Inventories.
- (xvii) Trade working capital.
- (xviii) Return on equity.
- (xix) Return on assets.
- (xx) Return on invested capital.
- (xxi) Return on sales.
- (xxii) Economic value added, or other measure of profitability that considers the cost of capital employed.
- (xxiii) Free cash flow.
- (xxiv) Net cash provided by operating activities.
- (xxv) Net increase (decrease) in cash and cash equivalents.
- (xxvi) Increase (decrease) in debt or net debt.
- (xxvii) Customer satisfaction, which may include customer backlog and/or relationships.
- (xxviii) Market share.
- (xxix) Quality.
- (xxx) Safety.
- (xxxi) Realization or creation of innovation projects or products.
- (xxxii) Achievement of cost reduction targets or restructuring initiatives.
- (xxxiii) Employee engagement.
- (xxxiv) Employee and/or supplier diversity improvement.
- (xxxv) Completion of integration of acquired businesses and/or strategic activities.
- (xxxvi) Development, completion and implementation of succession planning.

The Performance Goals described in items (v) through (xxxvi) may be measured (A) for the Company on a consolidated basis, (B) for any one or more Affiliates or divisions of the Company and/or (C) for any other business unit or units of the Company or an Affiliate as defined by the Administrator at the time of selection.

In addition, the Administrator may designate other categories, including categories involving individual performance and subjective targets, not listed above (A) with respect to Awards that

are not intended to qualify as performance-based compensation within the meaning of Code Section 162(m) or that are subject to the transition period under Treasury Reg. Section 1.162-27(f)(4)(iii) or (B) to the extent that the application of such categories results in a reduction of the maximum amount otherwise payable under the Award.

Where applicable, the Performance Goals may be expressed, without limitation, in terms of attaining a specified level of the particular criterion or the attainment of an increase or decrease (expressed as absolute numbers, averages and/or percentages) in the particular criterion or achievement in relation to a peer group or other index. The Performance Goals may include a threshold level of performance below which no payment will be made (or no vesting will occur), levels of performance at which specified payments will be paid (or specified vesting will occur), and a maximum level of performance above which no additional payment will be made (or at which full vesting will occur). Notwithstanding the foregoing, with respect to a Replacement Award, "Performance Goal" shall mean any performance objective defined in the applicable agreement or other document evidencing the Replacement Award.

(dd) "Performance Shares" means the right to receive Shares (including Restricted Shares) to the extent Performance Goals are achieved.

(ee) "Performance Unit" means the right to receive a payment valued in relation to a unit that has a designated dollar value or the value of which is equal to the Fair Market Value of one or more Shares, to the extent Performance Goals are achieved.

(ff) "Person" means any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Exchange Act).

(gg) "Plan" means this Adient plc 2016 Omnibus Incentive Plan, as may be amended from time to time.

(hh) "Replacement Award" means an Award that is issued under this Plan in accordance with the terms of the Employee Matters Agreement in substitution of, or in accordance with, an award that was granted under a JCI Plan.

(ii) "Restriction Period" means the length of time established relative to an Award during which the Participant cannot sell, assign, transfer, pledge or otherwise encumber the Shares or Share Units subject to such Award and at the end of which the Participant obtains an unrestricted right to such Shares or Share Units.

(jj) "Restricted Shares" means Shares that are subject to a risk of forfeiture or a Restriction Period, or both a risk of forfeiture and a Restriction Period.

(kk) "Restricted Share Unit" means the right to receive a payment equal to the Fair Market Value of one Share that is subject to a risk of forfeiture or restriction period or other restrictions on transfer, or both a risk of forfeiture and a restriction period or other restrictions on transfer.

(ll) "Retirement" means, except as otherwise determined by the Administrator and set forth in an Award agreement, the end of a Participant's employment with the Company and its Affiliates (for other than Cause) on or after the Participant's attainment of (A) age fifty-five (55) and completion of ten (10) years of continuous service with the Company and its Affiliates, or (B) age sixty-five (65) and completion of five (5) years of continuous service with the

Company and its Affiliates. For purposes of this paragraph, the phrase “continuous service” means the most recent period of continuous, uninterrupted service with the Company and its Affiliates, as well as any such continuous service with JCI or its affiliates prior to the Spinoff.

(mm) “Rule 16b-3” means Rule 16b-3 promulgated by the Commission under the Exchange Act, or any successor rule or regulation thereto.

(nn) “Section 16 Participants” means Participants who are subject to the provisions of Section 16 of the Exchange Act.

(oo) “Share” means an ordinary share of the Company.

(pp) “Share Appreciation Right” or “SAR” means the right to receive a payment equal to the appreciation of the Fair Market Value of a Share during a specified period of time.

(qq) “Share Unit” means a right to receive a payment equal to the Fair Market Value of one Share.

(rr) “Subsidiary” means any corporation, limited liability company or other limited liability entity in an unbroken chain of entities beginning with the Company if each of the entities (other than the last entity in the chain) owns the stock or equity interests possessing more than fifty percent (50%) of the total combined voting power of all classes of stock or other equity interests in one of the other entities in the chain.

(ss) “Unrestricted Shares” means Shares issued under this Plan that are not subject to either a risk of forfeiture or a Restriction Period.

3. Administration.

(a) *Administration.* The Administrator shall administer this Plan. In addition to the authority specifically granted to the Administrator in this Plan, the Administrator has full discretionary authority to administer this Plan and all Awards, including but not limited to the authority to: (i) interpret the provisions of this Plan and any Award agreement; (ii) prescribe, amend and rescind rules and regulations relating to this Plan; (iii) correct any defect, supply any omission, or reconcile any inconsistency in this Plan, any Award or agreement covering an Award in the manner and to the extent it deems desirable to carry this Plan or such Award into effect; and (iv) make all other determinations necessary or advisable for the administration of this Plan. All Administrator determinations shall be made in the sole discretion of the Administrator and are final and binding on all interested parties.

Notwithstanding the above statement or any other provision of this Plan, the Committee shall have no discretion to increase the amount, once established, of compensation payable under an Award that is intended to be performance-based compensation under Code Section 162(m) and that is not subject to the transition period under Treasury Reg. Section 1.162-27(f)(4)(iii), although the Committee may decrease the amount of compensation a Participant may earn under such an Award.

(b) *Delegation to Other Committees or Officers.* To the extent applicable law permits, the Board may delegate to another committee of the Board or to one or more officers of the Company, or the Committee may delegate to one or more officers of the Company, any or all of their respective authority and responsibility as an Administrator of this Plan; provided that

no such delegation is permitted with respect to Share-based Awards made to Section 16 Participants or Awards made to Participants subject to Code Section 162(m) at the time any such delegated authority or responsibility is exercised unless the delegation is to another committee of the Board consisting entirely of directors who are “non-employee directors” within the meaning of Rule 16b-3 and “outside directors” within the meaning of Code Section 162(m)(4)(C). If the Board or the Committee has made such a delegation, then all references to the Administrator in this Plan include such other committee or one or more officers to the extent of such delegation.

(c) *Indemnification.* The Company will indemnify and hold harmless each member of the Board and the Committee, and each officer or member of any other committee to whom a delegation under Section 3(b) has been made, as to any acts or omissions with respect to this Plan or any Award to the maximum extent that applicable law and the Company’s governing documents permit.

4. Eligibility. The Administrator (to the extent of its authority) may designate any of the following as a Participant from time to time: any officer or other employee of the Company or its Affiliates or any individual that the Company or an Affiliate has engaged to become an officer or employee. The Administrator’s designation of a Participant in any year will not require the Administrator to designate such person to receive an Award in any other year. No individual shall have any right to be granted an Award, even if an Award was granted to such individual at any prior time, or if a similarly-situated individual is or was granted an Award under similar circumstances.

5. Types of Awards. Subject to the terms of this Plan, the Administrator may grant any type of Award to any Participant it selects, but only employees of the Company or a Subsidiary may receive grants of Incentive Share Options. Awards may be granted alone or in addition to, in tandem with, or (subject to the prohibition on repricing set forth in Section 16(e)) in substitution for any other Award (or any other award granted under another plan of the Company or any Affiliate).

6. Shares Reserved under this Plan.

(a) *Plan Reserve.* Subject to adjustment as provided in Section 18(a), an aggregate of 4,000,000 Shares are reserved for issuance under this Plan. The Shares reserved for issuance may be either authorized and unissued Shares or Shares reacquired at any time and now or hereafter held as treasury shares, subject to compliance with applicable law. In addition to the number of Shares set forth in the first sentence of this Section 6(a), such number of Shares as are subject to the Replacement Awards are also reserved for issuance under this Plan but the Shares subject to the Replacement Awards shall neither deplete the reserve set forth in the first sentence of this Section 6(a) nor be eligible to be recredited to this Plan’s reserve pursuant to Section 6(c).

(b) *Incentive Share Option Award Limits.* Subject to adjustment as provided in Section 18(a), the Company may issue an aggregate of 4,000,000 Shares upon the exercise of Incentive Share Options.

(c) *Replenishment of Shares Under this Plan.* If (i) an Award lapses, expires, terminates or is cancelled without the issuance of Shares under the Award (whether due currently or on a deferred basis), (ii) it is determined during or at the conclusion of the term of an Award that all or some portion of the Shares with respect to which the Award was granted will not be issuable on the basis that the conditions for such issuance will not be satisfied, (iii) Shares are forfeited under an Award or (iv) Shares are issued under any Award and the Company subsequently (subject to compliance with applicable law) reacquires them pursuant to rights reserved upon the issuance of the Shares, then such Shares shall be recredited to this Plan's reserve (in the same number as they depleted the reserve) and may again be used for new Awards under this Plan, but Shares recredited to this Plan's reserve pursuant to clause (iv) may not be issued pursuant to Incentive Share Options. Notwithstanding the foregoing, in no event shall the following Shares be recredited to this Plan's reserve: Shares tendered in payment of or withheld to satisfy the exercise price of an Option (subject to compliance with applicable law); Shares withheld to satisfy federal, state or local tax withholding obligations; and Shares purchased by the Company (subject to compliance with applicable law) using proceeds from Option exercises.

(d) *Participant Limitations.* Subject to adjustment as provided in Section 18(a), during any time when the Company has a class of equity security registered under Section 12 of the Exchange Act and the transition period under Treasury Reg. Section 1.162-27(f)(4)(iii) has lapsed or does not apply, no Participant may be granted Awards that could result in such Participant:

(i) receiving Options for, and/or Share Appreciation Rights with respect to, more than 2,000,000 Shares during any fiscal year of the Company;

(ii) receiving Awards of Restricted Shares (including any dividends paid thereon) and/or Restricted Share Units (including any associated Dividend Equivalent Units) and/or Deferred Share Rights (including any associated Dividend Equivalent Units) relating to more than 800,000 Shares during any fiscal year of the Company;

(iii) receiving Awards of Performance Shares, and/or Awards of Performance Units the value of which is based on the Fair Market Value of Shares, for more than 1,600,000 Shares during any fiscal year of the Company;

(iv) receiving Awards of Performance Units the value of which is not based on the Fair Market Value of Shares that would pay more than USD \$15,000,000 during any fiscal year of the Company;

(v) receiving other Share-based Awards pursuant to Section 13 relating to more than 800,000 Shares during any fiscal year of the Company;

(vi) receiving an Annual Incentive Award in any fiscal year of the Company that would pay more than USD \$15,000,000; or

(vii) receiving a Long-Term Incentive Award in any fiscal year of the Company that would pay more than USD \$10,000,000.

In all cases, determinations under this Section 6(d) should be made in a manner that is consistent with the exemption for performance-based compensation that Code Section 162(m) provides and, to the extent applicable, the transition rules thereunder. Notwithstanding the

foregoing, for the avoidance of doubt, Replacement Awards shall not be subject to, or counted against, the limits in this Section 6(d).

7. Options. Subject to the terms of this Plan, the Administrator will determine all terms and conditions of each Option, including but not limited to:

- (a) Whether the Option is an Incentive Share Option or a “nonqualified share option” which does not meet the requirements of Code Section 422;
- (b) The number of Shares subject to the Option;
- (c) The date of grant, which may not be prior to the date of the Administrator’s approval of the grant;
- (d) The exercise price, which may not be less than the Fair Market Value of the Shares subject to the Option as determined on the date of grant (except with respect to Replacement Awards or pursuant to Section 18); provided that an Incentive Share Option granted to a 10% Shareholder must have an exercise price at least equal to 110% of the Fair Market Value of the Shares subject to the Option as determined on the date of grant;
- (e) The terms and conditions of exercise, including the manner and form of payment of the exercise price; provided that if the aggregate Fair Market Value of the Shares subject to all ISOs granted to a Participant (as determined on the date of grant of each such Option) that become exercisable during a calendar year exceeds the dollar limitation set forth in Code Section 422(d), then such ISOs shall be treated as nonqualified share options to the extent such limitation is exceeded; and
- (f) The term; provided that each Option must terminate no later than ten (10) years after the date of grant and each Incentive Share Option granted to a 10% Shareholder must terminate no later than five (5) years after the date of grant.

In all other respects, the terms of any Incentive Share Option should comply with the provisions of Code Section 422 except to the extent the Administrator determines otherwise. If an Option that is intended to be an Incentive Share Option fails to meet the requirements thereof, the Option shall automatically be treated as a nonqualified share option to the extent of such failure.

8. Share Appreciation Rights. Subject to the terms of this Plan, the Administrator will determine all terms and conditions of each SAR, including but not limited to:

- (a) Whether the SAR is granted independently of an Option or relates to an Option;
- (b) The number of Shares to which the SAR relates;
- (c) The date of grant, which may not be prior to the date of the Administrator’s approval of the grant;
- (d) The grant price, provided that the grant price shall not be less than the Fair Market Value of the Shares subject to the SAR as determined on the date of grant (except with respect to Replacement Awards or pursuant to Section 18);

- (e) The terms and conditions of exercise or maturity;
- (f) The term, provided that each SAR must terminate no later than ten (10) years after the date of grant; and
- (g) Whether the SAR will be settled in cash, Shares or a combination thereof.

If an SAR is granted in relation to an Option, then, unless otherwise determined by the Administrator, the SAR shall be exercisable or shall mature at the same time or times, on the same conditions and to the extent and in the proportion, that the related Option is exercisable and may be exercised or mature for all or part of the Shares subject to the related Option. Upon exercise of any number of SARs, the number of Shares subject to the related Option shall be reduced accordingly and such Option may not be exercised with respect to that number of Shares. The exercise of any number of Options that relate to an SAR shall likewise result in an equivalent reduction in the number of Shares covered by the related SAR.

9. Performance and Share Awards. Subject to the terms of this Plan, the Administrator will determine all terms and conditions of each award of Restricted Shares, Restricted Share Units, Deferred Share Rights, Performance Shares or Performance Units, including but not limited to:

- (a) The number of Shares and/or units to which such Award relates;
- (b) Whether, as a condition for the Participant to realize all or a portion of the benefit provided under the Award, one or more Performance Goals must be achieved during such period as the Administrator specifies;
- (c) The Restriction Period with respect to Restricted Shares or Restricted Share Units and the period of deferral for Deferred Share Rights;
- (d) The performance period for Performance Awards;
- (e) With respect to Performance Units, whether to measure the value of each unit in relation to a designated dollar value or the Fair Market Value of one or more Shares; and
- (f) With respect to Restricted Share Units and Performance Units, whether to settle such Awards in cash, in Shares, or a combination thereof.

Except as otherwise provided in this Plan, at such time as all restrictions applicable to an Award of Restricted Shares, Deferred Share Rights or Restricted Share Units are met and the Restriction Period expires, ownership of the Shares subject to such restrictions shall be transferred to the Participant free of all restrictions except those that may be imposed by applicable law; provided that if Restricted Share Units are paid in cash, then the payment shall be made to the Participant after all applicable restrictions lapse and the Restriction Period expires.

10. Annual Incentive Awards. Subject to the terms of this Plan, the Administrator will determine all terms and conditions of an Annual Incentive Award, including but not limited to the Performance Goals, performance period, the potential amount payable, and the timing of payment, subject to the following: (a) the Administrator must require that payment of all or any portion of the amount subject to the Annual Incentive Award is contingent on the achievement of

one or more Performance Goals during the period the Administrator specifies, although the Administrator may specify that all or a portion of the Performance Goals subject to an Award are deemed achieved upon a Participant's death, Disability or (for Awards not intended to qualify as performance-based compensation within the meaning of Code Section 162(m) or subject to the transition period under Treasury Reg. Section 1.162-27(f)(4)(iii)) Retirement, or such other circumstances as the Administrator may specify; and (b) the performance period must relate to a period of one fiscal year of the Company except that, if the Award is made in the year this Plan becomes effective, at the time of commencement of employment with the Company or on the occasion of a promotion, then the Award may relate to a period shorter than one fiscal year.

11. Long-Term Incentive Awards. Subject to the terms of this Plan, the Administrator will determine all terms and conditions of a Long-Term Incentive Award, including but not limited to the Performance Goals, performance period, the potential amount payable, and the timing of payment, subject to the following: (a) the Administrator must require that payment of all or any portion of the amount subject to the Long-Term Incentive Award is contingent on the achievement of one or more Performance Goals during the period the Administrator specifies, although the Administrator may specify that all or a portion of the Performance Goals subject to an Award are deemed achieved upon a Participant's death, Disability or (for Awards not intended to qualify as performance-based compensation within the meaning of Code Section 162(m) or subject to the transition period under Treasury Reg. Section 1.162-27(f)(4)(iii)) Retirement, or such other circumstances as the Administrator may specify; and (b) the performance period must relate to a period of more than one fiscal year of the Company.

12. Dividend Equivalent Units. Subject to the terms of this Plan, the Administrator will determine all terms and conditions of each award of Dividend Equivalent Units, including but not limited to whether: (a) such Award will be granted in tandem with another Award; (b) payment of the Award be made currently or credited to an account for the Participant that provides for the deferral of such amounts until a stated time; provided that Dividend Equivalent Units that relate to Performance Awards that are contingent on the achievement of a Performance Goal at the time the cash dividend or other distribution is paid with respect to a Share shall also be contingent on the achievement of such Performance Goal and shall not be paid until such Performance Goal is achieved; and (c) the Award will be settled in cash or Shares; provided that Dividend Equivalent Units may be granted only in connection with a "full-value Award." For this purpose, a "full-value Award" includes Restricted Shares, Restricted Share Units, Performance Shares, Performance Units (valued in relation to a Share), Deferred Share Rights and any other similar Award under which the value of the Award is measured as the full value of a Share, rather than the increase in the value of a Share.

13. Other Share-Based Awards. Subject to the terms of this Plan, the Administrator may grant to Participants other types of Awards, which shall be denominated or payable in, valued in whole or in part by reference to, or otherwise based on, Shares, either alone or in addition to or in conjunction with other Awards, and payable in Shares or cash. Without limitation, such Award may include the issuance of Unrestricted Shares (which may be awarded in lieu of cash compensation to which a Participant is otherwise entitled, in exchange for cancellation of a compensation right, as a bonus, upon the attainment of Performance Goals or otherwise) or rights to acquire Shares from the Company. The Administrator shall determine all terms and conditions of the Award, including but not limited to, the time or times at which such Awards shall be made, and the number of Shares to be granted pursuant to such Awards or to which such Award shall relate; provided that any Award that provides for purchase rights shall be priced at 100% of Fair Market Value on the date of grant of the Award; and provided

further that the date of grant cannot be prior to the date the Administrator takes action to approve the Award.

14. Effect of Termination on Awards. The Administrator shall have the discretion to determine, at the time an Award is made to a Participant or any time thereafter, the effect of the termination of the Participant's employment or service with the Company and its Affiliates on the Award.

15. Transferability.

(a) *Restrictions on Transfer.* No Award (other than Unrestricted Shares), and no right under any such Award, shall be assignable, alienable, saleable, or transferable by a Participant otherwise than by will or by the laws of descent and distribution, unless and to the extent the Administrator allows a Participant to: (i) designate in writing a beneficiary to exercise the Award after the Participant's death; or (ii) transfer an Award.

(b) *Restrictions on Exercisability.* Each Award, and each right under any Award, shall be exercisable during the lifetime of the Participant only by such individual or, if permissible under applicable law, by such individual's guardian or legal representative.

16. Termination and Amendment of Plan; Amendment, Modification or Cancellation of Awards.

(a) *Term of Plan.* Unless the Board or Committee earlier terminates this Plan pursuant to Section 16(b), this Plan will terminate on the date all Shares reserved for issuance have been issued. If the term of this Plan extends beyond ten (10) years from the Effective Date, no Incentive Share Options may be granted after such time unless the shareholders of the Company have approved an extension of this Plan for such purpose.

(b) *Termination and Amendment.* The Board or the Committee may amend, alter, suspend, discontinue or terminate this Plan at any time, subject to the following limitations:

(i) the Board must approve any amendment of this Plan to the extent the Company determines such approval is required by: (A) prior action of the Board, (B) applicable corporate law, or (C) any other applicable law;

(ii) shareholders must approve any amendment of this Plan to the extent the Company determines such approval is required by: (A) Section 16 of the Exchange Act, (B) the Code, (C) the listing requirements of any principal securities exchange or market on which the Shares are then traded, or (D) any other applicable law; and

(iii) shareholders must approve any of the following Plan amendments: (A) an amendment to materially increase any number of Shares specified in Section 6(a) or 6(b) or the limits set forth in Section 6(e) (except as permitted by Section 18), (B) an amendment to materially expand the group of individuals that may become Participants, or (C) an amendment that would diminish the protections afforded by Section 16(e).

(c) *Amendment, Modification, Cancellation and Disgorgement of Awards.*

(i) Subject to the requirements of this Plan, including the limitations of Section 16(e), the Administrator may modify, amend or cancel any Award or waive any

restrictions or conditions applicable to any Award or the exercise of the Award, provided that any modification or amendment that materially diminishes the rights of the Participant, or the cancellation of the Award, shall be effective only if agreed to by the Participant or any other person(s) as may then have an interest in the Award, but the Administrator need not obtain Participant (or other interested party) consent for the modification, amendment or cancellation of an Award pursuant to the provisions of Section 18 or as follows: (A) to the extent the Administrator deems such action necessary to comply with any applicable law or the listing requirements of any principal securities exchange or market on which the Shares are then traded; (B) to the extent the Administrator deems necessary to preserve favorable accounting or tax treatment of any Award for the Company; or (C) to the extent the Administrator determines that such action does not materially and adversely affect the value of an Award or that such action is in the best interest of the affected Participant or any other person(s) as may then have an interest in the Award. Notwithstanding the foregoing, unless determined otherwise by the Administrator, any such amendment shall be made in a manner that will enable an Award intended to be exempt from Code Section 409A to continue to be so exempt, or to enable an Award intended to comply with Code Section 409A to continue to so comply.

(ii) Any Awards granted pursuant to this Plan, and any Shares issued or cash paid pursuant to an Award, shall be subject to (A) any recoupment, clawback, equity holding, share ownership or similar policies adopted by the Company from time to time and (B) any recoupment, clawback, equity holding, share ownership or similar requirements made applicable by law, regulation or listing standards to the Company from time to time.

(iii) Unless the Award agreement specifies otherwise, the Administrator may cancel any Award at any time if the Participant is not in compliance with all applicable provisions of the Award agreement and this Plan.

(d) *Survival of Authority and Awards.* Notwithstanding the foregoing, the authority of the Board and the Administrator under this Section 16 and to otherwise administer this Plan will extend beyond the date of this Plan's termination. In addition, termination of this Plan will not affect the rights of Participants with respect to Awards previously granted to them, and all unexpired Awards will continue in force and effect after termination of this Plan except as they may lapse or be terminated by their own terms and conditions.

(e) *Repricing and Backdating Prohibited.* Notwithstanding anything in this Plan to the contrary, and except for the adjustments provided in Section 18, neither the Administrator nor any other person may (i) amend the terms of outstanding Options or SARs to reduce the exercise price of such outstanding Options or SARs; (ii) cancel outstanding Options or SARs in exchange for Options or SARs with an exercise price that is less than the exercise price of the original Options or SARs; or (iii) cancel outstanding Options or SARs with an exercise price above the current Share price in exchange for cash or other securities. In addition, the Administrator may not make a grant of an Option or SAR with a grant date that is effective prior to the date the Administrator takes action to approve such Award.

(f) *Foreign Participation.* To assure the viability of Awards granted to Participants employed or residing in foreign countries, the Administrator may provide for such special terms as it may consider necessary or appropriate to accommodate differences in local law, tax policy or custom. Moreover, the Administrator may approve such supplements to, or amendments,

restatements or alternative versions of, this Plan as it determines is necessary or appropriate for such purposes. Any such amendment, restatement or alternative versions that the Administrator approves for purposes of using this Plan in a foreign country will not affect the terms of this Plan for any other country. In addition, all such supplements, amendments, restatements or alternative versions must comply with the provisions of Section 16(b).

In addition, if an Award is held by a Participant who is employed or residing in a foreign country and the amount payable or Shares issuable under such Award would be taxable to the Participant under Code Section 457A in the year such Award is no longer subject to a substantial risk of forfeiture, then the amount payable or Shares issuable under such Award shall be paid or issued to the Participant as soon as practicable after such substantial risk of forfeiture lapses (or, for Awards that are not considered nonqualified deferred compensation subject to Code Section 409A, no later than the end of the short-term deferral period permitted by Code Section 457A) notwithstanding anything in this Plan or the Award agreement to contrary.

(g) *Code Section 409A.* The provisions of Code Section 409A are incorporated herein by reference to the extent necessary for any Award that is subject to Code Section 409A to comply therewith.

17. Taxes.

(a) *Withholding.* In the event the Company or an Affiliate of the Company is required to withhold any Federal, state or local taxes or other amounts in respect of any income recognized by a Participant as a result of the grant, vesting, payment or settlement of an Award or disposition of any Shares acquired under an Award, the Company will, unless it otherwise determines, satisfy such tax obligations by withholding from cash or Shares otherwise payable or issuable under the Award in the amount needed to satisfy any withholding obligations; provided that, in the case of Shares, the amount withheld may not exceed the Participant's minimum statutory tax withholding obligations associated with the transaction to the extent needed for the Company and its Affiliates to avoid an accounting charge until Accounting Standards Update 2016-09 applies to the Company, after which time the amount withheld may not exceed the total maximum statutory tax rates associated with the transaction. Alternatively, the Company may require such Participant to pay to the Company, in cash, promptly on demand, amounts sufficient to satisfy such tax obligations or make other arrangements satisfactory to the Company regarding the payment to the Company or an Affiliate of the aggregate amount of any such tax obligations, or the Company may withhold from cash or other property payable or issuable to the Participant or from Shares no longer subject to restrictions in the amount needed to satisfy any withholding obligations. If an election is provided, the election must be made on or before the date as of which the amount of tax to be withheld is determined and otherwise as the Committee requires. In any case, the Company may defer making payment or delivery under any Award if any such tax may be pending unless and until indemnified to its satisfaction.

(b) *No Guarantee of Tax Treatment.* Notwithstanding any provisions of this Plan, the Company does not guarantee to any Participant or any other Person with an interest in an Award that (i) any Award intended to be exempt from Code Section 409A shall be so exempt, (ii) any Award intended to comply with Code Section 409A or Code Section 422 shall so comply, (iii) any Award shall otherwise receive a specific tax treatment under any other applicable tax law, nor in any such case will the Company or any Affiliate indemnify, defend or hold harmless any individual with respect to the tax consequences of any Award.

(c) *Participant Responsibilities.* If a Participant shall dispose of Shares acquired through exercise of an ISO within either (i) two (2) years after the date the Option is granted or (ii) one (1) year after the date the Option is exercised (i.e., in a disqualifying disposition), such Participant shall notify the Company within seven (7) days of the date of such disqualifying disposition. In addition, if a Participant elects, under Code Section 83, to be taxed at the time an Award of Restricted Shares (or other property subject to such Code section) is made, rather than at the time the Award vests, such Participant shall notify the Company within seven (7) days of the date the Participant makes such an election.

18. Adjustment Provisions; Change of Control.

(a) *Adjustment of Shares.* If: (i) the Company shall at any time be involved in a merger or other transaction in which the Shares are changed or exchanged; (ii) the Company shall subdivide or combine the Shares or the Company shall declare a dividend payable in Shares, other securities or other property; (iii) the Company shall effect a cash dividend the amount of which, on a per Share basis, exceeds ten percent (10%) of the Fair Market Value of a Share at the time the dividend is declared, or the Company shall effect any other dividend or other distribution on the Shares in the form of cash, or a repurchase of Shares (subject to compliance with applicable law), that the Board determines by resolution is special or extraordinary in nature or that is in connection with a transaction that the Company characterizes publicly as a recapitalization or reorganization involving the Shares; or (iv) any other event shall occur, which, in the case of this clause (iv), in the judgment of the Board or Committee necessitates an adjustment to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under this Plan, then the Administrator shall, in such manner as it may deem equitable to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under this Plan, adjust as applicable: (A) the number and type of Shares subject to this Plan (including the number and type of Shares described in Section 6) and which may after the event be made the subject of Awards; (B) the number and type of Shares subject to outstanding Awards; (C) the grant, purchase, or exercise price with respect to any Award; and (D) to the extent such discretion does not cause an Award that is intended to qualify as performance-based compensation under Code Section 162(m) to lose its status as such, the Performance Goals of an Award. In any such case, the Administrator may also (or in lieu of the foregoing) make provision for a cash payment to the holder of an outstanding Award in exchange for the cancellation of all or a portion of the Award (without the consent of the holder of an Award) in an amount determined by the Administrator effective at such time as the Administrator specifies (which may be the time such transaction or event is effective). However, in each case, with respect to Awards of Incentive Share Options, no such adjustment may be authorized to the extent that such authority would cause this Plan to violate Code Section 422(b). Further, the number of Shares subject to any Award payable or denominated in Shares must always be a whole number. In any event, previously granted Options or SARs are subject only to such adjustments as are necessary to maintain the relative proportionate interest the Options and SARs represented immediately prior to any such event and to preserve, without exceeding, the value of such Options or SARs.

Without limitation, in the event of any reorganization, merger, consolidation, combination or other similar corporate transaction or event, including by way of scheme or arrangement or otherwise, whether or not constituting a Change of Control (other than any such transaction in which the Company is the continuing corporation and in which the outstanding Shares are not being converted into or exchanged for different securities, cash or other property, or any combination thereof), the Administrator may substitute, on an equitable basis as the Administrator determines, for each Share then subject to an Award and the Shares

subject to this Plan (if this Plan will continue in effect), the number and kind of shares, other securities, cash or other property to which holders of Shares are or will be entitled in respect of each Share pursuant to the transaction.

Notwithstanding the foregoing, in the case of a share dividend (other than a share dividend declared in lieu of an ordinary cash dividend) or subdivision or combination of the Shares (including a reverse share split), if no action is taken by the Administrator, adjustments contemplated by this subsection that are proportionate shall nevertheless automatically be made as of the date of such share dividend or subdivision or combination of the Shares.

(b) *Issuance or Assumption.* Notwithstanding any other provision of this Plan, and without affecting the number of Shares otherwise reserved or available under this Plan, in connection with any merger, consolidation, acquisition of property or shares, or reorganization, the Administrator may authorize the issuance or assumption of awards under this Plan upon such terms and conditions as it may deem appropriate, subject to the listing requirements of any principal securities exchange or market on which the Shares are then traded.

(c) *Change of Control.* If the Participant has in effect an employment, retention, change of control, severance or similar agreement with the Company or any Affiliate that determines the effect of a Change of Control on the Participant's Awards, then such agreement shall take precedence over the terms of this Plan. In all other cases, unless provided otherwise in an Award agreement or by the Administrator prior to the date of the Change of Control, in the event of a Change of Control:

(i) If the purchaser, successor or surviving corporation (or parent thereof) (the "Survivor") so agrees, some or all outstanding Awards shall be assumed, or replaced with the same type of award with similar terms and conditions, by the Survivor in the Change of Control transaction. If applicable, each Award which is assumed by the Survivor shall be appropriately adjusted, immediately after such Change of Control, to apply to the number and class of securities which would have been issuable to the Participant upon the consummation of such Change of Control had the Award been exercised, vested or earned immediately prior to such Change of Control, and other appropriate adjustments in the terms and conditions of the Award shall be made.

(ii) To the extent the Survivor in the Change of Control transaction does not agree to assume the Awards or issue replacement awards as provided in clause (i), then immediately prior to the date of the Change of Control:

(A) Each Option or SAR that is then held by a Participant who is employed by or in the service of the Company or an Affiliate shall become immediately and fully vested, and, unless otherwise determined by the Board or Committee, all Options and SARs shall be cancelled on the date of the Change of Control in exchange for a cash payment equal to the excess of the Change of Control price of the Shares covered by the Option or SAR that is so cancelled over the purchase or grant price of such Shares under the Award.

(B) Restricted Shares, Restricted Share Units and Deferred Share Rights (that are not Performance Awards) that are not then vested shall vest.

(C) All Performance Awards and Annual and Long-Term Incentive Awards that are earned but not yet paid shall be paid upon the Change of Control, and all Performance Awards and Annual and Long-Term Incentive Awards for which the performance period has not expired shall be cancelled in exchange for a cash payment equal to the product of (1) the target value payable to the Participant under his or her Award and (2) a fraction, the numerator of which is the number of days after the first day of the performance period on which the Change of Control occurs and the denominator of which is the number of days in the performance period.

(D) All Dividend Equivalent Units that are not vested shall vest and be paid in cash, and all other Awards that are not vested shall vest and if an amount is payable under such vested Award, such amount shall be paid in cash based on the value of the Award.

All payments of cash and issuance of Shares required hereunder shall be made as soon as practicable after, but in no event more than thirty (30) days following, the date of the Change of Control.

(iii) In the event that (1) the Survivor terminates the Participant's employment or service without cause (as defined in the agreement relating to the Award or, if not defined therein, as defined by the Administrator) or (2) if the Participant has in effect an employment, retention, change of control, severance or similar agreement with the Company or any Affiliate that contemplates the termination of his or her employment or service for good reason, and the Participant terminates his or her employment or service for good reason (as defined in such agreement), in the case of either (1) or (2) within twenty-four (24) months following a Change of Control, then the following provisions shall apply to any assumed Awards or replacement awards described in paragraph (i) and any Awards not cancelled in connection with the Change of Control pursuant to paragraph (ii):

(A) Effective upon the date of the termination of the Participant's employment or service, all outstanding Awards or replacement awards automatically shall vest (assuming for any Award the vesting of which is subject to Performance Goals, that such goals had been met at the target level); and

(B) All Options or Share Appreciation Rights (or replacement awards) held by the Participant shall be cancelled in exchange for a payment in cash and/or Shares (which may include shares or other securities of the Survivor) equal to the excess of the fair market value of the Shares over the exercise or grant price of such Shares under the Award; and

(C) All Restricted Shares, Restricted Share Units or Deferred Share Rights (or replacement awards) held by the Participant shall be cancelled as of the termination of the Participant's employment or service in exchange for a payment in cash and/or Shares (which may include shares or other securities of the Survivor) equal to the fair market value of a Share; and

(D) All Performance Awards and Annual and Long-Term Incentive Awards held by the Participant that are earned but not yet paid shall be paid promptly following the termination of employment or service, and all Performance Awards and Annual and Long-Term Incentive Awards held by the Participant for which the performance period has not expired shall be cancelled in exchange for a cash payment equal to the product of (1) the target value payable to the Participant under his or her Award and (2) a fraction, the numerator of which is

the number of days after the first day of the performance period on which the termination of employment or service occurs and the denominator of which is the number of days in the performance period; and

(E) All other Awards (or replacement awards) held by the Participant shall be cancelled in exchange for a payment in cash in an amount equal to the value of the Award.

All payments of cash and issuance of Shares required hereunder shall be made as soon as practicable after, but in no event more than thirty (30) days following, the date of the termination of employment or service of the Participant.

Notwithstanding anything to the contrary in the foregoing, if the Participant has a deferral election in effect with respect to any amount payable under this Section 18(c) or if the applicable Award is otherwise subject to Code Section 409A, such amount shall be deferred pursuant to such election and the requirements of Code Section 409A.

If the value of an Award for purposes of this subsection is based on the fair market value of a Share, such fair market value shall be determined by the Administrator in its discretion.

(d) *Application of Limits on Payments.* Except as otherwise expressly provided in any agreement between a Participant and the Company or an Affiliate, if the receipt of any payment by a Participant under the circumstances described above would result in the payment by the Participant of any excise tax provided for in Section 280G and Section 4999 of the Code, then the amount of such payment shall be reduced to the extent required to prevent the imposition of such excise tax.

19. Miscellaneous.

(a) *Other Terms and Conditions.* The grant of any Award may also be subject to other provisions (whether or not applicable to the Award granted to any other Participant) as the Administrator determines appropriate, including, without limitation, provisions for:

(i) the payment of the purchase price of Options by delivery of cash or other Shares or other securities of the Company (including by attestation) having a then Fair Market Value equal to the purchase price of such Shares, or by delivery (including by fax) to the Company or its designated agent of an executed irrevocable option exercise form together with irrevocable instructions to a broker-dealer to sell or margin a sufficient portion of the Shares and deliver the sale or margin loan proceeds directly to the Company to pay for the exercise price;

(ii) one or more means to enable Participants to defer the delivery of Shares or recognition of taxable income relating to Awards or cash payments derived from the Awards on such terms and conditions as the Administrator determines, including, by way of example, the form and manner of the deferral election, the treatment of dividends paid on the Shares during the deferral period or a means for providing a return to a Participant on amounts deferred, and the permitted distribution dates or events (provided that no such deferral means may result in an increase in the number of Shares issuable under this Plan);

(iii) restrictions on resale or other disposition of Shares; and

(iv) compliance with federal or state securities laws and stock exchange requirements.

(b) *Employment and Service.* The issuance of an Award shall not confer upon a Participant any right with respect to continued employment or service with the Company or any Affiliate. Unless determined otherwise by the Administrator, for purposes of this Plan and all Awards, the following rules shall apply:

(i) a Participant who transfers employment between the Company and its Affiliates, or between Affiliates, will not be considered to have ended employment; and

(ii) a Participant employed by an Affiliate will be considered to have ended employment when such entity ceases to be an Affiliate.

Notwithstanding the foregoing, for purposes of an Award that is subject to Code Section 409A, if a Participant's termination of employment or service triggers the payment of compensation under such Award, then the Participant will be deemed to have terminated employment or service upon his or her "separation from service" within the meaning of Code Section 409A. Notwithstanding any other provision in this Plan or an Award to the contrary, if any Participant is a "specified employee" within the meaning of Code Section 409A as of the date of his or her "separation from service" within the meaning of Code Section 409A, then, to the extent required by Code Section 409A, any payment made to the Participant on account of such separation from service shall not be made before a date that is six months after the date of the separation from service.

(c) *Whole Shares Only.* Only whole Shares or other securities may be issued or delivered pursuant to this Plan, and if any calculation of a number of Shares pursuant to any provision of this Plan would otherwise result in a number of Shares that is not a whole number, the calculation shall be rounded down to the next whole number of Shares.

(d) *Offset.* Subject to compliance with applicable law, the Company shall have the right to offset, from any amount payable or shares deliverable hereunder, any amount that the Participant owes to the Company or any Affiliate without the consent of the Participant or any individual with a right to the Participant's Award.

(e) *Unfunded Plan.* This Plan is unfunded and does not create, and should not be construed to create, a trust or separate fund with respect to this Plan's benefits. This Plan does not establish any fiduciary relationship between the Company and any Participant or other person. To the extent any person holds any rights by virtue of an Award granted under this Plan, such rights are no greater than the rights of the Company's general unsecured creditors. Income recognized by a Participant pursuant to an Award shall not be included in the determination of benefits under any employee pension benefit plan (as such term is defined in Section 3(2) of the Employee Retirement Income Security Act of 1974, as amended) or group insurance or other benefit plans applicable to the Participant which are maintained by the Company or any Affiliate, except as may be provided under the terms of such plans or determined by resolution of the Board.

(f) *Requirements of Law and Securities Exchange.* The granting of Awards and the issuance of Shares in connection with an Award are subject to all applicable laws, rules and regulations and to such approvals by any governmental agencies or national securities exchanges as may be required. Notwithstanding any other provision of this Plan or any Award agreement, the Company has no liability to deliver any Shares under this Plan or make any payment unless such delivery or payment would comply with all applicable laws and the applicable requirements of any securities exchange or similar entity, and unless and until the

Participant has taken all actions required by the Company in connection therewith. The Company may impose such restrictions on any Shares issued under this Plan as the Company determines necessary or desirable to comply with all applicable laws, rules and regulations or the requirements of any national securities exchange.

(g) *Restrictive Legends; Representations.* All Shares delivered (whether in certificated or book entry form) pursuant to any Award or the exercise thereof shall bear such legends or be subject to such stop transfer orders as the Administrator may deem advisable under this Plan or under applicable laws, rules or regulations or the requirements of any national securities exchange. The Administrator may require each Participant or other Person who acquires Shares under this Plan by means of an Award to represent to the Company in writing that such Participant or other Person is acquiring the Shares without a view to the distribution thereof.

(h) *Governing Law.* This Plan, and all Awards hereunder, and all determinations made and actions taken pursuant to this Plan, shall be governed by, except to the extent preempted by other applicable laws (1) with respect to the corporate law requirements applicable to the Company, the validity and authorization of the issuance of Shares under this Plan and similar matters, the internal laws of Ireland (without reference to conflict of law principles thereof) and (2) with respect to all other matters relating to this Plan and Awards, the internal laws of the State of New York (without reference to conflict of law principles thereof), and this Plan and all Awards hereunder shall be construed in accordance with such applicable law.

(i) *Arbitration.* Notwithstanding anything to the contrary herein, if any individual (other than the Company) brings a claim involving the Company or an Affiliate, regardless of the basis of the claim (including but not limited to claims relating to wrongful discharge, Title VII discrimination, the Participant's employment or service with the Company or its Affiliates or the termination thereof, benefits under this Plan or other matters), such claim shall be settled by final binding arbitration in accordance with the rules of the American Arbitration Association ("AAA") and the following provisions, and judgment upon the award rendered by the arbitrator may be entered in any court having jurisdiction thereof; provided that the requirement for arbitration under this subsection shall not apply to the extent such requirement is not enforceable under, or otherwise violates, applicable law.

(i) *Initiation of Action.* Arbitration must be initiated by serving or mailing a written notice of the complaint to the other party. Normally, such written notice should be provided to the other party within one year (365 days) after the day the complaining party first knew or should have known of the events giving rise to the complaint. However, this time frame may be extended if the applicable statute of limitation provides for a longer period of time. If the complaint is not properly submitted within the appropriate time frame, all rights and claims that the complaining party has or may have against the other party shall be waived and void. Any notice sent to the Company shall be delivered to:

Office of General Counsel
Adient plc
833 East Michigan Street, Suite 1100
Milwaukee, WI 53202

The notice must identify and describe the nature of all complaints asserted and the facts upon which such complaints are based. Notice will be deemed given according to the date of any postmark or the date of time of any personal delivery.

(ii) *Compliance with Personnel Policies.* Before proceeding to arbitration on a complaint, the claimant must initiate and participate in any complaint resolution procedure identified in the personnel policies of the Company or an Affiliate, as applicable. If the claimant has not initiated the complaint resolution procedure before initiating arbitration on a complaint, the initiation of the arbitration shall be deemed to begin the complaint resolution procedure. No arbitration hearing shall be held on a complaint until any complaint resolution procedure of the Company or an Affiliate, as applicable, has been completed.

(iii) *Rules of Arbitration.* All arbitration will be conducted by a single arbitrator according to the Employment Dispute Arbitration Rules of the AAA. The arbitrator will have authority to award any remedy or relief that a court of competent jurisdiction could order or grant including, without limitation, specific performance of any obligation created under the award or policy, the awarding of punitive damages, the issuance of any injunction, costs and attorney's fees to the extent permitted by law, or the imposition of sanctions for abuse of the arbitration process. The arbitrator's award must be rendered in a writing that sets forth the essential findings and conclusions on which the arbitrator's award is based.

(iv) *Representation and Costs.* Each party may be represented in the arbitration by an attorney or other representative selected by the party. The Company or Affiliate shall be responsible for its own costs, the AAA filing fee and all other fees, costs and expenses of the arbitrator and AAA for administering the arbitration. The claimant shall be responsible for his or her attorney's or representative's fees, if any. However, if any party prevails on a statutory claim which allows the prevailing party costs and/or attorneys' fees, the arbitrator may award costs and reasonable attorneys' fees as provided by such statute.

(v) *Discovery; Location; Rules of Evidence.* Discovery will be allowed to the same extent afforded under the Federal Rules of Civil Procedure. Arbitration will be held at a location selected by the Company. AAA rules notwithstanding, the admissibility of evidence offered at the arbitration shall be determined by the arbitrator who shall be the judge of its materiality and relevance. Legal rules of evidence will not be controlling, and the standard for admissibility of evidence will generally be whether it is the type of information that responsible people rely upon in making important decisions.

(vi) *Confidentiality.* The existence, content or results of any arbitration may not be disclosed by a party or arbitrator without the prior written consent of both parties. Witnesses who are not a party to the arbitration shall be excluded from the hearing except to testify.

(j) *Construction.* Whenever any words are used herein in the masculine, they shall be construed as though they were used in the feminine in all cases where they would so apply; and wherever any words are used in the singular or plural, they shall be construed as though they were used in the plural or singular, as the case may be, in all cases where they would so apply. Titles of sections are for general information only, and this Plan is not to be construed with reference to such titles.

(k) *Severability.* If any provision of this Plan or any Award agreement or any Award (a) is or becomes or is deemed to be invalid, illegal or unenforceable in any jurisdiction, or as to any person or Award, or (b) would disqualify this Plan, any Award agreement or any Award under any law the Administrator deems applicable, then such provision should be construed or deemed amended to conform to applicable laws, or if it cannot be so construed or deemed amended without, in the determination of the Administrator, materially altering the intent of this Plan, Award agreement or Award, then such provision should be stricken as to such jurisdiction, person or Award, and the remainder of this Plan, such Award agreement and such Award will remain in full force and effect.

**ADIANT PLC
RESTRICTED SHARES OR RESTRICTED SHARE UNIT AWARD**

Grant - Terms for Restricted Shares and Restricted Share Units

Participant Name:	
Grant Date:	
Number of Restricted Shares:	
Number of Restricted Share Units:	
Restriction Period:	
Units Settled in Cash (check box if applies):	<input type="checkbox"/>
Dividend Equivalents Settled in Cash (check box if applies):	<input type="checkbox"/>
Dividends or Dividend Equivalents Paid Currently (check box if applies):	<input type="checkbox"/>

Adiant plc has adopted the 2016 Omnibus Incentive Plan to permit awards of restricted shares or restricted share units to be made to certain key employees of the Company or any Affiliate. The Company desires to provide incentives and potential rewards for future performance by the employee by providing the Participant with a means to acquire or to increase his or her proprietary interest in the Company's success.

Definitions. Capitalized terms used in this Award have the following meanings:

- (a) "Award" means this grant of Restricted Shares and/or Restricted Share Units.
- (b) "Award Notice" means an Award notification (if any) delivered to the Participant in connection with this Award.
- (c) "Company" means Adiant plc or any successor thereto.
- (d) "Inimical Conduct" means any of the following as determined by the Administrator in its sole discretion: (i) any act or omission that is inimical to the best interests of the Company or any Affiliate as determined by the Administrator, (ii) violation of any employment, non-compete, confidentiality or other agreement in effect with the Company or any Affiliate, or the Company's or an Affiliate's code of ethics, as then in effect, (iii) conduct rising to the level of gross negligence or willful misconduct in the course of employment with the Company or an Affiliate, (iv) commission of an act of dishonesty or disloyalty involving the Company or an Affiliate, or taking any action which damages or negatively reflects on the reputation of the Company or an Affiliate, (v) failure to comply with applicable laws relating to trade secrets, confidential information or unfair competition or a violation of any other federal, state or local law in connection with the Participant's employment or service, or (vi) breach of any fiduciary duty to the Company or an Affiliate.
- (e) "Participant" means the individual selected to receive this Award.
- (f) "Plan" means the Adiant plc 2016 Omnibus Incentive Plan, as may be amended from time to time.
- (g) "Restriction Period" means the length of time indicated above or in any Award Notice during which the Participant cannot sell, transfer, pledge, assign or otherwise encumber the Restricted Shares or Restricted Share Units granted under this Award.
- (h) "Restricted Shares" means Shares that are subject to a risk of forfeiture and the Restriction Period.
- (i) "Restricted Share Unit" means the right to receive a payment, in cash or Shares, equal to the Fair Market Value of one Share, that is subject to a risk of forfeiture and the Restriction Period.
- (j) "Share" means an ordinary share of the Company.

Other capitalized terms used in this Award have the meanings given in the Plan.

The parties agree as follows:

1. **Grant of Award.** The Company hereby grants to the Participant an award of Restricted Shares or Restricted Share Units, as specified above or in any Award Notice, on the date and with respect to the number of Shares or Units specified above or in any Award Notice. The Award is subject to the terms

and conditions set forth herein and in the Plan, a copy of which has been delivered to the Participant, and which is made a part of this Award.

2. **Restricted Shares.** If the Award is in the form of Restricted Shares, the Shares are subject to the following terms:

- a. Restriction Period. The Company will hold the Shares in escrow or via an independent trust or nominee for the Restriction Period. During this period, the Shares shall be subject to forfeiture as provided in Section 4.
- b. Removal of Restrictions. Subject to any applicable deferral election under the Adient US LLC Executive Deferred Compensation Plan (or any successor plan) and to Section 4 below, Shares that have not been forfeited shall become available to the Participant after the last day of the Restriction Period upon payment in full of all taxes due with respect to such Shares.
- c. Voting Rights. During the Restriction Period, the Participant may exercise full voting rights with respect to the Shares.
- d. Dividends and Other Distributions. Any cash dividends or other distributions paid or delivered with respect to Restricted Shares for which the record date occurs on or before the last day of the Restriction Period will be credited to a bookkeeping account for the benefit of the Participant unless it is indicated above or in any Award Notice that such cash dividends or other distributions shall be paid currently. To the extent such account is credited, it will be converted into and settled in additional Shares issued under the Plan at the end of the applicable Restriction Period unless it is indicated above or in any Award Notice that the account will be paid to the Participant in cash, in which case it will be paid in cash at the end of the applicable Restriction Period. Prior to the end of the Restriction Period, any account credited pursuant to this paragraph will be subject to the same terms and conditions (including risk of forfeiture) as the Restricted Shares to which the dividends or other distributions relate.

3. **Restricted Share Units.** If the Award is in the form of Restricted Share Units, the Restricted Share Units are subject to the following terms:

- a. Restriction Period. During the Restriction Period, the Restricted Share Units shall be subject to forfeiture as provided in Section 4.
- b. Settlement of Restricted Share Units. Subject to any applicable deferral election under the Adient US LLC Executive Deferred Compensation Plan (or any successor plan thereto) and to Section 4 below, the Restricted Share Units shall be settled by payment of one Share per Restricted Share Unit unless it is indicated above or in any Award Notice that the Restricted Share Units will be settled through payment of cash, in which case the Restricted Share Units will be settled through payment of cash equal to the Fair Market Value of one Share per Restricted Share Unit, in each case after the last day of the Restriction Period and upon payment in full of all taxes due with respect to such Restricted Share Units.
- c. Dividend Equivalent Units. Any cash dividends or other distributions paid or delivered with respect to the Shares for which the record date occurs on or before the last day of the Restriction Period will result in a credit to a bookkeeping account for the benefit of the Participant unless it is indicated above or in any Award Notice that such cash dividends or other distributions shall result in the current payment of a dividend equivalent. Any such credit or dividend equivalent will be equal to the dividends or other distributions that would have been paid with respect to the Shares subject to the Restricted Share Units had such Shares been outstanding. To the extent a bookkeeping account is credited

pursuant to this paragraph, it will be converted into and settled in additional Shares issued under the Plan at the end of the applicable Restriction Period unless it is indicated above or in any Award Notice that the account will be paid to the Participant in cash, in which case it will be paid in cash at the end of the applicable Restriction Period. Prior to the end of the Restriction Period, any account credited pursuant to this paragraph will be subject to the same terms and conditions (including risk of forfeiture) as the Restricted Share Units to which the dividends or other distributions relate.

4. Termination of Employment — Risk of Forfeiture.

- a. Retirement. If the Participant's employment with the Company and its Affiliates terminates due to Retirement at a time when the Participant's employment could not have been terminated for Cause, then the Participant shall become vested in a prorated portion of the total number of Restricted Shares or Restricted Share Units subject to this Award based on the number of days of the Participant's employment during the Restriction Period prior to Retirement compared to the total number of days in the Restriction Period. Any Restricted Shares or Restricted Share Units subject to this Award that do not become vested under this paragraph as a result of the Retirement shall automatically be forfeited and returned to the Company as of the date of the Retirement. Any remaining Restriction Period shall continue with respect to the vested Shares or Restricted Share Units as if the Participant continued in active employment. If the Participant engages in Inimical Conduct after his or her Retirement, as determined by the Administrator, any Restricted Shares and/or Restricted Share Units still subject to a Restriction Period shall automatically be forfeited as of the date of the Administrator's determination.
- b. Death. If the Participant's employment with the Company and its Affiliates terminates because of death at a time when the Participant could not have been terminated for Cause, then, effective as of the date the Company determines the Participant's employment terminated due to death (provided such determination is made no more than 75 days after the date of death), any remaining Restriction Period shall automatically lapse. If the Participant dies after Retirement while this Award is still subject to the Restriction Period, then, effective as of the date of the Participant's death (provided the Company receives notice of the Participant's death within 75 days), any remaining Restriction Period shall automatically lapse as of the date of death. The Company shall have no liability to any person for any taxes, penalties or interest incurred by any person due to the Company not receiving notice of the Participant's death within 75 days.
- c. Disability. If the Participant's employment with the Company and its Affiliates terminates because of Disability at a time when the Participant could not have been terminated for Cause, then any remaining Restriction Period shall automatically lapse as of the date such employment terminates; provided that, if the Participant's employment with the Company and its Affiliates terminates because of Disability after the Participant reaches eligibility for Retirement (regardless of whether the Participant has retired), then all of the Restricted Shares or Restricted Share Units subject to this Award shall become vested as of the date such employment terminates but the Restriction Period shall continue as if the Participant's employment had terminated due to Retirement under Section 4(a) above.
- d. Other Termination. If the Participant's employment terminates for any reason not described above, then any Restricted Shares or any Restricted Share Units (and all deferred dividends paid or credited thereon) still subject to the Restriction Period as of the date of such termination of employment shall automatically be forfeited and returned to the Company. In the event the Participant's employment terminates due to the Participant's involuntary termination of employment by the Company or an Affiliate for other than Cause, the Administrator may waive the automatic forfeiture of any or all such

Restricted Shares or Restricted Share Units (and all deferred dividends or other distribution paid or credited thereon) and may add such new restrictions to such Restricted Shares or Restricted Share Units as it deems appropriate. The Company may suspend payment or delivery of Shares (without liability for interest thereon) pending the Administrator's determination of whether the Participant's employment was or should have been terminated for Cause or whether the Participant has engaged in Inimical Conduct.

5. **Withholding.** The Participant agrees to remit to the Company any foreign, U.S. federal, state and/or local taxes (including the Participant's FICA obligation) required by law to be withheld with respect to the issuance of Shares under this Award, the vesting of this Award or the payment of cash under this Award. Unless the Company otherwise determines, the Company will satisfy any withholding obligations in connection with this Award by withholding from cash or Shares otherwise payable or issuable under this Award in the amount needed to satisfy any withholding obligations; provided that, in the case of Shares, the amount withheld may not exceed the Participant's minimum statutory tax withholding obligations associated with the transaction to the extent needed for the Company and its Affiliates to avoid an accounting charge until Accounting Standards Update 2016-09 applies to the Company, after which time the amount withheld may not exceed the total maximum statutory tax rates associated with the transaction. Alternatively, the Company may require the Participant to pay to the Company, in cash, promptly on demand, amounts sufficient to satisfy such tax obligations or make other arrangements satisfactory to the Company regarding the payment to the Company of the aggregate amount of any such tax obligations, or the Company may withhold from cash or other property, payable or issuable to the Participant or from Shares no longer subject to restrictions in the amount needed to satisfy any withholding obligations.

6. **No Claim for Forfeiture.** Neither the Award nor any benefit accruing to the Participant from the Award will be considered to be part of the Participant's normal or expected compensation or salary for any purposes, including, but not limited to, calculating any severance, resignation, termination, redundancy, dismissal, end-of-service payments, bonuses, long-service awards, pension or retirement or welfare benefits or similar payments. In no event may the Award or any benefit accruing to the Participant from the Award be considered as compensation for, or relating in any way to, past services for the Company or any Affiliate. In consideration of the Award, no claim or entitlement to compensation or damages shall arise from forfeiture of the Award resulting from termination of the Participant's employment by the Company or any Affiliate (for any reason whatsoever and whether or not in breach of local labor laws) and the Participant irrevocably releases the Company and its Affiliates from any such claim that may arise. If, notwithstanding the foregoing, any such claim is found by a court of competent jurisdiction to have arisen, then, by accepting the grant, the Participant shall have been deemed irrevocably to have waived any entitlement to pursue such claim.

7. **Electronic Delivery.** The Company or its Affiliates may, in its or their sole discretion, decide to deliver any documents related to current or future participation in the Plan or related to this Award by electronic means. The Participant hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company. The Participant hereby agrees that all on-line acknowledgements shall have the same force and effect as a written signature.

8. **Securities Compliance.** The Company may place a legend or legends upon the certificates for Shares issued under the Plan and may issue "stop transfer" instructions to its transfer agent in respect of such Shares as it determines to be necessary or appropriate to (a) prevent a violation of, or to obtain an exemption from, the registration requirements of the Securities Act of 1933, as amended, applicable state securities laws or other legal requirements, or (b) implement the provisions of the Plan, this Award or any other agreement between the Company and the Participant with respect to such Shares.

9. **Successors.** All obligations of the Company under this Award shall be binding on any successor to the Company. The terms of this Award and the Plan shall be binding upon and inure to the benefit of the Participant, and his or her heirs, executors, administrators or legal representatives.

10. **Legal Compliance.** The granting of this Award and the issuance of Shares under this Award shall be subject to all applicable laws, rules, and regulations and to such approvals by any governmental agencies or national securities exchanges as may be required.

11. **Governing Law; Arbitration.** This Award and the rights and obligations hereunder shall be governed by and construed in accordance with, except to the extent preempted by other applicable laws (a) with respect to the corporate law requirements applicable to the Company, the validity and authorization of the issuance of Shares under the Plan and similar matters, the internal laws of Ireland (without reference to conflict of law principles thereof) and (b) with respect to all other matters relating to the Plan and Awards, the internal laws of the State of New York (without reference to conflict of law principles thereof). Arbitration will be conducted, to the extent applicable, per the provisions in the Plan.

12. **Data Privacy and Sharing.** As a condition of the granting of the Award, the Participant acknowledges and agrees that it is necessary for some of the Participant's personal identifiable information to be provided to certain employees of the Company, the third party data processor that administers the Plan and the Company's designated third party broker in the United States. These transfers will be made pursuant to a contract that requires the processor to provide adequate levels of protection for data privacy and security interests in accordance with the EU Data Privacy Directive 95/46 EC and the implementing legislation of the Participant's home country. By accepting the Award, the Participant acknowledges having been informed of the processing of the Participant's personal identifiable information described in the preceding paragraph and consents to the Company collecting and transferring to the Company's Total Rewards Department or Shareholder Services Department, and its independent benefit plan administrator and third party broker, the Participant's personal data that are necessary to administer the Award and the Plan. The Participant understands that his or her personal information may be transferred, processed and stored outside of the Participant's home country in a country that may not have the same data protection laws as his or her home country, for the purposes mentioned in this Award.

This Award, including any Award Notice delivered to the Participant and any other documents expressly referenced in this Award contain all of the provisions applicable to the Award and no other statements, documents or practices may modify, waive or alter such provisions unless expressly set forth in writing, signed by an authorized officer of the Company and delivered to the Participant.

The Company has caused this Award to be executed by one of its authorized officers as of the date of grant.

ADIANT PLC

[Placeholder for signature]

Neil E. Marchuk
Executive Vice President and Chief Human Resources Officer

**ADIANT PLC
PERFORMANCE UNIT AWARD**

Grant - Terms for Performance Units

Participant Name:	
Grant Date:	
Number of Performance Units:	
Performance Period:	
Performance Goals:	
Units Settled in Cash (check box if applies):	<input type="checkbox"/>
Dividend Equivalents Settled in Cash (check box if applies):	<input type="checkbox"/>

Adiant plc has adopted the 2016 Omnibus Incentive Plan to permit awards of performance units to be made to certain key employees of the Company or any Affiliate. The Company desires to provide incentives and potential rewards for future performance by the employee by providing the Participant with a means to acquire or to increase his or her proprietary interest in the Company's success.

Definitions. Capitalized terms used in this Award have the following meanings:

- (a) "Award" means this grant of Performance Units.
- (b) "Award Notice" means an Award notification (if any) delivered to the Participant in connection with this Award.
- (c) "Company" means Adiant plc or any successor thereto.
- (d) "Inimical Conduct" means any of the following as determined by the Administrator in its sole discretion: (i) any act or omission that is inimical to the best interests of the Company or any Affiliate as determined by the Administrator, (ii) violation of any employment, non-compete, confidentiality or other agreement in effect with the Company or any Affiliate, or the Company's or an Affiliate's code of ethics, as then in effect, (iii) conduct rising to the level of gross negligence or willful misconduct in the course of employment with the Company or an Affiliate, (iv) commission of an act of dishonesty or disloyalty involving the Company or an Affiliate, or taking any action which damages or negatively reflects on the reputation of the Company or an Affiliate, (v) failure to comply with applicable laws relating to trade secrets, confidential information or unfair competition or a violation of any other federal, state or local law in connection with the Participant's employment or service, or (vi) breach of any fiduciary duty to the Company or an Affiliate.
- (e) "Participant" means the individual selected to receive this Award.
- (f) "Performance Unit" or "Unit" means the right to receive a payment, in cash or Shares, equal to the Fair Market Value of one Share, to the extent the Performance Goals specified above, or in any Award Notice or Summary of Terms and Conditions delivered to the Participant, are achieved.
- (g) "Plan" means the Adiant plc 2016 Omnibus Incentive Plan, as may be amended from time to time.
- (h) "Share" means an ordinary share of the Company.

Other capitalized terms used in this Award have the meanings given in the Plan.

The parties agree as follows:

1. **Grant of Award.** The Company hereby grants to the Participant an award of Performance Units on the date and with respect to the number of Units specified above or in any Award Notice. The Award is subject to the terms and conditions set forth herein and in the Plan, a copy of which has been delivered to the Participant, and which is made a part of this Award.
2. **Units Earned.** At the end of the performance period indicated above or in any Award Notice, the Participant shall earn the number of Units indicated above or in any Award Notice to the extent the

Performance Goals set forth above or in any Award Notice or Summary of Terms and Conditions delivered to the Participant.

3. **Dividend Equivalent Units.** Any cash dividends or other distributions paid or delivered with respect to the Shares for which the record date occurs on or before the settlement of the Performance Units under Section 4 below will result in a credit to a bookkeeping account for the benefit of the Participant. The credit will be equal to the dividends or other distributions that would have been paid with respect to the Shares subject to the Performance Units had such Shares been outstanding. The account will be converted into and settled in additional Shares issued under the Plan at the same time as the Performance Units are settled under Section 4 below unless it is indicated above or in any Award Notice that the account will be paid to the Participant in cash at such time. Such account will be subject to the same terms and conditions (including Performance Goals and risk of forfeiture) as the Performance Units to which the dividends or other distributions relate.

4. **Settlement of Units.** Subject to any applicable deferral election under the Adient US LLC Executive Deferred Compensation Plan (or any successor plan) and to Section 7 below, the Units that have been earned at the end of the performance period shall be settled by payment of one Share per whole Unit unless it is indicated above or in any Award Notice that the Units will be settled through payment of cash, in which case the Units that have been earned will be settled through payment of cash equal to the Fair Market Value of one Share per whole Unit, in each case within 90 days following the end of the performance period and upon payment in full of all taxes due with respect to such Units.

5. **Alienation of Award.** The Participant (or beneficiary) shall not have any right to assign, transfer, sell, pledge or otherwise encumber this Award.

6. **No Voting Rights.** The Participant shall not have any voting rights with respect to the number of Shares underlying the Units until such Shares have been earned and issued.

7. **Termination of Employment — Risk of Forfeiture.**

- a. Retirement, Death or Disability. If, prior to the settlement of the Units, the Participant's employment with the Company and its Affiliates terminates due to Retirement on or after the last day of the calendar year following the calendar year in which the Award of Units is made, or due to death or Disability, in each case at a time when the Participant's employment could not have been terminated for Cause, then the Participant shall be eligible to earn a number of Units at the end of the performance period based on actual performance but prorated based on the number of days of employment during the performance period.

Notwithstanding the foregoing, if the Participant engages in Inimical Conduct, as determined by the Administrator, the Participant's right to receive any Units shall automatically be forfeited as of the date of the Administrator's determination.

- b. Other Termination. If the Participant's employment terminates for any reason not described above prior to the settlement of the Units, then this Award shall automatically be forfeited in its entirety immediately upon such termination of employment. The Company may suspend payment or delivery of Shares (without liability for interest thereon) pending the Committee's determination of whether the Participant's employment was or should have been terminated for Cause or whether the Participant has engaged in Inimical Conduct.

8. **Withholding.** The Participant agrees to remit to the Company any foreign, U.S. federal, state and/or local taxes (including the Participant's FICA obligation) required by law to be withheld with respect to the Units or the issuance of Shares under this Award. Unless the Company otherwise determines, the Company will satisfy any withholding obligations in connection with this Award by withholding from cash or Shares otherwise payable or issuable under this Award in the amount needed to satisfy any withholding obligations; provided that, in the case of Shares, the amount withheld may not exceed the Participant's minimum statutory tax withholding obligations associated with the transaction to the extent

needed for the Company and its Affiliates to avoid an accounting charge until Accounting Standards Update 2016-09 applies to the Company, after which time the amount withheld may not exceed the total maximum statutory tax rates associated with the transaction. Alternatively, the Company may require the Participant to pay to the Company, in cash, promptly on demand, amounts sufficient to satisfy such tax obligations or make other arrangements satisfactory to the Company regarding the payment to the Company of the aggregate amount of any such tax obligations, or the Company may withhold from cash or other property payable or issuable to the Participant or from Shares no longer subject to restrictions in the amount needed to satisfy any withholding obligations.

9. **No Claim for Forfeiture.** Neither the Award nor any benefit accruing to the Participant from the Award will be considered to be part of the Participant's normal or expected compensation or salary for any purposes, including, but not limited to, calculating any severance, resignation, termination, redundancy, dismissal, end-of-service payments, bonuses, long-service awards, pension or retirement or welfare benefits or similar payments. Notwithstanding anything to the contrary in this Award, in no event may the Award or any benefit accruing to the Participant from the Award be considered as compensation for, or relating in any way to, past services for the Company or any Affiliate, nor shall the Participant have at any time a legally binding right to compensation under this Award unless and until the Committee approves, in its discretion, the number of Units earned at the completion of the performance period. In consideration of the Award, no claim or entitlement to compensation or damages shall arise from forfeiture of the Award resulting from termination of the Participant's employment by the Company or any Affiliate (for any reason whatsoever and whether or not in breach of local labor laws) and the Participant irrevocably releases the Company and its Affiliates from any such claim that may arise. If, notwithstanding the foregoing, any such claim is found by a court of competent jurisdiction to have arisen, then, by accepting the grant, the Participant shall have been deemed irrevocably to have waived any entitlement to pursue such claim.

10. **Electronic Delivery.** The Company or its Affiliates may, in its or their sole discretion, decide to deliver any documents related to current or future participation in the Plan or related to this Award by electronic means. The Participant hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company. The Participant hereby agrees that all on-line acknowledgements shall have the same force and effect as a written signature.

11. **Securities Compliance.** The Company may place a legend or legends upon the certificates for Shares issued under the Plan and may issue "stop transfer" instructions to its transfer agent in respect of such Shares as it determines to be necessary or appropriate to (a) prevent a violation of, or to obtain an exemption from, the registration requirements of the Securities Act of 1933, as amended, applicable state securities laws or other legal requirements, or (b) implement the provisions of the Plan, this Award or any other agreement between the Company and the Participant with respect to such Shares.

12. **Successors.** All obligations of the Company under this Award shall be binding on any successor to the Company. The terms of this Award and the Plan shall be binding upon and inure to the benefit of the Participant and his or her heirs, executors, administrators or legal representatives.

13. **Legal Compliance.** The granting of this Award and the issuance of Shares under this Award shall be subject to all applicable laws, rules, and regulations and to such approvals by any governmental agencies or national securities exchanges as may be required.

14. **Governing Law; Arbitration.** This Award and the rights and obligations hereunder shall be governed by and construed in accordance with, except to the extent preempted by other applicable laws (a) with respect to the corporate law requirements applicable to the Company, the validity and authorization of the issuance of Shares under the Plan and similar matters, the internal laws of Ireland (without reference to conflict of law principles thereof) and (b) with respect to all other matters relating to the Plan and Awards, the internal laws of the State of New York (without reference to conflict of law principles thereof). Arbitration will be conducted, to the extent applicable, per the provisions in the Plan.

15. **Data Privacy and Sharing.** As a condition of the granting of the Award, the Participant acknowledges and agrees that it is necessary for some of the Participant's personal identifiable information to be provided to certain employees of the Company, the third party data processor that administers the Plan and the Company's designated third party broker in the United States. These transfers will be made pursuant to a contract that requires the processor to provide adequate levels of protection for data privacy and security interests in accordance with the EU Data Privacy Directive 95/46 EC and the implementing legislation of the Participant's home country. By accepting the Award, the Participant acknowledges having been informed of the processing of the Participant's personal identifiable information described in the preceding paragraph and consents to the Company collecting and transferring to the Company's Total Rewards Department or Shareholder Services Department, and its independent benefit plan administrator and third party broker, the Participant's personal data that are necessary to administer the Award and the Plan. The Participant understands that his or her personal information may be transferred, processed and stored outside of the Participant's home country in a country that may not have the same data protection laws as his or her home country, for the purposes mentioned in this Award.

This Award, including the Summary of Terms and Conditions and any Award Notice delivered to the Participant, and any other documents expressly referenced in this Award contain all of the provisions applicable to the Award and no other statements, documents or practices may modify, waive or alter such provisions unless expressly set forth in writing, signed by an authorized officer of the Company and delivered to the Participant.

The Company has caused this Award to be executed by one of its authorized officers as of the date of grant.

ADIANT PLC

[Placeholder for signature]

Neil E. Marchuk
Executive Vice President and Chief Human Resources Officer

**ADIENT PLC
2016 DIRECTOR SHARE PLAN**

1. **Establishment.** Adient plc (the “Company”) hereby establishes a plan for the members of its Board of Directors (the “Board”) who are not officers or employees of the Company or any of its subsidiaries (“Non-Employee Directors”), as described herein (the “Plan”).
 2. **Purpose.** The purpose of the Plan is to advance the Company’s growth and success and to advance its interests by attracting and retaining well-qualified Non-Employee Directors upon whose judgment the Company is largely dependent for the successful conduct of its operations and by providing such individuals with incentives to put forth maximum efforts for the long-term success of the Company’s business.
 3. **Effective Date of the Plan.** The effective date of the Plan is October 31, 2016. The Plan was approved by the sole shareholder of the Company prior to such date.
 4. **Shares Subject to the Plan.** Subject to adjustment in accordance with the provisions of Section 8, the total number of ordinary shares of the Company (“Ordinary Shares”), available for awards under this Plan shall not exceed 150,000 shares. Ordinary Shares to be delivered under the Plan by the Company shall be made available from presently authorized but unissued Ordinary Shares or authorized and issued Ordinary Shares reacquired and held as treasury shares (subject to compliance with applicable law), or a combination thereof.
 5. **Administration.**
 - (a) The Plan shall be administered by the Compensation Committee (the “Committee”) of the Board of Directors.
 - (b) Subject to the express provisions of the Plan, the Committee shall have the authority to interpret the Plan, to the extent provided by law.
 - (c) The members of the Committee shall be entitled to indemnification and reimbursement by the Company in respect of any claim, loss, damage or expense (including attorney’s fees) arising from any act, omission, interpretation, construction or determination made in connection with the Plan to the full extent permitted by law, which shall be in addition to any directors and officers liability insurance that may be in effect from time to time and any other indemnification agreement or arrangement between the Company and its subsidiaries, on the one hand, and any member of the Committee, on the other hand.
 6. **Grants of Ordinary Shares.** If all or any portion of any Non-Employee Director fees (including but not limited to, the annual retainer, committee chair fees, and lead director fees) are to be paid in the form of Ordinary Shares under this Plan, as approved by the Board or the Committee, then the number of Ordinary Shares to be issued shall be such number, rounded down to the nearest whole share, whose value (determined on the date payment is due to be made) shall equal the amount to be paid. The value of an Ordinary
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Share on any given date means (a) the closing sales price on that date, or on the immediately preceding trading day if such date is not a trading day, as reported on the New York Stock Exchange, (b) if the Ordinary Shares are not listed on the New York Stock Exchange, but are traded on another national securities exchange or in an over-the-counter market, the last sales price (or, if there is no last sales price reported, the average of the last bid and asked prices) for the Ordinary Shares on the particular date, or on the last preceding date on which there was a sale of Ordinary Shares on that exchange or market, or (c) if the Ordinary Shares are neither listed on a national securities exchange nor traded in an over-the-counter market, the price determined by the Committee. The number of Ordinary Shares that may be awarded hereunder to any individual Non-Employee Director during any fiscal year of the Company shall not exceed the number of Ordinary Shares having a grant date fair value of USD \$750,000.

7. **Termination of Service as Non-Employee Director.** If a Non-Employee Director ceases to serve on the Board, then all rights to receive Ordinary Shares hereunder shall terminate immediately.
8. **Adjustment Provisions.** In the event of any change in the Ordinary Shares by reason of a declaration of a share dividend (other than a share dividend declared in lieu of an ordinary cash dividend), spin-off, merger, consolidation, recapitalization, scheme of arrangement or split-up, combination or exchange of shares or otherwise, the aggregate number of shares available under this Plan shall be appropriately adjusted by the Committee, using the same standards and/or formulas as it uses in making adjustments under the Adient plc 2016 Omnibus Incentive Plan (or any successor plan thereto).
9. **Termination and Amendment of Plan.** The Board (acting through the Committee to the extent permitted by law) may at any time terminate the Plan and may amend the Plan as it shall deem advisable including (without limiting the generality of the foregoing) any amendments deemed by the Board to be necessary or advisable to assure conformity of the Plan with any requirements of state, federal and foreign laws or regulations now or hereafter in effect; provided, however, that the Board may not, without further approval by the shareholders of the Company make any modifications which, under Rule 16b-3 or the rules of the New York Stock Exchange (or such other national securities exchange that is the primary exchange on which the Ordinary Shares are listed), require such approval.
10. **Rights as a Shareholder.** A Non-Employee Director shall have no rights as a shareholder with respect to Ordinary Shares granted under this Plan until the date of issuance of the share certificate to him or her, or the date an appropriate book-entry issuing shares to him or her is made. No adjustment will be made for dividends or other rights for which the record date is prior to the date such Ordinary Shares are issued.
11. **Governing Law.** The Plan, all awards hereunder, and all determinations made and actions taken pursuant to the Plan shall be governed by, except to the extent preempted by other applicable laws (1) with respect to the corporate law requirements applicable to the Company, the validity and authorization of the issuance of Ordinary Shares under the Plan and similar matters, the internal laws of Ireland (without reference to conflict of law

principles thereof) and (2) with respect to all other matters relating to the Plan and awards hereunder, the internal laws of the State of New York (without reference to conflict of law principles thereof). The Plan, and all awards hereunder, shall also be interpreted in a manner consistent with, and shall be subject to compliance with, the requirements of the New York Stock Exchange (or such other national securities exchange that is the primary exchange on which the Ordinary Shares are listed).

12. **Unfunded Plan.** This Plan is unfunded and does not create, and should not be construed to create, a trust or separate fund with respect to this Plan's benefits.
13. **Tax Withholding.** In the event the Company is required to withhold any taxes or other amounts as a result of the issuance of Ordinary Shares hereunder, the Company will, unless it otherwise determines, satisfy such tax obligations by withholding a number of Ordinary Shares otherwise issuable in the amount needed to satisfy any withholding obligations; provided that, the amount withheld may not exceed the Non-Employee Director's minimum statutory tax withholding obligations associated with the transaction to the extent needed for the Company and its affiliates to avoid an accounting charge until Accounting Standards Update 2016-09 applies to the Company or its affiliates, after which time the amount withheld may not exceed the total maximum statutory tax rates associated with the transaction. Alternatively, the Company may require the Non-Employee Director to pay to the Company, in cash, promptly on demand, amounts sufficient to satisfy such tax obligations or make other arrangements satisfactory to the Company regarding the payment to the Company of the aggregate amount of any such tax obligations, or the Company may withhold from cash payable to the Non-Employee Director the amount needed to satisfy any withholding obligations. In any case, the Company may defer issuing Ordinary Shares if any such tax may be pending unless and until indemnified to its satisfaction.
14. **Requirements of Law and Securities Exchange.** The issuance of Ordinary Shares hereunder is subject to all applicable laws, rules and regulations and to such approvals by any governmental agencies or national securities exchanges as may be required. Notwithstanding any other provision of this Plan, the Company has no liability to deliver any Ordinary Shares under this Plan unless such delivery would comply with all applicable laws and the applicable requirements of any securities exchange or similar entity, and unless and until the Non-Employee Director has taken all actions required by the Company in connection therewith. The Company may impose such restrictions on any Ordinary Shares issued under the Plan as the Company determines necessary or desirable to comply with all applicable laws, rules and regulations or the requirements of any national securities exchange.
15. **Restrictive Legends; Representations.** All Ordinary Shares issued (whether in certificated or book entry form) pursuant to this Plan shall bear such legends or be subject to such stop transfer orders as the Committee may deem advisable under the Plan or under applicable laws, rules or regulations or the requirements of any national securities exchange. The Committee may require each Non-Employee Director who acquires Ordinary Shares under the Plan to represent to the Company in writing that such individual is acquiring the Ordinary Shares without a view to the distribution thereof.

16. **Construction.** Whenever any words are used herein in the masculine, they shall be construed as though they were used in the feminine in all cases where they would so apply; and wherever any words are used in the singular or plural, they shall be construed as though they were used in the plural or singular, as the case may be, in all cases where they would so apply. Titles of sections are for general information only, and this Plan is not to be construed with reference to such titles.
17. **Severability.** If any provision of this Plan (a) is or becomes or is deemed to be invalid, illegal or unenforceable in any jurisdiction, or as to any person, or (b) would disqualify this Plan under any law the Administrator deems applicable, then such provision should be construed or deemed amended to conform to applicable laws, or if it cannot be so construed or deemed amended without, in the determination of the Committee, materially altering the intent of this Plan, then such provision should be stricken as to such jurisdiction or person, and the remainder of this Plan will remain in full force and effect.

**ADIANT US LLC
RETIREMENT RESTORATION PLAN**

ARTICLE 1.
PURPOSE AND DURATION

Section 1.1. Purpose. The purpose of this Retirement Restoration Plan is to (a) restore retirement benefits to certain participants in the Company's savings plans whose benefits under said plans are or will be limited by reason of Code Sections 401(a)(17), 401(k), 401(m), 402(g) and/or 415, and/or by reason of the election of such employees to defer income or reduce salary pursuant to this Plan or to defer annual incentive payments pursuant to the Adient US LLC Executive Deferred Compensation Plan, and (b) govern the treatment of certain liabilities transferred from the Johnson Controls Retirement Restoration Plan to this Plan with respect to those Company employees who had account balances or deferral elections in effect under such plan immediately prior to the Effective Date.

This Plan is completely separate from the tax-qualified plans maintained by the Company and is not funded or qualified for special tax treatment under the Code. The Plan is intended to be an unfunded plan covering a select group of management and highly compensated employees for purposes of ERISA.

Section 1.2. Duration of the Plan. The Plan is effective on the Effective Date. The Plan shall remain in effect until terminated pursuant to Article 8.

ARTICLE 2.
DEFINITIONS AND CONSTRUCTION

Section 2.1. Definitions. Wherever used in the Plan, the following terms shall have the meanings set forth below and, where the meaning is intended, the initial letter of the word is capitalized:

(a) "Account" means the record keeping account or accounts maintained to record the interest of each Participant under the Plan. An Account is established for record keeping purposes only and not to reflect the physical segregation of assets on the Participant's behalf, and may consist of such subaccounts or balances as the Administrator may determine to be necessary or appropriate. Effective on the Effective Date, each Participant shall have a beginning Account balance equal to the balance credited to a Participant under the Prior Plan as of immediately prior to the Effective Date.

(b) "Administrator" means the Employee Benefits Policy Committee of Adient plc.

(c) "Affiliate" means each entity that is required to be included in the Company's controlled group of corporations within the meaning of Code Section 414(b), or that is under common control with the Company within the meaning of Code Section 414(c); *provided* that for purposes of determining when a Participant has incurred a Separation from

Service, the phrase “at least 50 percent” shall be used in place of “at least 80 percent” in each place that phrase appears in the regulations issued thereunder.

(d) “Annual Incentive Plan” means the Adient plc Annual Incentive Performance Plan as from time to time amended and in effect and any successor to such plan maintained by the Company. In addition, with respect to calendar year 2016, the term “Annual Incentive Plan” shall include the Johnson Controls International plc Annual Incentive Plan for those Participants who were covered under the Prior Plan immediately prior to the Spin Date.

(e) “Beneficiary” means the person(s) or entity(ies) entitled to receive the vested balance of the Participant’s Account following the Participant’s death, as determined pursuant to Section 6.2 hereof.

(f) “Board” means the Board of Directors of Adient plc.

(g) “Code” means the Internal Revenue Code of 1986, as interpreted by regulations and rulings issued pursuant thereto, all as amended and in effect from time to time. Any reference to a specific provision of the Code shall be deemed to include reference to any successor provision thereto.

(h) “Committee” means the Compensation Committee of the Board.

(i) “Company” means Adient US LLC and its successors as provided in Article 13.

(j) “Effective Date” means October 31, 2016.

(k) “ERISA” means the Employee Retirement Income Security Act of 1974, as interpreted by regulations and rulings issued pursuant thereto, all as amended and in effect from time to time. Any reference to a specific provision of ERISA shall be deemed to include reference to any successor provision thereto.

(l) “Exchange Act” means the Securities Exchange Act of 1934, as interpreted by regulations and rules issued pursuant thereto, all as amended and in effect from time to time. Any reference to a specific provision of the Exchange Act shall be deemed to include reference to any successor provision thereto.

(m) “Fair Market Value” means with respect to a Share, except as otherwise provided herein, the closing sales price on the New York Stock Exchange (or such other national securities exchange that is the primary exchange on which the Shares are listed) as of 4:00 p.m. EST on the date in question (or the immediately preceding trading day if the date in question is not a trading day), and with respect to any other property, such value as is determined by the Administrator.

(n) “Investment Options” means the Share Unit Account and any other options made available by the Administrator, which shall be used for the purpose of measuring hypothetical investment experience attributable to a Participant’s Account.

(o) "Participant" means an employee of the Company or an Affiliate who is eligible to participate in the Savings Plan and has been selected by the Committee to participate in the Plan. At the time of selecting an employee for participation herein, the Committee shall specify whether such individual is to participate in Appendix A or Appendix B. "Participant" shall also mean an employee who participated in the Prior Plan as of immediately prior to the Effective Date and who is employed by the Company or one of its Affiliates on the Effective Date. The Committee shall limit the foregoing group of eligible employees to a select group of management and highly compensated employees, as determined by the Committee in accordance with ERISA. Where the context so requires, a Participant also means a former employee entitled to receive a benefit hereunder.

(p) "Prior Plan" means the Johnson Controls International plc Retirement Restoration Plan, as in effect immediately prior to the Effective Date.

(q) "Savings Plan" means the Adient US LLC Savings and Investment (401k) Plan, a defined contribution plan, and any successor to such plan maintained by the Company.

(r) "Separation from Service" means a Participant's cessation of service for the Company and all Affiliates within the meaning of Code Section 409A, including the following rules:

- (1) If a Participant takes a leave of absence from the Company or an Affiliate for purposes of military leave, sick leave or other bona fide leave of absence, the Participant's employment will be deemed to continue for the first six (6) months of the leave of absence, or if longer, for so long as the Participant's right to reemployment is provided by either by statute or by contract; *provided* that if the leave of absence is due to the Participant's medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of six (6) months or more, and such impairment causes the Participant to be unable to perform the duties of his or her position with the Company or an Affiliate or a substantially similar position of employment, then the leave period may be extended for up to a total of twenty-nine (29) months. If the period of the leave exceeds the time periods set forth above and the Participant's right to reemployment is not provided by either statute or contract, the Participant will be considered to have incurred a Separation from Service on the first day following the end of the time periods set forth above.
- (2) A Participant will be presumed to have incurred a Separation from Service when the level of bona fide services performed by the Participant for the Company and its Affiliates permanently decreases to a level that equal to twenty percent (20%) or less of the average level of services performed by the Participant for the Company and its Affiliates during the immediately preceding thirty-six (36) month period (or such lesser period of service).

- (3) The Participant will be presumed not to have incurred a Separation from Service while the Participant continues to provide bona fide services to the Company or an Affiliate in any capacity (whether as an employee or independent contractor) at a level that at least fifty percent (50%) of the average level of services performed by the Participant for the Company and its Affiliates during the immediately preceding 36 month period (or such lesser period of service).

(s) “Share” means an ordinary share of Adient plc, and where the context so requires, an ordinary share of Johnson Controls International plc.

(t) “Share Unit Account” means the portion of the Participant’s Account that is deemed invested in Shares.

(u) “Share Units” means the hypothetical Shares that are credited to the Share Unit Accounts in accordance with Section 3.3.

(v) “Spouse” means the person to whom a Participant is lawfully married as recognized under U.S. federal law.

(w) “Valuation Date” means each day when the United States financial markets are open for business, as of which the Administrator will determine the value of each Account and will make allocations to Accounts.

Section 2.2. Construction. Wherever any words are used in the masculine, they shall be construed as though they were used in the feminine in all cases where they would so apply; and wherever any words are used in the singular or the plural, they shall be construed as though they were used in the plural or the singular, as the case may be, in all cases where they would so apply. Titles of articles and sections are for general information only, and the Plan is not to be construed by reference to such items.

Section 2.3. Severability. In the event any provision of the Plan is held illegal or invalid for any reason, the illegality or invalidity shall not affect the remaining parts of the Plan, and the Plan shall be construed and enforced as if the illegal or invalid provision had not been included.

ARTICLE 3. **ADMINISTRATION**

Section 3.1. General. The Committee shall have overall discretionary authority with respect to administration of the Plan, *provided* that the Administrator shall have discretionary authority and responsibility for the general operation and daily administration of the Plan and to decide claims and appeals as specified herein. If at any time the Committee shall not be in existence, then the administrative functions of the Committee shall be assumed by the Board (with the assistance of the Administrator), and any references herein to the Committee shall be deemed to include references to the Board.

Section 3.2. Authority and Responsibility. In addition to the authority specifically provided herein, the Committee and the Administrator shall have the discretionary authority to take any action or make any determination deemed necessary for the proper administration of the Plan with regard to the respective duties of each, including but not limited to the power and authority to: (a) prescribe rules and regulations for the administration of the Plan; (b) prescribe forms (including electronic forms) for use with respect to the Plan; (c) interpret and apply all of the Plan's provisions, reconcile inconsistencies or supply omissions in the Plan's terms; (d) make appropriate determinations, including factual determinations, and calculations; and (e) prepare all reports required by law. Any action taken by the Committee shall be controlling over any contrary action of the Administrator. The Committee and the Administrator may delegate their ministerial duties to third parties and to the extent of such delegation, references to the Committee or Administrator hereunder shall mean such delegates, if any.

Section 3.3. Decisions Binding. The Committee's and the Administrator's determinations shall be final and binding on all parties with an interest hereunder, unless determined by a court to be arbitrary and capricious.

Section 3.4. Procedures for Administration. The Committee's determinations must be made by not less than a majority of its members present at the meeting (in person or otherwise) at which a quorum is present, or by written majority consent, which sets forth the action, is signed by the members of the Committee and filed with the minutes for proceedings of the Committee. A majority of the entire Committee shall constitute a quorum for the transaction of business. Service on the Committee shall constitute service as a director of the Company so that the Committee members shall be entitled to indemnification, limitation of liability and reimbursement of expenses with respect to their Committee services to the same extent that they are entitled under the Company's limited liability company agreement (or equivalent governing documents), and the laws of the State of Michigan and any other applicable laws for their services as directors of the Company. The Administrator's determinations shall be made in accordance with procedures it establishes.

Section 3.5. Restrictions to Comply with Applicable Law. All transactions under the Plan are intended to comply with all applicable conditions of Rule 16b-3 under the Exchange Act. The Committee and the Administrator shall administer the Plan so that transactions under the Plan will be exempt from or comply with Section 16 of the Exchange Act, and shall have the right to restrict or rescind any transaction, or impose other rules and requirements, to the extent it deems necessary or desirable for such exemption or compliance to be met.

Section 3.6. Administrative Expenses. Costs of establishing and administering the Plan will be paid by the Company and its participating Affiliates.

Section 3.7. Accelerated Vesting. Notwithstanding anything to the contrary herein, if a Participant's employment with the Company or any of its Affiliates terminates (including as a result of the Participant's employer ceasing to be an Affiliate) in connection with a sale transaction affecting such employer, then the Participant shall become fully vested in his or her benefits hereunder, unless otherwise determined by the Committee (with respect to Participants who are officers of Adient plc) or by an executive officer of the Company (with

respect to Participants who are not officers of Adient plc) prior to the date of such termination of employment. In addition, the Committee (with respect to Participants who are officers of Adient plc) and an executive officer of the Company (with respect to Participants who are not officers of Adient plc) shall have the discretion to vest any Participant in his or her benefits hereunder, in whole or in part, upon the Participant's termination of employment from the Company and its Affiliates in any other circumstances.

ARTICLE 4.
SAVINGS PLAN SUPPLEMENT AND HYPOTHETICAL INVESTMENT OPTIONS

Section 4.1. Eligibility for and Amount of Benefits. Participants shall be eligible for benefits in accordance with the terms of the applicable Appendix.

Section 4.2. Investment Election. Amounts credited to a Participant's Account shall reflect the investment experience of the Investment Options selected by the Participant. The Participant may make an initial investment election at the time of enrollment in the Plan.

The investment elections in effect for a Participant under the Prior Plan, if any, as of immediately prior to the Effective Date, shall apply to the Participant's Account hereunder on the Effective Date, without action by the Participant; *provided* that (a) a Participant's investment election with respect to an Investment Option that is not offered under the Savings Plan on the Effective Date shall be automatically changed to the default fund specified for the Savings Plan, and (b) a Participant's election with respect to Share Units will be automatically cancelled on the Effective Date, and such investment election shall be automatically changed to the default fund specified for the Savings Plan. A Participant must affirmatively elect, after the Effective Date, to allocate contributions into, or re-allocate his or her Account into, Share Units as they exist thereafter.

A Participant may also elect to reallocate the balance in his or her Account, and may elect to allocate any future deferrals, among the various Investment Options from time to time. Such investment elections shall remain in effect until changed by the Participant. All investment elections shall become effective as soon as practicable after receipt of such election, and must be made in the form and manner and within such time periods as the Administrator may prescribe in order to be effective. In the absence of an effective election, the Participant's Account shall be deemed invested in the default fund specified for the Savings Plan. Deferrals will be deemed invested in an Investment Option as of the date on which the deferrals are allocated under the Plan as described in the Appendices.

On each Valuation Date, the Administrator or its delegate shall credit the deemed investment experience with respect to the selected Investment Options to each Participant's Account.

Notwithstanding anything herein to the contrary, the Company retains the right to allocate actual amounts hereunder without regard to a Participant's request.

Section 4.3. Valuation of Share Unit Account. When any amounts are to be allocated to a Share Unit Account (whether in the form of deferrals or amounts that are deemed transferred from another Investment Option), such amount shall be converted to whole and

fractional Share Units, by dividing the amount to be allocated by the Fair Market Value of a Share on the effective date of such allocation. If any dividends or other distributions are paid on Shares while a Participant has Share Units credited to his or her Account, such Participant shall be credited with a dividend award equal to the amount of the cash dividend paid or Fair Market Value of other property distributed on one Share, multiplied by the number of Share Units credited to his or her Share Unit Account on the date the dividend is declared. The dividend award shall be converted into additional Share Units as provided above using the Fair Market Value of a Share on the date the dividend is paid or distributed. Any other provision of this Plan to the contrary notwithstanding, if a dividend is declared on Shares in the form of a right or rights to purchase shares of capital stock of the Company or any entity acquiring the Company, no additional Share Units shall be credited to the Participant's Share Unit Account with respect to such dividend, but each Share Unit credited to a Participant's Share Unit Account at the time such dividend is paid, and each Share Unit thereafter credited to the Participant's Share Unit Account at a time when such rights are attached to Shares, shall thereafter be valued as of any point in time on the basis of the aggregate of the then Fair Market Value of one Share plus the then Fair Market Value of such right or rights then attached to one Share.

With respect to Share Units credited as part of the opening balance of a Participant's Account hereunder on the Effective Date, such Share Units shall be credited as a combination of Johnson Controls International plc ordinary shares and Adient plc ordinary shares, in accordance with the Employee Matters Agreement by and between Johnson Controls, Inc. and Adient plc dated , 2016. Thereafter, the Share Units relating to Johnson Controls International plc ordinary shares shall be allocated to a separate subaccount, which shall be subject to the terms and conditions of this Plan (including the right to receive additional Share Units with respect to Johnson Controls International plc ordinary shares whenever a dividend is declared on Johnson Controls International plc ordinary shares), except that a Participant may only elect to re-allocate out of the subaccount relating to Johnson Controls International plc ordinary shares.

In the event of any merger, share exchange, reorganization, consolidation, recapitalization, stock dividend, stock split or other change in corporate structure of Adient plc (or, if applicable, Johnson Controls International plc) affecting Shares, the Committee may make appropriate equitable adjustments with respect to the Share Units credited to the Share Unit Account of each Participant, including without limitation, adjusting the date as of which such units are valued and/or distributed, as the Committee determines is necessary or desirable to prevent the dilution or enlargement of the benefits intended to be provided under the Plan.

Section 4.4. Securities Law Restrictions. Notwithstanding anything to the contrary herein, all elections under this Article by a Participant who is subject to Section 16 of the Exchange Act are subject to review by the Administrator prior to implementation. The Administrator may restrict additional transactions, rescind transactions, or impose other rules and procedures, to the extent deemed desirable by the Administrator in order to comply with the Exchange Act, including, without limitation, application of the review and approval provisions of this Section 4.4 to Participants who are not subject to Section 16 of the Exchange Act.

Section 4.5. No Shareholder Rights With Respect to Share Units. Participants shall have no rights as a stockholder pertaining to Share Units credited to their Accounts.

Section 4.6. Accounts are For Record Keeping Purposes Only. The Accounts and the record keeping procedures described herein serve solely as a device for determining the amount of benefits accumulated by a Participant under the Plan, and shall not constitute or imply an obligation on the part of the Company or any Affiliate to fund such benefits.

Section 4.7. Payment of Benefits. Upon a Participant's Separation from Service for any reason, the Participant shall be entitled to payment of the vested balance of the Participant's Account in cash in the manner specified in the applicable Appendix.

Section 4.8. Death Benefit.

(a) In the event of the Participant's death prior to receiving all payments due under this Article 4, the vested balance of the Participant's Account shall be paid to the Participant's Beneficiary in a cash lump sum in the first calendar quarter of the year or the third calendar quarter of the year, whichever first occurs after the Participant's death. Notwithstanding the foregoing, if the Administrator cannot make payment at such time because the Administrator has not received all information needed to authorize such payment (such as a copy of the Participant's death certificate), then the Administrator shall make payment to the Beneficiary as soon as practicable after it has received all information necessary to make such payment, *provided* that payment in all events must be made by December 31 of the year following the year of the Participant's death in order to avoid additional taxes under Code Section 409A.

(b) Each Participant may designate a Beneficiary in such form and manner and within such time periods as the Administrator may prescribe. Notwithstanding the foregoing, the beneficiary designation in effect under the Prior Plan on the date prior to the Effective Date shall automatically apply for purposes of this Plan on the Effective Date. A Participant can change his or her beneficiary designation at any time, *provided* that each beneficiary designation shall revoke the most recent designation, and the last designation received by the Administrator (or its delegate) while the Participant was alive shall be given effect. If a Participant designates a Beneficiary without providing in the designation that the beneficiary must be living at the time of each distribution, the designation shall vest in the Beneficiary all of the distribution whether payable before or after the Beneficiary's death, and any distributions remaining upon the Beneficiary's death shall be made to the Beneficiary's estate. In the event there is no valid beneficiary designation in effect at the time of the Participant's death, or in the event the Participant's designated Beneficiary does not survive the Participant, or in the event that the beneficiary designation provides that the Beneficiary must be living at the time of each distribution and such designated Beneficiary does not survive to a distribution date, the Participant's estate will be deemed the Beneficiary and will be entitled to receive payment. If a Participant designates his or her Spouse as a Beneficiary, such beneficiary designation automatically shall become null and void on the date of the Participant's divorce or legal separation from such Spouse, *provided* the Administrator has notice of such divorce or legal separation prior to payment.

ARTICLE 5.
ADDITIONAL PAYMENT PROVISIONS

Section 5.1. Acceleration of Payment. Notwithstanding the foregoing,

(a) If an amount deferred under this Plan is required to be included in income under Code Section 409A prior to the date such amount is actually distributed, a Participant shall receive a distribution, in a lump sum within ninety (90) days after the date the Plan fails to meet the requirements of Code Section 409A, of the amount required to be included in the Participant's income as a result of such failure.

(b) If an amount under the Plan is required to be immediately distributed in a lump sum under a domestic relations order within the meaning of Code Section 414(p)(1)(B), it may be distributed according to the terms of such order, *provided* the Participant holds the Committee and the Administrator harmless with respect to such distribution. The Plan shall not distribute amounts required to be distributed under a domestic relations order other than in the limited circumstance specifically stated herein.

Section 5.2. Delay in Payment. Notwithstanding the foregoing,

(a) If a distribution required under the terms of this Plan would jeopardize the ability of the Company or of an Affiliate to continue as a going concern, the Company or the Affiliate shall not be required to make such distribution. Rather, the distribution shall be delayed until the first date that making the distribution does not jeopardize the ability of the Company or of an Affiliate to continue as a going concern. Any distribution delayed under this provision shall be treated as made on the date specified under the terms of this Plan.

(b) If a distribution will violate the terms of Section 16(b) of the Exchange Act or other U.S. federal securities laws, or any other applicable law, then the distribution shall be delayed until the earliest date on which making the distribution will not violate such law.

ARTICLE 6.
NON-ALIENATION OF PAYMENTS

Except as specifically provided herein, benefits payable under the Plan shall not be subject in any manner to alienation, sale, transfer, assignment, pledge, attachment, garnishment or encumbrance of any kind. Any attempt to alienate, sell, transfer, assign, pledge or otherwise encumber any such benefit payment, whether currently or thereafter payable, shall not be recognized by the Administrator or the Company. Any benefit payment due hereunder shall not in any manner be liable for or subject to the debts or liabilities of any Participant or other person entitled thereto. If any such person shall attempt to alienate, sell, transfer, assign, pledge or encumber any benefit payments to be made to that person under the Plan or any part thereof, or if by reason of such person's bankruptcy or other event happening at any time, such payments would devolve upon anyone else or would not be enjoyed by such person, then the Administrator, in its discretion, may terminate such person's interest in any such benefit payment, and hold or apply it to or for the benefit of that person, the spouse, children or other dependents thereof, or any of them, in such manner as the Administrator deems proper.

ARTICLE 7.
LIMITATION OF RIGHTS

Section 7.1. No Right to Employment. Participation in this Plan, or any modifications thereof, or the payments of any benefits hereunder, shall not be construed as giving to any person any right to be retained in the service of the Company or any Affiliate, limiting in any way the right of the Company or any Affiliate to terminate such person's employment at any time, evidencing any agreement or understanding that the Company or any Affiliate will employ such person in any particular position or at any particular rate of compensation or guaranteeing such person any right to receive any other form or amount of remuneration from the Company or any Affiliate.

Section 7.2. No Right to Benefits.

(a) Unsecured Claim. The right of a Participant, his or her Spouse or his or her Beneficiary to receive a distribution hereunder shall be an unsecured claim, and neither the Participant, his or her Spouse nor any Beneficiary shall have any rights in or against any amount credited to his or her Account or any other specific assets of the Company or an Affiliate. The right of a Participant or beneficiary to the payment of benefits under this Plan shall not be assigned, encumbered, or transferred, except as permitted under Section 4.8. The rights of a Participant hereunder are exercisable during the Participant's lifetime only by him or her or his or her guardian or legal representative.

(b) Contractual Obligation. The Company or an Affiliate may authorize the creation of a trust or other arrangements to assist it in meeting the obligations created under the Plan, subject to the restrictions on such funding such trust or arrangement imposed by Code Section 409A(b)(2) or (3). However, any liability to any person with respect to the Plan shall be based solely upon any contractual obligations that may be created pursuant to the Plan. No obligation of the Company or an Affiliate shall be deemed to be secured by any pledge of, or other encumbrance on, any property of the Company or any Affiliate. Nothing contained in this Plan and no action taken pursuant to its terms shall create or be construed to create a trust of any kind, or a fiduciary relationship between the Company or an Affiliate and any Participant, Spouse or Beneficiary, or any other person.

ARTICLE 8.
AMENDMENT OR TERMINATION

Section 8.1. Amendment. The Committee may at any time amend the Plan, including but not limited to modifying the terms and conditions applicable to (or otherwise eliminating) deferrals to be made on or after the amendment date to the extent not prohibited by Code Section 409A; *provided, however*, that no amendment may reduce or eliminate any vested Account balance accrued under Article 4 to the date of such amendment (except as such Account balance may be reduced as a result of investment losses allocable to such account) without a Participant's consent except as otherwise specifically provided herein; and *provided further* that the Board must approve any amendment that is required to be approved by the Board by any applicable law or the listing requirements of the national securities exchange upon which the ordinary shares of Adient plc are then traded. In addition, the Administrator may at any time

amend the Plan to make administrative or ministerial changes or changes necessary to comply with applicable law.

Section 8.2. Termination. The Committee may terminate the Plan in accordance with the following provisions. Upon termination of the Plan, any deferral elections then in effect shall be cancelled to the extent permitted by Code Section 409A. Upon termination of the Plan, the Committee may authorize the payment of all vested Account balances under the Plan in a single lump sum payment without regard to any distribution election then in effect, only in the following circumstances:

- (1) The Plan is terminated within twelve (12) months of a corporate dissolution taxed under Code Section 331, or with the approval of a bankruptcy court pursuant to 11 U.S.C. Section 503(b)(1)(A). In such event, the single lump sum payment must be distributed by the latest of: (A) the last day of the calendar year in which the Plan termination occurs, (B) the first calendar year in which the amount is no longer subject to a substantial risk of forfeiture, or (C) the first calendar year in which payment is administratively practicable.
- (2) The Plan is terminated at any other time, *provided* that such termination does not occur proximate to a downturn in the financial health of the Company or an Affiliate, and all other plans required to be aggregated with this Plan under Code Section 409A are also terminated and liquidated. In such event, the single sum payment shall be paid no earlier than twelve (12) months (and no later than twenty-four (24) months) after the date of the Plan's termination. Notwithstanding the foregoing, any payment that would otherwise be paid during the twelve (12)-month period beginning on the Plan termination date pursuant to the terms of the Plan shall be paid in accordance with such terms. In addition, the Company or any Affiliate shall be prohibited from adopting a similar arrangement within three (3) years following the date of the Plan's termination.

Section 8.3. Modification of Savings Plan. Nothing herein shall be construed in any way to limit the right of the Company to amend or modify the Savings Plan.

ARTICLE 9.
SPECIAL RULES APPLICABLE IN THE EVENT OF A
CHANGE OF CONTROL

Section 9.1. Acceleration of Payments. Notwithstanding any other provision of this Plan, each Participant (or any Spouse or Beneficiary thereof entitled to receive payments hereunder), including Participants (or Spouses or Beneficiaries) receiving installment payments under the Plan, shall receive a lump sum payment in cash of all amounts accumulated in such Participant's Account within ninety (90) days following a Change of Control.

In determining the amount accumulated in a Participant's Share Unit Account related to Shares of Adient plc, each Share Unit shall have a value equal to the higher of (a) the highest reported sales price, regular way, of such a Share on the Composite Tape for New York Stock Exchange Listed Stocks (or such other national securities exchange that is the primary exchange on which the Shares are listed) during the sixty-day period prior to the date of the Change of Control and (b) if the Change of Control is the result of a transaction or series of transactions described in Section 9.2(a), the highest price per Share paid in such transaction or series of transactions.

Section 9.2. Definition of a Change of Control. A Change of Control means any of the following events, *provided* that each such event would constitute a change of control within the meaning of Code Section 409A:

(a) The acquisition by any Person (as defined below) of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of thirty-five percent (35%) or more of either (1) the then-outstanding Shares of Adient plc (the "Outstanding Adient Ordinary Shares") or (2) the combined voting power of the then-outstanding voting securities of Adient plc entitled to vote generally in the election of directors (the "Outstanding Adient Voting Securities"); *provided, however*, that the following acquisitions shall not constitute a Change of Control: (A) any acquisition directly from Adient plc, (B) any acquisition by Adient plc, (C) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by Adient plc or any Affiliate or (D) any acquisition by any corporation pursuant to a transaction that complies with subsections (c)(1)-(3);

(b) Any time at which individuals who, as of the Effective Date, constitute the Board (the "Incumbent Board") cease for any reason to constitute at least a majority of the Board; *provided, however*, that any individual becoming a director subsequent to the date hereof whose election, or nomination for election by Adient plc'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 an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board;

(c) Consummation of a reorganization, merger, statutory share exchange or consolidation or similar corporate transaction, whether by way of scheme of arrangement or otherwise, involving Adient plc or any of its subsidiaries, a sale or other disposition of all or substantially all of the assets of Adient plc, or the acquisition of assets or shares of another entity by Adient plc or any of its subsidiaries (each, a "Business Combination"), in each case unless, following such Business Combination, (1) all or substantially all of the individuals and entities that were the beneficial owners of the Outstanding Adient Ordinary Shares and the Outstanding Adient Voting Securities immediately prior to such Business Combination beneficially own, directly or indirectly, more than fifty percent (50%) of the then-outstanding common or ordinary shares 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 (including, without limitation, a corporation that, as a result of such transaction, owns Adient plc or all or substantially all of Adient plc's assets either directly or through one or more subsidiaries) in substantially the same proportions as their ownership immediately prior to such Business Combination of the Outstanding Adient Ordinary Shares and the Outstanding Adient Voting Securities, as the case may be, (2) no Person (excluding any corporation resulting from such Business Combination or any employee benefit plan (or related trust) of Adient plc or an Affiliate or such corporation resulting from such Business Combination) beneficially owns, directly or indirectly, thirty-five percent (35%) or more of, respectively, the then-outstanding shares of common or ordinary shares of the corporation resulting from such Business Combination or the combined voting power of the then-outstanding voting securities of such corporation, except to the extent that such ownership existed prior to the Business Combination, and (3) at least a majority of the members of the board of directors of the corporation 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

- (d) Approval by the shareholders of Adient plc of a complete liquidation or dissolution of Adient plc.

For purposes hereof, the term "Person" means any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Exchange Act).

Section 9.3. Maximum Payment Limitations.

(a) Limit on Payments. Except as provided in subsection (b) below, if any portion of the payments or benefits described in this Plan or under any other agreement with or plan of the Company or an Affiliate (in the aggregate, "Total Payments"), would constitute an "excess parachute payment", then the Total Payments to be made to the Participant shall be reduced such that the value of the aggregate Total Payments that the Participant is entitled to receive shall be one dollar (\$1) less than the maximum amount which the Participant may receive without becoming subject to the tax imposed by Section 4999 of the Code or which the Company may pay without loss of deduction under Section 280G(a) of the Code. The terms "excess parachute payment" and "parachute payment" shall have the meanings assigned to them in Section 280G of the Code, and such "parachute payments" shall be valued as provided therein. Present value shall be calculated in accordance with Section 280G(d)(4) of the Code. Within forty (40) days following delivery of notice by the Company to the Participant of its belief that there is a payment or benefit due the Participant which will result in an excess parachute payment, the Participant and the Company, at the Company's expense, shall obtain the opinion (which need not be unqualified) of nationally recognized tax counsel selected by the Company's independent auditors and acceptable to the Participant in his or her sole discretion (which may be regular outside counsel to the Company), which opinion sets forth (1) the amount of the Base Period Income, (2) the amount and present value of Total Payments and (3) the amount and present value of any excess parachute payments determined without regard to the limitations of this Section. As used in this Section, the term "Base Period Income" means an amount equal to the Participant's "annualized includible compensation for the base period" as defined in Section

280G(d)(1) of the Code. For purposes of such opinion, the value of any noncash benefits or any deferred payment or benefit shall be determined by the Company's independent auditors in accordance with the principles of Sections 280G(d)(3) and (4) of the Code, which determination shall be evidenced in a certificate of such auditors addressed to the Company and the Participant. Such opinion shall be addressed to the Company and the Participant and shall be binding upon the Company and the Participant. If such opinion determines that there would be an excess parachute payment, the payments hereunder that are includible in Total Payments or any other payment or benefit determined by such counsel to be includible in Total Payments shall be reduced or eliminated as specified by the Participant in writing delivered to the Company within thirty days of his or her receipt of such opinion or, if the Participant fails to so notify the Company, then as the Company shall reasonably determine, so that under the bases of calculations set forth in such opinion there will be no excess parachute payment. If such legal counsel so requests in connection with the opinion required by this Section, the Participant and the Company shall obtain, at the Company's expense, and the legal counsel may rely on in providing the opinion, the advice of a firm of recognized executive compensation consultants as to the reasonableness of any item of compensation to be received by the Participant. If the provisions of Sections 280G and 4999 of the Code are repealed without succession, then this Section shall be of no further force or effect.

(b) Employment Contract Governs. The provisions of subsection (a) above shall not apply to a Participant whose employment is governed by an employment contract that provides for Total Payments in excess of the limitation described in subsection (a) above.

ARTICLE 10. **ERISA PROVISIONS**

Section 10.1. Claims Procedures.

(a) Initial Claim. If a Participant, Spouse or Beneficiary (the "claimant") believes that he or she is entitled to a benefit under the Plan that is not provided, the claimant or his or her legal representative shall file a written claim for such benefit with the Administrator within ninety (90) days of the date the payment that is in dispute should have been made. The Administrator shall review the claim and render a decision within ninety (90) days following the receipt of the claim; *provided* that the Administrator may determine that an additional ninety (90) day extension is necessary due to circumstances beyond the Administrator's control, in which event the Administrator shall notify the claimant prior to the end of the initial period that an extension is needed, the reason therefore, and the date by which the Administrator expects to render a decision. If the claimant's claim is denied in whole or part, the Administrator shall provide written notice to the claimant of such denial. The written notice shall include the specific reason(s) for the denial; reference to specific Plan provisions upon which the denial is based; a description of any additional material or information necessary for the claimant to perfect the claim and an explanation of why such material or information is necessary; and a description of the Plan's review procedures (as set forth in subsection (b)) and the time limits applicable to such procedures, including a statement of the claimant's right to bring a civil action under section 502(a) of ERISA following an adverse determination upon review.

(b) Request for Appeal. The claimant has the right to appeal the Administrator's decision by filing a written appeal to the Administrator within sixty (60) days after the claimant's receipt of the Administrator's decision, although to avoid penalties under Code Section 409A, the claimant's appeal must be filed within one hundred eighty (180) days of the date payment could have been timely made in accordance with the terms of the Plan and pursuant to Regulations promulgated under Code Section 409A. The claimant will have the opportunity, upon request and free of charge, to have reasonable access to and copies of all documents, records and other information relevant to the claimant's appeal. The claimant may submit written comments, documents, records and other information relating to his or her claim with the appeal. The Administrator will review all comments, documents, records and other information submitted by the claimant relating to the claim, regardless of whether such information was submitted or considered in the initial claim determination. The Administrator shall make a determination on the appeal within sixty (60) days after receiving the claimant's written appeal; *provided* that the Administrator may determine that an additional sixty (60)-day extension is necessary due to circumstances beyond the Administrator's control, in which event the Administrator shall notify the claimant prior to the end of the initial period that an extension is needed, the reason therefor and the date by which the Administrator expects to render a decision. If the claimant's appeal is denied in whole or part, the Administrator shall provide written notice to the claimant of such denial. The written notice shall include the specific reason(s) for the denial; reference to specific Plan provisions upon which the denial is based; a statement that the claimant is entitled to receive, upon request and free of charge, reasonable access to and copies of all documents, records, and other information relevant to the claimant's claim; and a statement of the claimant's right to bring a civil action under section 502(a) of ERISA. If the claimant does not receive a written decision within the time period(s) described above, the appeal shall be deemed denied on the last day of such period(s).

Section 10.2. ERISA Fiduciary. For purposes of ERISA, the Committee shall be considered the named fiduciary under the Plan and the plan administrator, except with respect to claims and appeals, for which the Administrator shall be considered the named fiduciary.

ARTICLE 11. **TAX WITHHOLDING**

The Company or any Affiliate shall have the right to deduct from any deferral or payment made hereunder, or from any other amount due a Participant, the amount of cash sufficient to satisfy the Company's or Affiliate's foreign, federal, state or local income tax withholding obligations with respect to such deferral (or vesting thereof) or payment. In addition, if prior to the date of distribution of any amount hereunder, the Federal Insurance Contributions Act (FICA) tax imposed under Code Sections 3101, 3121(a) and 3121(v)(2), where applicable, becomes due, the Company may distribute from the Participant's Account balance the amount needed to pay the Participant's portion of such tax, plus an amount equal to the withholding taxes due under federal, state or local law resulting from the payment of such FICA tax, and an additional amount to pay the additional income tax at source on wages attributable to the pyramiding of the Code Section 3401 wages and taxes, but no greater than the aggregate of the FICA amount and the income tax withholding related to such FICA tax amount.

ARTICLE 12.
OFFSET

The Company or any Affiliate shall have the right to offset from any amount payable hereunder (at the time such amount would have otherwise been paid) any amount that the Participant owes to the Company or any Affiliate without the consent of the Participant (or his or her Spouse or Beneficiary, in the event of the Participant's death).

ARTICLE 13.
SUCCESSORS

All obligations of the Company or any Affiliate under the Plan shall be binding on any successor to the Company or such Affiliate, whether the existence of such successor is the result of a direct or indirect purchase, merger, consolidation or otherwise, of all or substantially all of the business and/or assets of the Company or such Affiliate.

ARTICLE 14.
DISPUTE RESOLUTION

Section 14.1. Governing Law. This Plan is intended to be a plan of deferred compensation maintained for a select group of management or highly compensated employees as that term is used in ERISA, and shall be interpreted so as to comply with the applicable requirements thereof. In all other respects, the Plan is to be construed and its validity determined according to the laws of the State of New York, without reference to conflict of law principles thereof, to the extent such laws are not preempted by federal law.

Section 14.2. Limitation on Actions. Any action or other legal proceeding under ERISA with respect to the Plan may be brought only after the claims and appeals procedures of Article 10 are exhausted and only within the period ending on the earlier of (a) one year after the date the claimant receives notice of a denial or deemed denial upon appeal under Section 10.1(b), or (b) the expiration of the applicable statute of limitations period under applicable federal law. Any action or other legal proceeding not adjudicated under ERISA must be arbitrated in accordance with the provisions of Section 14.3.

Section 14.3. Arbitration.

(a) Application. Notwithstanding any employee agreement in effect between a Participant and the Company or any Affiliate, if a Participant, Spouse or Beneficiary brings a claim that relates to benefits under this Plan that is not covered under ERISA, and regardless of the basis of the claim (including but not limited to, actions under Title VII, wrongful discharge, breach of employment agreement, etc.), such claim shall be settled by final binding arbitration in accordance with the rules of the American Arbitration Association ("AAA") and judgment upon the award rendered by the arbitrator may be entered in any court having jurisdiction thereof.

(b) Initiation of Action. Arbitration must be initiated by serving or mailing a written notice of the complaint to the other party. Normally, such written notice should be provided to the other party within one year (365 days) after the day the complaining party first knew or should have known of the events giving rise to the complaint. However, this time frame

may be extended if the applicable statute of limitation provides for a longer period of time. If the complaint is not properly submitted within the appropriate time frame, all rights and claims that the complaining party has or may have against the other party shall be waived and void. Any notice sent to the Company shall be delivered to:

Office of General Counsel
Adient US LLC
833 East Michigan Street, Suite 1100
Milwaukee, WI 53202

The notice must identify and describe the nature of all complaints asserted and the facts upon which such complaints are based. Notice will be deemed given according to the date of any postmark or the date of time of any personal delivery.

(c) Compliance with Personnel Policies. Before proceeding to arbitration on a complaint, the Participant, Spouse or beneficiary must initiate and participate in any complaint resolution procedure identified in the Company's or Affiliate's personnel policies. If the claimant has not initiated the complaint resolution procedure before initiating arbitration on a complaint, the initiation of the arbitration shall be deemed to begin the complaint resolution procedure. No arbitration hearing shall be held on a complaint until any applicable Company or Affiliate complaint resolution procedure has been completed.

(d) Rules of Arbitration. All arbitration will be conducted by a single arbitrator according to the Employment Dispute Arbitration Rules of the AAA. The arbitrator will have authority to award any remedy or relief that a court of competent jurisdiction could order or grant including, without limitation, specific performance of any obligation created under policy, the awarding of punitive damages, the issuance of any injunction, costs and attorney's fees to the extent permitted by law, or the imposition of sanctions for abuse of the arbitration process. The arbitrator's award must be rendered in a writing that sets forth the essential findings and conclusions on which the arbitrator's award is based.

(e) Representation and Costs. Each party may be represented in the arbitration by an attorney or other representative selected by the party. The Company or Affiliate shall be responsible for its own costs, the AAA filing fee and all other fees, costs and expenses of the arbitrator and AAA for administering the arbitration. The claimant shall be responsible for his or her attorney's or representative's fees, if any. However, if any party prevails on a statutory claim which allows the prevailing party costs and/or attorneys' fees, the arbitrator may award costs and reasonable attorneys' fees as provided by such statute.

(f) Discovery; Location; Rules of Evidence. Discovery will be allowed to the same extent afforded under the Federal Rules of Civil Procedure. Arbitration will be held at a location selected by the Company. AAA rules notwithstanding, the admissibility of evidence offered at the arbitration shall be determined by the arbitrator who shall be the judge of its materiality and relevance. Legal rules of evidence will not be controlling, and the standard for admissibility of evidence will generally be whether it is the type of information that responsible people rely upon in making important decisions.

(g) Confidentiality. The existence, content or results of any arbitration may not be disclosed by a party or arbitrator without the prior written consent of both parties. Witnesses who are not a party to the arbitration shall be excluded from the hearing except to testify.

APPENDIX A OFFICERS

1. Eligibility. This Appendix A covers Participants whom the Committee has selected to be covered hereunder and whose benefits under the Savings Plan are limited as described in Section 1.1. A Participant shall commence participation hereunder on the date such individual is selected by the Committee for participation in this Appendix A.

2. Savings Plan Supplement.

(a) Before-Tax Contributions Allocation. For each calendar year, each Participant may elect that, in the event the Participant's ability to make Before-Tax Matched Contributions under the Savings Plan is limited by reason of Sections 401(k), 402(g) or 415 of the Code and/or the limit on considered compensation under Section 401(a)(17) of the Code, then the difference between the amount of Before-Tax Matched Contributions that the Participant could have made under the Savings Plan for any calendar year (assuming the Participant elected the maximum amount of Before-Tax Matched Contributions for the calendar year and did not change his or her election during the calendar year) and the amount that would have been contributed as Before-Tax Matched Contributions but for such limits shall be credited, as of December 31 of such year, to the Participant's Account. A Participant's election shall be made prior to the first day of the calendar year to which it relates, and shall be irrevocable as of the first day of such year.

Notwithstanding the foregoing, in the first calendar year in which an individual becomes a Participant, the Participant shall be automatically deemed to have elected to defer six percent (6%) of his or her compensation that is paid after the date he or she becomes a Participant and that exceeds the Code Section 401(a)(17) limit for such year; *provided* that the foregoing shall not apply to any individual who first becomes a Participant on or after October 31.

A Participant's election (or deemed election in the initial year of participation) shall be effective only for the calendar year to which the election relates, and shall not carry over from year to year. An election (or deemed election) under this subsection (a) shall constitute an election by the Participant to reduce the Participant's salary by the amount determined under this subsection. The Participant's election shall be made in the form and manner and within such timeframes as the Administrator may prescribe.

A Participant's election as in effect on the date prior to the Effective Date under Appendix A of the Prior Plan shall automatically apply hereunder for the remainder of 2016.

(b) Matching Contributions Allocation. A Participant's Account shall also be credited with respect to a calendar year with an amount equal to the difference between the amount of Matching Contributions actually credited to the Participant's Savings Plan account for such year and the amount of Matching Contributions that would

have been so credited if the amount determined under subsection (a) had actually been contributed to the Savings Plan (determined without regard to the limitations imposed by Sections 401(m) and 415 of the Code), but only with respect to the period the Participant is covered by this Plan (and the Prior Plan with respect to 2016); *provided* the Participant has met the eligibility requirements to receive a Matching Contribution under the Savings Plan for such year. The Matching Contributions credited hereunder shall be subject to the same vesting requirements as are imposed on matching contributions under the Savings Plan, except that vesting will not be accelerated as a result of the Participant's death while employed. The Matching Contributions will be credited to a Participant's Account as soon as practicable after the end of the calendar year.

(c) Retirement Income Allocation. A Participant's Account also shall be credited with respect to calendar year with an amount equal to the difference between the amount of Retirement Income Contributions actually credited to the Participant's Savings Plan account for such year and the amount of Retirement Income Contributions that would have been so credited if the limit on considered compensation under Section 401(a)(17) of the Code did not apply; *provided* the Participant has met the eligibility requirements to receive a Retirement Income Contribution under the Savings Plan for such year. The Retirement Income Contributions credited hereunder shall be subject to the same vesting requirements as are imposed on Retirement Income Contributions under the Savings Plan, except that vesting will not be accelerated as a result of the Participant's death while employed. The Retirement Income Contributions will be credited to a Participant's Account as soon as practicable after the end of the calendar year.

(d) Transfer Among Appendices. If a Participant who was covered by Appendix B becomes an officer who is covered by this Appendix A, the vesting provisions of this Appendix A shall apply to the Participant's entire Account.

(e) Modification of Compensation. Notwithstanding the foregoing, when determining a Participant's compensation for purposes of subsections (a), (b) and (c), the only bonus that may be included is the amount a Participant receives (or would receive but for a deferral election) under the Annual Incentive Plan for the calendar year.

(f) Distribution Election.

- (1) If a Participant was previously participating under Appendix B, then the portion of the Participant's Account that is credited under Appendix B (as adjusted for earnings or losses thereon) shall be paid in a lump sum.
- (2) The amounts deferred hereunder in the first year of participation (as adjusted for earnings and losses thereon), if any, shall be paid in a lump sum.
- (3) With respect to amounts deferred after the first year of participation, a Participant may make a distribution election

specifying whether distributions shall be made in a single lump sum or in annual installments of from two (2) to ten (10) years. Such election must be submitted by the deadline established by the Administrator, which cannot be later than December 31 of the prior year, and shall be made in such form and manner as the Administrator may prescribe. Such election shall be irrevocable. If no valid election is in effect, distribution shall be made in ten (10) annual installments.

- (4) With respect to any Participant on the Effective Date who was a participant in the Prior Plan immediately prior to the Effective Date, (i) the distribution elections applicable to such individual's account under the Prior Plan will continue to apply to the Participant's sub-account established with respect to the 2016 calendar year, and (ii) the Participant shall be permitted to make a different distribution election with respect to amounts deferred in 2017 and later, consistent with paragraph (3) above.

(g) Manner of Distribution. The Participant's Account (or any sub-account established to reflect a different form of distribution) shall be paid in cash in the following manner:

- (1) Lump Sum. If payment is to be made in a lump sum,
- (A) for those Participants whose Separation from Service occurs from January 1 through June 30 of a year, payment shall be made in the first calendar quarter of the following year, and
- (B) for those Participants whose Separation from Service occurs from July 1 through December 31 of a year, payment shall be made in the third calendar quarter of the following year.

The lump sum payment shall equal the vested balance of the Participant's Account (or sub-account, if applicable) as of the Valuation Date immediately preceding the distribution date.

- (2) Installments. If payment is to be made in annual installments, the first annual payment shall be made:
- (A) for those Participants whose Separation from Service occurs from January 1 through June 30 of a year, in the first calendar quarter of the following year, and
- (B) for those Participants whose Separation from Service occurs during the period from July 1 through December 31 of a year, in the third calendar quarter of the following year.

The amount of the first annual payment shall equal the value of $1/10^{\text{th}}$ (or $1/9^{\text{th}}$, $1/8^{\text{th}}$, $1/7^{\text{th}}$, etc. depending on the number of installments elected) of the vested balance of the Participant's Account (or sub-account, if applicable) as of the Valuation Date immediately preceding the distribution date. All subsequent annual payments shall be made on or around the anniversary of the initial payment date of each subsequent calendar year, and shall be equal the value of $1/9^{\text{th}}$ (or $1/8^{\text{th}}$, $1/7^{\text{th}}$, $1/6^{\text{th}}$, etc. depending on the number of installments elected) of the vested balance of the Participant's Account (or sub-account) as of the Valuation Date immediately preceding the distribution date. The final annual installment payment shall equal the then remaining vested balance of such Account as of the Valuation Date preceding such final payment date.

Notwithstanding the foregoing, if the vested balance of a Participant's entire Account as of the Valuation Date immediately preceding a distribution date is \$50,000 or less, then the entire vested balance of the Participant's Account shall be paid in a single lump sum on such distribution date.

APPENDIX B
HIGHLY COMPENSATED EMPLOYEES (RIC)

1. Eligibility. This Appendix B covers Participants whom the Committee has selected to be covered hereunder and whose Retirement Income Contribution under the Savings Plan is limited by reason of the application of Code Section 401(a)(17).
2. Participation Date. A Participant shall commence participation hereunder on the later of the date such individual is selected by the Committee for participation in this Appendix B and the date the Participant's compensation first exceeds the Code Section 401(a)(17) limit. For this purpose, the only bonus that may be included in compensation is the amount a Participant receives (or would receive but for a deferral election) under the Annual Incentive Plan for the calendar year.
3. Vesting. A Participant shall be entitled to benefits under this Appendix only if the Participant retires or otherwise terminates employment with the Company and its Affiliates on or after the Participant's attainment of age fifty-five (55) and on or after the date on which the Participant has completed ten (10) years of service. For purposes of this Plan, a Participant shall be credited with years of service equal to the Participant's years of Vesting Service credited under the Savings Plan, *provided* that years of service with York International Corporation (or any affiliate thereof) prior to January 1, 2006 shall not be counted as years of service hereunder. In the event that a Participant's employment is terminated, including due to death, prior to satisfying the vesting requirements of this paragraph, no benefit shall be payable from this Appendix.
4. Retirement Income Allocation. A Participant's Account shall be credited for a calendar year with an amount equal to the difference between the amount of Retirement Income Contributions actually credited to the Participant's account under the Savings Plan for the year and the amount of Retirement Income Contributions that would have been so credited if the limit on considered compensation under Section 401(a)(17) of the Code did not apply and by including all amounts of cash compensation which the Participant would have received under the Annual Incentive Plan for the year but for a deferral election; *provided* the Participant has met the eligibility requirements to receive a Retirement Income Contribution under the Savings Plan for such year. The Retirement Income Contributions will be credited to a Participant's Account as soon as practicable after the end of the calendar year.
5. Manner of Distribution. Amounts credited under this Appendix B (plus earnings thereon) shall be paid in a cash lump sum as follows: (a) for those Participants whose Separation from Service occurs from January 1 through June 30 of a year, payment shall be made in the first calendar quarter of the following year, and (b) for those Participants whose Separation from Service occurs from July 1 through December 31 of a year, payment shall be made in the third calendar quarter of the following year.

The lump sum payment shall equal the vested balance of the Participant's Account as of the Valuation Date immediately preceding the distribution date.

**ADIANT US LLC
EXECUTIVE DEFERRED COMPENSATION PLAN**

**ARTICLE 1.
PURPOSE AND DURATION**

Section 1.1. Purpose. The Adiant US LLC Executive Deferred Compensation Plan (the “Plan”) permits certain employees of the Company and its Affiliates to defer amounts otherwise payable or shares deliverable under separate bonus or equity plans or programs maintained by the Company or an Affiliate.

Section 1.2. Duration. The Plan is effective on the Effective Date. The Plan shall remain in effect until terminated in accordance with Article 10.

**ARTICLE 2.
DEFINITIONS AND CONSTRUCTION**

Section 2.1. Definitions. Wherever used in the Plan, the following terms shall have the meanings set forth below and, where the meaning is intended, the initial letter of the word is capitalized:

(a) “Account” means the record keeping account or accounts maintained to record the interest of each Participant under the Plan. An Account is established for record keeping purposes only and not to reflect the physical segregation of assets on the Participant’s behalf, and may consist of such subaccounts or balances as the Administrator may determine to be necessary or appropriate. Effective on the Effective Date, each Participant shall have a beginning Account balance equal to the balance credited to a Participant under the Prior Plan, if any, as of immediately prior to the Effective Date.

(b) “Act” means the Securities Act of 1933, as interpreted by regulations and rules issued pursuant thereto, all as amended and in effect from time to time. Any reference to a specific provision of the Act shall be deemed to include reference to any successor provision thereto.

(c) “Administrator” means the Employee Benefits Policy Committee of Adiant plc.

(d) “Affiliate” means each entity that is required to be included in the Company’s controlled group of corporations within the meaning of Code Section 414(b), or that is under common control with the Company within the meaning of Code Section 414(c); *provided* that for purposes of determining when a Participant has incurred a Separation from Service, the phrase “at least 50 percent” shall be used in place of the phrase “at least 80 percent” in each place that phrase appears in the regulations issued thereunder.

(e) “Beneficiary” means the person(s) or entity(ies) entitled to receive the vested balance of the Participant’s Account following the Participant’s death, as determined pursuant to Section 6.4 hereof.

- (f) “Board” means the Board of Directors of Adient plc.
- (g) “Code” means the Internal Revenue Code of 1986, as interpreted by regulations and rulings issued pursuant thereto, all as amended and in effect from time to time. Any reference to a specific provision of the Code shall be deemed to include reference to any successor provision thereto.
- (h) “Committee” means the Compensation Committee of the Board.
- (i) “Company” means Adient US LLC and its successors as provided in Article 15.
- (j) “Deferrable Compensation” means the following types of compensation that may be deferred under the Plan:
- (1) Annual Incentive Awards: All or a portion of a Participant’s performance cash award under the Adient plc Annual Incentive Performance Plan (or any successor plan thereto) and, with the consent of the Administrator, any other annual bonus plan maintained by Adient plc, the Company or any Affiliate. In addition, the term “Annual Incentive Awards” shall include amounts payable under the Johnson Controls Annual Incentive Performance Plan for those Participants who made a deferral election with respect thereto under the Prior Plan.
 - (2) Long-Term Incentive Awards: All or a portion of a Participant’s performance cash award under any multi-year bonus plan maintained by Adient plc, the Company or an Affiliate and designated by the Administrator as being deferrable hereunder. In addition, the term “Long-Term Incentive Awards” shall include amounts payable under the Johnson Controls Long-Term Incentive Performance Plan for those Participants who made a deferral election with respect thereto under the Prior Plan.
 - (3) Share Awards: The Shares that would have otherwise been issued to a Participant under any restricted stock or restricted stock unit (including performance share unit) award granted under an equity plan of Adient plc, but only to the extent the Committee (with respect to those Participants who are Adient plc officers), or the Administrator (with respect to all other Participants), designates the Shares issuable under such award as being eligible for deferral hereunder. In addition, the term “Shares Awards” shall include awards with respect to shares of Johnson Controls International plc for those Participants who made a deferral election with respect thereto under the Prior Plan.
 - (4) Other Incentive Compensation: Any other incentive award or compensation that the Committee (with respect to those Participants who are Adient plc officers), or the Administrator (with respect to all other Participants), designates is eligible for deferral hereunder. In addition, such term includes awards or compensation designated as Other Incentive

Compensation under the terms of the Prior Plan as of immediately prior to the Effective Date.

(5) Base Salary: All or a portion of the Participant's base salary.

(k) "Deferral" means the amount credited, in accordance with a Participant's election or as required by the Plan, to the Participant's Account in lieu of the payment in cash thereof, or the issuance of Shares with respect thereto. Deferrals include the following:

(1) Annual Incentive Deferrals: A deferral of all or a portion of a Participant's Annual Incentive Award, as described in subsection (j)(1).

(2) Long-Term Incentive Deferrals: A deferral of all or a portion of a Participant's long-term cash incentive award amounts, as described in subsection (j)(2).

(3) Share Deferrals: A deferral of Shares issuable under certain equity awards, as described in subsection (j)(3).

(4) Other Incentive Compensation: A deferral of any other type of Deferrable Compensation, as described in subsection (j)(4).

(5) Base Salary Deferrals: A deferral of all or a portion of the Participant's base salary.

(l) "Effective Date" means October 31, 2016.

(m) "ERISA" means the Employee Retirement Income Security Act of 1974, as interpreted by regulations and rulings issued pursuant thereto, all as amended and in effect from time to time. Any reference to a specific provision of ERISA shall be deemed to include reference to any successor provision thereto.

(n) "Exchange Act" means the Securities Exchange Act of 1934, as interpreted by regulations and rules issued pursuant thereto, all as amended and in effect from time to time. Any reference to a specific provision of the Exchange Act shall be deemed to include reference to any successor provision thereto.

(o) "Fair Market Value" means with respect to a Share, except as otherwise provided herein, the closing sales price on the New York Stock Exchange (or such other national securities exchange that is the primary exchange on which the Shares are listed) as of 4:00 p.m. EST on the date in question (or the immediately preceding trading day if the date in question is not a trading day), and with respect to any other property, such value as is determined by the Administrator.

(p) "Investment Options" means the investment options offered under the Adient US LLC Savings and Investment (401k) Plan (excluding the Adient plc stock fund) or any successor plan thereto, the Share Unit Account, and any other alternatives made available by the Administrator, which shall be used for the purpose of measuring hypothetical investment experience attributable to a Participant's Account.

(q) "Participant" means an employee of the Company or any Affiliate who is (i) employed in the United States and (ii) is either a Board-appointed officer or is designated for participation in the Plan by the Executive Vice President and Chief Human Resources Officer of

Adient plc. Notwithstanding the foregoing, the Executive Vice President and Chief Human Resources Officer shall limit the foregoing group of eligible employees to a select group of management and highly compensated employees, as determined by him in accordance with ERISA. Where the context so requires, a Participant also means a former employee entitled to receive a benefit hereunder.

(r) "Plan Year" means the fiscal year of Adient plc.

(s) "Prior Plan" means the Johnson Controls International plc Executive Deferred Compensation Plan, as in effect immediately prior to the Effective Date.

(t) "Separation from Service" means a Participant's cessation of service for the Company and all Affiliates within the meaning of Code Section 409A, including the following rules:

- (1) If a Participant takes a leave of absence from the Company or an Affiliate for purposes of military leave, sick leave or other bona fide leave of absence, the Participant's employment will be deemed to continue for the first six (6) months of the leave of absence, or if longer, for so long as the Participant's right to reemployment is provided by either by statute or by contract; *provided* that if the leave of absence is due to the Participant's medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of six (6) months or more, and such impairment causes the Participant to be unable to perform the duties of his or her position with the Company or an Affiliate or a substantially similar position of employment, then the leave period may be extended for up to a total of twenty-nine (29) months. If the period of the leave exceeds the time periods set forth above and the Participant's right to reemployment is not provided by either statute or contract, the Participant will be considered to have incurred a Separation from Service on the first day following the end of the time periods set forth above.
- (2) A Participant will be presumed to have incurred a Separation from Service when the level of bona fide services performed by the Participant for the Company and its Affiliates permanently decreases to a level equal to twenty percent (20%) or less of the average level of services performed by the Participant for the Company or its Affiliates during the immediately preceding thirty-six (36) month period (or such lesser period of service).
- (3) The Participant will be presumed not to have incurred a Separation from Service while the Participant continues to provide bona fide services to the Company or an Affiliate in any capacity (whether as an employee or independent contractor) at a level that is at least fifty percent (50%) or more of the average level of services performed by the Participant for the Company or its Affiliates during the immediately preceding thirty-six (36) month period (or such lesser period of service).

(u) “Share” means an ordinary share of Adient plc, and where the context so requires, an ordinary share of Johnson Controls International plc.

(v) “Share Unit Account” means the account described in Article 5, which is deemed invested in Shares.

(w) “Share Units” means the hypothetical Shares that are credited to the Share Unit Account in accordance with Article 5.

(x) “Valuation Date” means each day when the United States financial markets are open for business, as of which the Administrator will determine the value of each Account and will make allocations to Accounts.

Section 2.2. Construction. Wherever any words are used in the masculine, they shall be construed as though they were used in the feminine in all cases where they would so apply; and wherever any words are used in the singular or the plural, they shall be construed as though they were used in the plural or the singular, as the case may be, in all cases where they would so apply. Titles of articles and sections are for general information only, and the Plan is not to be construed by reference to such items.

Section 2.3. Severability. In the event any provision of the Plan is held illegal or invalid for any reason, the illegality or invalidity shall not affect the remaining parts of the Plan, and the Plan shall be construed and enforced as if the illegal or invalid provision had not been included.

ARTICLE 3. **ADMINISTRATION**

Section 3.1. General. The Committee shall have overall discretionary authority with respect to administration of the Plan, *provided* that the Administrator shall have discretionary authority and responsibility for the general operation and daily administration of the Plan and to decide claims and appeals as specified herein. If at any time the Committee shall not be in existence, then the administrative functions of the Committee shall be assumed by the Board (with the assistance of the Administrator), and any references herein to the Committee shall be deemed to include references to the Board.

Section 3.2. Authority and Responsibility. In addition to the authority specifically provided herein, the Committee and the Administrator shall have the discretionary authority to take any action or make any determination deemed necessary for the proper administration of the Plan with regard to the respective duties of each, including but not limited to the power and authority to: (a) prescribe rules and regulations for the administration of the Plan; (b) prescribe forms (including electronic forms) for use with respect to the Plan; (c) interpret and apply all of the Plan’s provisions, reconcile inconsistencies or supply omissions in the Plan’s terms; (d) make appropriate determinations, including factual determinations, and calculations; and (e) prepare all reports required by law. Any action taken by the Committee shall be controlling over any contrary action of the Administrator. The Committee and the Administrator may delegate their ministerial duties to third parties and to the extent of such

delegation, references to the Committee or Administrator hereunder shall mean such delegates, if any.

Section 3.3. Decisions Binding. The Committee's and the Administrator's determinations shall be final and binding on all parties with an interest hereunder, unless determined by a court to be arbitrary and capricious.

Section 3.4. Procedures for Administration. The Committee's determinations must be made by not less than a majority of its members present at the meeting (in person or otherwise) at which a quorum is present, or by written majority consent, which sets forth the action, is signed by the members of the Committee and filed with the minutes for proceedings of the Committee. A majority of the entire Committee shall constitute a quorum for the transaction of business. Service on the Committee shall constitute service as a director of the Company so that the Committee members shall be entitled to indemnification, limitation of liability and reimbursement of expenses with respect to their Committee services to the same extent that they are entitled under the Company's limited liability agreement (or equivalent governing documents), the laws of the State of Michigan and any other applicable laws for their services as directors of the Company. The Administrator's determinations shall be made in accordance with procedures it establishes.

Section 3.5. Restrictions to Comply with Applicable Law. All transactions under the Plan are intended to comply with all applicable conditions of Rule 16b-3 under the Exchange Act. The Committee and the Administrator shall administer the Plan so that transactions under the Plan will be exempt from or comply with Section 16 of the Exchange Act, and shall have the right to restrict or rescind any transaction, or impose other rules and requirements, to the extent it deems necessary or desirable for such exemption or compliance to be met.

Section 3.6. Administrative Expenses. Costs of establishing and administering the Plan will be paid by the Company and its participating Affiliates.

ARTICLE 4. **PARTICIPATION AND DEFERRALS**

Section 4.1. Effective Date. Each employee who either had an account or had a deferral election in effect under the Prior Plan as of immediately prior to the Effective Date and who is employed by the Company or one of its Affiliates on the Effective Date shall automatically be a Participant hereunder on the Effective Date.

Section 4.2. New Participants. Each employee of the Company or an Affiliate who is not described in Section 4.1 shall automatically become a Participant on the date he or she makes a deferral election under Section 4.3.

Section 4.3. Deferral Elections. A Participant may elect to defer all or part of his or her Deferrable Compensation pursuant to one or more of the following provisions, as applicable to such compensation, subject to any limitations imposed by the Committee (with respect to Participants who are Adient plc officers) or the Administrator (with respect to all other Participants). A Participant's election to defer an award shall be effective only for the award to which the election relates and shall not carry over from award to award. All deferral elections

shall be for a minimum of ten percent (10%) of the Deferrable Compensation to which such election applies, unless otherwise determined by the Committee (with respect to Participants who are Adient plc officers) or the Administrator (with respect to all other Participants). As of the end of the applicable election period, the Participant's deferral election shall be irrevocable.

(a) Calendar Year. A Participant may make a deferral election during the calendar year preceding the calendar year for which an award is made or in which base salary is paid.

(b) Fiscal Year. A Participant may make a deferral election during the Plan Year preceding the Plan Year for which an award is made.

(c) Forfeitable Rights. With respect to an award which is subject to a risk of forfeiture, a Participant may make a deferral election prior to or within the first thirty (30) days following the grant date; *provided*, the election may apply only to the portion of the award that vests on or after the first anniversary of the award grant date. This election shall be available even if the terms of the award provide that the award will vest prior to the first anniversary of the award grant date in the event of the Participant's death, disability (as defined in Code Section 409A) or a change of control event (as defined in Code Section 409A); *provided* that, if the award so vests prior to the first anniversary of the grant date, then if and to the extent required by Code Section 409A, such deferral election shall be cancelled.

(d) Initial Eligibility. A Participant may make a deferral election within the first thirty (30) days of becoming a Participant; *provided* such Participant has not previously been eligible for participation in any other deferred compensation plan that is required to be aggregated with this Plan for purposes of Code Section 409A. Such election shall only be effective with respect to compensation for services to be performed subsequent to the date of the election.

(e) Performance-Based Compensation. With respect to a performance-based award, a Participant may make a deferral election within the first 180 days of the performance period for which the award is made. Notwithstanding the foregoing:

- (1) if the Company determines that an award qualifies as performance-based compensation within the meaning of Code Section 409A, the Company may specify a later election period, which in all events must end 180 days prior to the end of the performance period for such award; *provided* that any election made hereunder shall not be applicable to compensation that is readily ascertainable at the time of the election, or
- (2) if the Company determines that an award does not qualify as performance-based compensation within the meaning of Code Section 409A, or determines that, at the time of the election described above, the compensation payable under such award will be readily ascertainable, then the Company may specify an earlier election period consistent with the requirements of Code Section 409A.

(f) Other Deferrals Rules. A Participant may make a deferral election at such other times not described above as may be permitted by the Company consistent with the requirements of Code Section 409A.

(f) Automatic Elections from the Prior Plan. A Participant's deferral election(s) under the Prior Plan that relate to bonus or equity awards made by Johnson Controls International plc prior to the Effective Date, shall automatically apply hereunder with respect to the awards to which they relate.

Section 4.4. Administration of Deferral Elections. All deferral elections must be made in the form and manner and within such time periods as the Company prescribes in order to be effective.

ARTICLE 5. **HYPOTHETICAL INVESTMENT OPTIONS**

Section 5.1. Investment Election.

(a) Investment Elections. Subject to subsection (b) and unless otherwise determined by the Administrator, amounts credited to a Participant's Account shall reflect the investment experience of the Investment Options selected by the Participant. The Participant may make an initial investment election at the time of enrollment in the Plan in whole increments of one percent (1%).

In addition, the investment elections in effect for a Participant under the Prior Plan, if any, as of immediately prior to the Effective Date, shall apply to the Participant's Account hereunder on the Effective Date, without action by the Participant; *provided* that a Participant's investment election with respect to an Investment Option that is not offered under the Adient US LLC Savings and Investment (401k) Plan on the Effective Date shall be automatically changed to the default fund specified for such plan.

Subject to subsection (b), a Participant may also elect to reallocate his or her Account, and may elect to allocate any future Deferrals, among the various Investment Options in whole increments of one percent (1%) from time to time as prescribed by the Administrator. Such investment elections shall remain in effect until changed by the Participant. All investment elections shall become effective as soon as practicable after receipt of such election by the Administrator, and must be made in the form and manner and within such time periods as the Administrator prescribes in order to be effective. In the absence of an effective investment election, the Participant's Account (to the extent the Plan does not require Deferrals to be allocated to the Share Unit Account) shall be deemed invested in the default fund specified for the Adient US LLC Savings and Investment (401k) Plan (or any successor plan thereto).

Notwithstanding the foregoing, unless otherwise determined by the Administrator, Share Deferrals or Other Incentive Compensation measured in relation to a Share (including measured in relation to Shares of Johnson Controls International plc with respect to awards made prior to the Effective Date) shall be automatically invested in the Share Unit Account and may be re-allocated out of such Investment Option only after the Share Deferrals or Other Incentive Compensation are either vested or earned, subject to any additional restrictions on re-allocation as may be imposed by the Company.

(b) Crediting of Investment Return. On each Valuation Date, the Administrator (or its designee) shall credit the deemed investment experience with respect to the

selected (or required) Investment Options to each Participant's Account. Notwithstanding anything herein to the contrary, the Company retains the right to allocate actual amounts hereunder without regard to a Participant's request.

Section 5.2. Allocations to Investment Options. All Deferrals will be allocated to a Participant's Account and deemed invested in an Investment Option as of the date on which the deferrals would have otherwise been paid to the Participant.

Section 5.3. Valuation of Share Unit Account. When any amounts are to be allocated to a Share Unit Account (whether in the form of Deferrals or amounts that are deemed re-allocated from another Investment Option), such amount shall be converted to whole and fractional Share Units, with fractional units calculated to three decimal places, by dividing the amount to be allocated by the Fair Market Value of a Share on the effective date of such allocation. If any dividends or other distributions are paid on Shares while a Participant has Share Units credited to his or her Account, such Participant shall be credited with additional Share Units equal to (a) the amount of the cash dividend paid or Fair Market Value of other property distributed on one Share, multiplied by the number of Share Units credited to the Participant's Share Unit Account on the date the dividend is declared, and then divided by (b) the Fair Market Value of a Share on the date the dividend is paid or distributed. Any other provision of this Plan to the contrary notwithstanding, if a dividend is paid on Shares in the form of a right or rights to purchase shares of capital stock of the Company or any entity acquiring the Company, no additional Share Units shall be credited to the Participant's Share Unit Account with respect to such dividend, but each Share Unit credited to a Participant's Share Unit Account at the time such dividend is paid, and each Share Unit thereafter credited to the Participant's Share Unit Account at a time when such rights are attached to Shares, shall thereafter be valued as of any point in time on the basis of the aggregate of the then Fair Market Value of one Share plus the then Fair Market Value of such right or rights then attached to one Share.

With respect to Share Units credited as part of the opening balance of a Participant's Account hereunder on the Effective Date, such Share Units shall be credited as a combination of Johnson Controls International plc shares and Adient plc shares. Thereafter, the Share Units relating to Johnson Controls International plc shares shall be allocated to a separate subaccount, which shall be subject to the terms and conditions of this Plan (including the right to receive additional Share Units with respect to Johnson Controls International plc shares whenever a dividend is declared on Johnson Controls International plc shares), except that a Participant may only elect to re-allocate out of the subaccount relating to Johnson Controls International plc shares. For clarity, if a Participant has made a deferral election with respect to awards granted prior to the Effective Date that are settled in, or measured in relation to, Johnson Controls International plc shares, such deferred amounts shall be credited to the Share Unit Account as Adient plc share units.

In the event of any merger, share exchange, reorganization, consolidation, recapitalization, stock dividend, stock split or other change in corporate structure of Adient plc (or Johnson Controls International plc) affecting Shares, the Committee may make appropriate equitable adjustments with respect to the Share Units credited to the Share Unit Account of each Participant, including without limitation, adjusting the date as of which such units are valued and/or distributed, as the Committee determines is necessary or desirable to prevent the dilution or enlargement of the benefits intended to be provided under the Plan.

Section 5.4. Securities Law Restrictions. Notwithstanding anything to the contrary herein, all elections under Article 4 or 5 by a Participant who is subject to Section 16 of the Exchange Act are subject to review by the Administrator prior to implementation. The Administrator may restrict additional transactions, rescind transactions, or impose other rules and procedures, to the extent deemed desirable by the Administrator in order to comply with the Exchange Act, including, without limitation, application of the review and approval provisions of this Section 5.4 to Participants who are not subject to Section 16 of the Exchange Act.

Section 5.5. No Shareholder Rights With Respect to Share Units. Participants shall have no rights as a stockholder pertaining to Share Units credited to their Accounts.

Section 5.6. Accounts are For Record Keeping Purposes Only. Plan Accounts and the record keeping procedures described herein serve solely as a device for determining the amount of benefits accumulated by a Participant under the Plan, and shall not constitute or imply an obligation on the part of the Company or any Affiliate to fund such benefits.

ARTICLE 6. **DISTRIBUTION OF ACCOUNTS**

Section 6.1. Form of Distribution. A Participant, at the time he or she makes an initial deferral election under the Plan pursuant to any provision of Article 4, shall elect the form of distribution with respect to each of the following sub-accounts:

- (a) Annual Incentive Deferrals, including interest, earnings or losses thereon.
- (b) Long-Term Incentive Deferrals, including interest, earnings or losses thereon.
- (c) Share Deferrals, as adjusted for gains or losses thereon, that are held in the Participant's Share Unit Account as of that date. Notwithstanding the foregoing, if a Participant receives a single lump sum payment of his or her vested Share Deferrals under the Plan, any Share Deferrals vesting after such payment date shall be paid in a single lump sum promptly (but not more than seventy-five (75) days) after the vesting date.
- (d) Other Incentive Compensation Deferrals, including interest, earnings or losses thereon.
- (e) Base Salary Deferrals, including interest, earnings or losses thereon.

Such election shall be made in such form and manner as the Administrator may prescribe, and shall be irrevocable. The election shall specify whether distributions shall be made in a single lump sum or from two (2) to ten (10) annual installments. In the absence of a distribution election with respect to a particular subaccount, payment shall be made in ten (10) annual installments.

Notwithstanding the foregoing, subject to Section 6.5, a Participant's distribution elections in effect under the Prior Plan as of immediately prior to the Effective Date shall automatically apply hereunder on the Effective Date with respect to any deferrals subject to such elections. Such a Participant shall be permitted, however, to make a new distribution election for

Share Deferrals that are subject to deferral elections made hereunder on and after the Effective Date.

Section 6.2. Time of Distribution. Upon a Participant's Separation from Service for any reason, the Participant, or his or her Beneficiary in the event of his or her death, shall be entitled to payment of the amount accumulated in such Participant's Account in cash.

Section 6.3. Manner of Distribution. The Participant's relevant sub-accounts shall be paid in cash in the following manner:

- (a) Lump Sum. If payment is to be made in a lump sum,
 - (1) for those Participants whose Separation from Service occurs from January 1 through June 30 of a year, payment shall be made in the first calendar quarter of the following year, and
 - (2) for those Participants whose Separation from Service occurs from July 1 through December 31 of a year, payment shall be made in the third calendar quarter of the following year.

The lump sum payment shall equal the balance of the Participant's sub-account as of the Valuation Date immediately preceding the distribution date.

- made:
- (b) Installments. If payment is to be made in annual installments, the first annual payment shall be
 - (1) for those Participants whose Separation from Service occurs from January 1 through June 30 of a year, in the first calendar quarter of the following year, and
 - (2) for those Participants whose Separation from Service occurs during the period from July 1 through December 31 of a year, in the third calendar quarter of the following year.

The amount of the first annual payment shall equal the value of 1/10th (or 1/9th, 1/8th, 1/7th, etc. depending on the number of installments elected) of the balance of the Participant's sub-account as of the Valuation Date immediately preceding the distribution date. All subsequent annual payments shall be made on or around the anniversary of the initial payment date of each subsequent calendar year, and shall be in an amount equal to the value of 1/9th (or 1/8th, 1/7th, 1/6th, etc. depending on the number of installments elected) of the balance of the Participant's sub-account as of the Valuation Date immediately preceding the distribution date. The final annual installment payment shall equal the then remaining balance of such sub-account as of the Valuation Date preceding such final payment date.

Notwithstanding the foregoing provisions, if the balance of a Participant's Account as of the Valuation Date immediately preceding a distribution date is \$50,000 or less, then the entire remaining balance of the Participant's Account shall be paid in a lump sum on such distribution date.

Section 6.4. Death Benefit.

(a) In the event of the Participant's death prior to receiving all payments due under this Article 6, the balance of the Participant's Account shall be paid to the Participant's Beneficiary in a lump sum in the first calendar quarter or the third calendar quarter, whichever first occurs after the Participant's death. Notwithstanding the foregoing, if the Administrator cannot make payment at such time because the Administrator has not received all information needed to authorize such payment (such as a copy of the Participant's death certificate), then the Administrator shall make payment to the Beneficiary as soon as practicable after it has received all information necessary to make such payment, *provided* that payment in all events must be made by December 31 of the year following the year of the Participant's death in order to avoid additional taxes under Code Section 409A.

(b) Each Participant may designate a Beneficiary in such form and manner and within such time periods as the Administrator may prescribe. Notwithstanding the foregoing, the beneficiary designation in effect under the Prior Plan as of immediately prior to the Effective Date, shall automatically apply for purposes of this Plan on the Effective Date. A Participant can change his or her beneficiary designation at any time, *provided* that each beneficiary designation shall revoke the most recent designation, and the last designation received by the Administrator while the Participant was alive shall be given effect. If a Participant designates a Beneficiary without providing in the designation that the Beneficiary must be living at the time of distribution, the designation shall vest in the Beneficiary the distribution payable after the Participant's death, and such distribution if not paid by the Beneficiary's death shall be made to the Beneficiary's estate. In the event there is no valid beneficiary designation in effect at the time of the Participant's death, in the event the Participant's designated Beneficiary does not survive the Participant, or in the event that the beneficiary designation provides that the Beneficiary must be living at the time of distribution and such designated Beneficiary does not survive to the distribution date, the Participant's estate will be deemed the Beneficiary and will be entitled to receive payment. If a Participant designates his or her spouse as a beneficiary, such beneficiary designation automatically shall become null and void on the date the Administrator receives notice of the Participant's divorce or legal separation.

Section 6.5. Special Election Provision for Participants on Effective Date. Notwithstanding anything herein to the contrary, a Participant on the Effective Date who was a participant in the Prior Plan immediately prior to the Effective Date may elect to change his or her distribution election made with respect to prior deferred compensation (including deferred compensation for which a deferral election was made under the Prior Plan, but which has not yet been credited to a sub-account hereunder) in accordance with the following: (a) such new election must be made by deadline and pursuant to such procedures as the Committee may prescribe, provided an election may not be made later than December 31, 2016, (b) such new election will be given effect only if the Participant does not incur a Separation from Service for twelve (12) months after such new election is made, and (c) such new election shall result in the deferred amounts to which they apply being distributed (or beginning to be distributed if installments are elected) on the fifth anniversary of the Participant's Separation from Service. If a new election is filed hereunder, then the provisions of this Plan (such as the investment provisions) shall continue to apply to the relevant sub-account(s) during the 5-year redeferral

period, and payments shall be made in accordance with Section 6.3, but applied by substituting the “fifth anniversary of the Separation from Service” for “Separation from Service” thereunder.

ARTICLE 7.

ADDITIONAL PAYMENT PROVISIONS

Section 7.1. Acceleration of Payment. Notwithstanding the foregoing:

(a) If an amount deferred under this Plan is required to be included in income under Code Section 409A prior to the date such amount is actually distributed, a Participant shall receive a distribution, in a lump sum within ninety (90) days after the Plan fails to meet the requirements of Code Section 409A, of the amount required to be included in the Participant’s income as a result of such failure.

(b) If an amount under the Plan is required to be immediately distributed in a lump sum under a domestic relations order within the meaning of Code Section 414(p)(1)(B), it may be distributed according to the terms of such order, *provided* the Participant holds the Administrator harmless with respect to such distribution. The Plan shall not distribute amounts required to be distributed under a domestic relations order other than in the limited circumstance specifically stated herein.

Section 7.2. Delay in Payment. Notwithstanding the foregoing:

(a) If a distribution required under the terms of this Plan would jeopardize the ability of the Company or an Affiliate to continue as a going concern, the Company or the Affiliate shall not be required to make such distribution. Rather, the distribution shall be delayed until the first date that making the distribution does not jeopardize the ability of the Company or of an Affiliate to continue as a going concern. Any distribution delayed under this provision shall be treated as made on the date specified under the terms of this Plan.

(b) If the distribution will violate the terms of Section 16(b) of the Exchange Act or other U.S. federal securities laws, or any other applicable law, then the distribution shall be delayed until the earliest date on which making the distribution will not violate such law.

ARTICLE 8.

NON-ALIENATION OF PAYMENTS

Except as specifically provided herein, benefits payable under the Plan shall not be subject in any manner to alienation, sale, transfer, assignment, pledge, attachment, garnishment or encumbrance of any kind. Any attempt to alienate, sell, transfer, assign, pledge or otherwise encumber any such benefit payment, whether currently or thereafter payable, shall not be recognized by the Administrator or the Company. Any benefit payment due hereunder shall not in any manner be liable for or subject to the debts or liabilities of any Participant or other person entitled thereto. If any such person shall attempt to alienate, sell, transfer, assign, pledge or encumber any benefit payments to be made to that person under the Plan or any part thereof, or if by reason of such person’s bankruptcy or other event happening at any time, such payments would devolve upon anyone else or would not be enjoyed by such person, then the Administrator, in its discretion, may terminate such person’s interest in any such benefit

payment, and hold or apply it to or for the benefit of that person, the spouse, children or other dependents thereof, or any of them, in such manner as the Administrator deems proper.

ARTICLE 9. **LIMITATION OF RIGHTS**

Section 9.1. No Right to Employment. Participation in this Plan, or any modifications thereof, or the payments of any benefits hereunder, shall not be construed as giving to any person any right to be retained in the service of the Company or any Affiliate, limiting in any way the right of the Company or any Affiliate to terminate such person's employment at any time, evidencing any agreement or understanding that the Company or any Affiliate will employ such person in any particular position or any particular rate of compensation or guaranteeing such person any right to receive any other form or amount of remuneration from the Company or any Affiliate.

Section 9.2. No Right to Benefits.

(a) **Unsecured Claim.** The right of a Participant or his or her Beneficiary to receive a distribution hereunder shall be an unsecured claim, and neither the Participant nor any Beneficiary shall have any rights in or against any amount credited to his or her Account or any other specific assets of the Company or an Affiliate. The right of a Participant or Beneficiary to the payment of benefits under this Plan shall not be assigned, encumbered, or transferred, except as permitted under Section 6.4(b). The rights of a Participant hereunder are exercisable during the Participant's lifetime only by him or her or his or her guardian or legal representative.

(b) **Contractual Obligation.** The Company or an Affiliate may authorize the creation of a trust or other arrangements to assist it in meeting the obligations created under the Plan, subject to the restrictions on funding such trust or arrangement imposed by Code Sections 409A(b)(2) or (3). However, any liability to any person with respect to the Plan shall be based solely upon any contractual obligations that may be created pursuant to the Plan. No obligation of the Company or an Affiliate shall be deemed to be secured by any pledge of, or other encumbrance on, any property of the Company or any Affiliate. Nothing contained in this Plan and no action taken pursuant to its terms shall create or be construed to create a trust of any kind, or a fiduciary relationship between the Company or an Affiliate and any Participant or Beneficiary, or any other person.

ARTICLE 10. **AMENDMENT OR TERMINATION**

Section 10.1. Amendment. The Committee may at any time amend the Plan, including but not limited to modifying the terms and conditions applicable to (or otherwise eliminating) Deferrals to be made on or after the amendment date to the extent not prohibited by Code Section 409A; *provided, however*, that no amendment may reduce or eliminate any vested Account balance accrued to the date of such amendment (except as such Account balance may be reduced as a result of investment losses allocable to such Account) without a Participant's consent except as otherwise specifically provided herein; and *provided further* that the Board must approve any amendment that is required to be approved by the Board by any applicable law

or the listing requirements of the national securities exchange upon which the ordinary shares of Adient plc are then traded. In addition, the Administrator may at any time amend the Plan to make administrative changes and changes necessary to comply with applicable law.

(a) Termination. The Committee may terminate the Plan in accordance with the following provisions. Upon termination of the Plan, any deferral elections then in effect shall be cancelled to the extent permitted by Code Section 409A. Upon termination of the Plan, the Committee may authorize the payment of all amounts accrued under the Plan in a single lump sum payment without regard to any distribution election then in effect, only in the following circumstances:

- (1) The Plan is terminated within twelve (12) months of a corporate dissolution taxed under Code Section 331, or with the approval of a bankruptcy court pursuant to 11 U.S.C. Section 503(b)(1)(A). In such event, the single lump sum payment must be distributed by the latest of: (A) the last day of the calendar year in which the Plan termination occurs, (B) the first calendar year in which the amount is no longer subject to a substantial risk of forfeiture, or (C) the first calendar year in which payment is administratively practicable.
- (2) The Plan is terminated at any other time, *provided* that such termination does not occur proximate to a downturn in the financial health of the Company or an Affiliate, and all other plans required to be aggregated with this Plan under Code Section 409A are also terminated and liquidated. In such event, the single sum payment shall be paid no earlier than twelve (12) months (and no later than twenty-four (24) months) after the date of the Plan's termination. Notwithstanding the foregoing, any payment that would otherwise be paid during the twelve (12)-month period beginning on the Plan termination date pursuant to the terms of the Plan shall be paid in accordance with such terms. In addition, the Company or any Affiliate shall be prohibited from adopting a similar arrangement within three (3) years following the date of the Plan's termination.

ARTICLE 11.
SPECIAL RULES APPLICABLE IN THE EVENT OF A
CHANGE OF CONTROL

Section 11.1. Acceleration of Payments. Notwithstanding any other provision of this Plan, each Participant (or any Beneficiary thereof entitled to receive payments hereunder), including Participants (or Beneficiaries) receiving installment payments under the Plan, shall receive a lump sum payment in cash of all amounts accumulated in such Participant's Account within ninety (90) days following the Change of Control.

In determining the amount accumulated in a Participant's Share Unit Account related to Shares of Adient plc, each Share Unit shall have a value equal to the higher of (a) the highest reported sales price, regular way, of such a Share on the Composite Tape for New York

Stock Exchange Listed Stocks (or such other national securities exchange that is the primary exchange on which the Shares are listed) during the sixty (60)-day period prior to the date of the Change of Control and (b) if the Change of Control is the result of a transaction or series of transactions described in Section 8.2(a), the highest price per Share paid in such transaction or series of transactions.

Section 11.2. Definition of a Change of Control. A Change of Control means any of the following events, provided that each such event would constitute a change of control within the meaning of Code Section 409A:

(a) The acquisition by any Person (as defined below) of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of thirty-five percent (35%) or more of either (1) the then-outstanding Shares of Adient plc (the “Outstanding Adient Ordinary Shares”) or (2) the combined voting power of the then-outstanding voting securities of Adient plc entitled to vote generally in the election of directors (the “Outstanding Adient Voting Securities”); *provided, however*, that the following acquisitions shall not constitute a Change of Control: (A) any acquisition directly from Adient plc, (B) any acquisition by Adient plc, (C) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by Adient plc or any Affiliate or (D) any acquisition by any corporation pursuant to a transaction that complies with subsections (c)(1)-(3);

(b) Any time at which individuals who, as of the Effective Date, constitute the Board (the “Incumbent Board”) cease for any reason to constitute at least a majority of the Board; *provided, however*, that any individual becoming a director subsequent to the date hereof whose election, or nomination for election by Adient plc’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 an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board;

(c) Consummation of a reorganization, merger, statutory share exchange or consolidation or similar corporate transaction, whether by way of scheme of arrangement or otherwise, involving Adient plc or any of its subsidiaries, a sale or other disposition of all or substantially all of the assets of Adient plc, or the acquisition of assets or shares of another entity by Adient plc or any of its subsidiaries (each, a “Business Combination”), in each case unless, following such Business Combination, (1) all or substantially all of the individuals and entities that were the beneficial owners of the Outstanding Adient Ordinary Shares and the Outstanding Adient Voting Securities immediately prior to such Business Combination beneficially own, directly or indirectly, more than fifty percent (50%) of the then-outstanding common or ordinary shares 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 (including, without limitation, a corporation that, as a result of such transaction, owns Adient plc or all or substantially all of Adient plc’s assets either

directly or through one or more subsidiaries) in substantially the same proportions as their ownership immediately prior to such Business Combination of the Outstanding Adient Ordinary Shares and the Outstanding Adient Voting Securities, as the case may be, (2) no Person (excluding any corporation resulting from such Business Combination or any employee benefit plan (or related trust) of Adient plc or an Affiliate or such corporation resulting from such Business Combination) beneficially owns, directly or indirectly, thirty-five percent (35%) or more of, respectively, the then-outstanding shares of common or ordinary shares of the corporation resulting from such Business Combination or the combined voting power of the then-outstanding voting securities of such corporation, except to the extent that such ownership existed prior to the Business Combination, and (3) at least a majority of the members of the board of directors of the corporation 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

(d) Approval by the shareholders of Adient plc of a complete liquidation or dissolution of Adient plc.

For purposes hereof, the term “Person” means any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Exchange Act).

Section 11.3. Maximum Payment Limitation.

(a) **Limit on Payments.** Except as provided in subsection (b) below, if any portion of the payments or benefits described in this Plan or under any other agreement with or plan of the Company or an Affiliate (in the aggregate, “Total Payments”), would constitute an “excess parachute payment”, then the Total Payments to be made to the Participant shall be reduced such that the value of the aggregate Total Payments that the Participant is entitled to receive shall be one dollar (\$1) less than the maximum amount which the Participant may receive without becoming subject to the tax imposed by Section 4999 of the Code or which the Company may pay without loss of deduction under Section 280G(a) of the Code. The terms “excess parachute payment” and “parachute payment” shall have the meanings assigned to them in Section 280G of the Code, and such “parachute payments” shall be valued as provided therein. Present value shall be calculated in accordance with Section 280G(d)(4) of the Code. Within forty (40) days following delivery of notice by the Company to the Participant of its belief that there is a payment or benefit due the Participant which will result in an excess parachute payment, the Participant and the Company, at the Company’s expense, shall obtain the opinion (which need not be unqualified) of nationally recognized tax counsel selected by the Company’s independent auditors and acceptable to the Participant in his or her sole discretion (which may be regular outside counsel to the Company), which opinion sets forth (1) the amount of the Base Period Income, (2) the amount and present value of Total Payments and (3) the amount and present value of any excess parachute payments determined without regard to the limitations of this Section. As used in this Section, the term “Base Period Income” means an amount equal to the Participant’s “annualized includible compensation for the base period” as defined in Section 280G(d)(1) of the Code. For purposes of such opinion, the value of any noncash benefits or any deferred payment or benefit shall be determined by the Company’s independent auditors in accordance with the principles of Sections 280G(d)(3) and (4) of the Code, which determination

shall be evidenced in a certificate of such auditors addressed to the Company and the Participant. Such opinion shall be addressed to the Company and the Participant and shall be binding upon the Company and the Participant. If such opinion determines that there would be an excess parachute payment, the payments hereunder that are includible in Total Payments or any other payment or benefit determined by such counsel to be includible in Total Payments shall be reduced or eliminated as specified by the Participant in writing delivered to the Company within thirty (30) days of his or her receipt of such opinion or, if the Participant fails to so notify the Company, then as the Company shall reasonably determine, so that under the bases of calculations set forth in such opinion there will be no excess parachute payment. If such legal counsel so requests in connection with the opinion required by this Section, the Participant and the Company shall obtain, at the Company's expense, and the legal counsel may rely on in providing the opinion, the advice of a firm of recognized executive compensation consultants as to the reasonableness of any item of compensation to be received by the Participant. If the provisions of Sections 280G and 4999 of the Code are repealed without succession, then this Section shall be of no further force or effect.

(b) Employment Contract Governs. The provisions of subsection (a) above shall not apply to a Participant whose employment is governed by an employment contract that provides for Total Payments in excess of the limitation described in subsection (a) above.

ARTICLE 12. **ERISA PROVISIONS**

Section 12.1. Claims Procedures.

(a) Initial Claim. If a Participant or Beneficiary (the "claimant") believes that he or she is entitled to a benefit under the Plan that is not provided, the claimant or his or her legal representative shall file a written claim for such benefit with the Administrator within ninety (90) days of the date the payment that is in dispute should have been made. The Administrator shall review the claim and render a decision within ninety (90) days following the receipt of the claim; *provided* that the Administrator may determine that an additional ninety (90)-day extension is necessary due to circumstances beyond the Administrator's control, in which event the Administrator shall notify the claimant prior to the end of the initial period that an extension is needed, the reason therefor, and the date by which the Administrator expects to render a decision. If the claimant's claim is denied in whole or part, the Administrator shall provide written notice to the claimant of such denial. The written notice shall include: the specific reason(s) for the denial; reference to specific Plan provisions upon which the denial is based; a description of any additional material or information necessary for the claimant to perfect the claim and an explanation of which such material or information is necessary; and a description of the Plan's review procedures (as set forth in subsection (b)) and the time limits applicable to such procedures, including a statement of the claimant's right to bring a civil action under Section 502(a) of ERISA following an adverse determination upon review.

(b) Request for Appeal. The claimant has the right to appeal the Administrator's decision by filing a written appeal to the Administrator within sixty (60) days after the claimant's receipt of the Administrator's decision, although to avoid penalties under Code Section 409A, the claimant's appeal must be filed within one hundred eighty (180) days of

the date payment could have been timely made in accordance with the terms of the Plan and pursuant to Regulations promulgated under Code Section 409A. The claimant will have the opportunity, upon request and free of charge, to have reasonable access to and copies of all documents, records and other information relevant to the claimant's appeal. The claimant may submit written comments, documents, records and other information relating to his or her claim with the appeal. The Administrator will review all comments, documents, records and other information submitted by the claimant relating to the claim, regardless of whether such information was submitted or considered in the initial claim determination. The Administrator shall make a determination on the appeal within sixty (60) days after receiving the claimant's written appeal; *provided* that the Administrator may determine that an additional sixty (60)-day extension is necessary due to circumstances beyond the Administrator's control, in which event the Administrator shall notify the claimant prior to the end of the initial period that an extension is needed, the reason therefor and the date by which the Administrator expects to render a decision. If the claimant's appeal is denied in whole or part, the Administrator shall provide written notice to the claimant of such denial. The written notice shall include: the specific reason(s) for the denial; reference to specific Plan provisions upon which the denial is based; a statement that the claimant is entitled to receive, upon request and free of charge, reasonable access to and copies of all documents, records, and other information relevant to the claimant's claim; and a statement of the claimant's right to bring a civil action under section 502(a) of ERISA. If the claimant does not receive a written decision within the time period(s) described above, the appeal shall be deemed denied on the last day of such period(s).

Section 12.2. ERISA Fiduciary. For purposes of ERISA, the Committee shall be considered the named fiduciary under the Plan and the plan administrator, except with respect to claims and appeals, for which the Administrator shall be considered the named fiduciary.

ARTICLE 13. **TAX WITHHOLDING**

The Company or any Affiliate shall have the right to deduct from any deferral or payment made hereunder, or from any other amount due a Participant, the amount of cash sufficient to satisfy the Company's or Affiliate's foreign, federal, state or local income tax withholding obligations with respect to such deferral (or vesting thereof) or payment. In addition, if prior to the date of distribution of any amount hereunder, the Federal Insurance Contributions Act (FICA) tax imposed under Code Sections 3101, 3121(a) and 3121(v)(2), where applicable, becomes due, the Participant's Account balance shall be reduced by the amount needed to pay the Participant's portion of such tax, plus an amount equal to the withholding taxes due under federal, state or local law resulting from the payment of such FICA tax, and an additional amount to pay the additional income tax at source on wages attributable to the pyramiding of the Code Section 3401 wages and taxes, but no greater than the aggregate of the FICA tax amount and the income tax withholding related to such FICA tax amount.

ARTICLE 14. **OFFSET**

The Company or any Affiliate shall have the right to offset from any amount payable hereunder (at the time such amount would have otherwise been paid) any amount that

the Participant owes to the Company or to any Affiliate without the consent of the Participant (or his or her Beneficiary, in the event of the Participant's death).

ARTICLE 15. **SUCCESSIONS**

All obligations of the Company or any Affiliate under the Plan shall be binding on any successor to the Company or such Affiliate, whether the existence of such successor is the result of a direct or indirect purchase, merger, consolidation or otherwise, of all or substantially all of the business and/or assets of the Company or such Affiliate.

ARTICLE 16. **DISPUTE RESOLUTION**

Section 16.1. Governing Law. This Plan is intended to be a plan of deferred compensation maintained for a select group of management or highly compensated employees as that term is used in ERISA, and shall be interpreted so as to comply with the applicable requirements thereof. In all other respects, the Plan is to be construed and its validity determined according to the laws of the State of New York (without reference to conflict of law principles thereof) to the extent such laws are not preempted by federal law.

Section 16.2. Limitation on Actions. Any action or other legal proceeding under ERISA with respect to the Plan may be brought only after the claims and appeals procedures of Section 9.4 are exhausted and only within the period ending on the earlier of (a) one year after the date the claimant receives notice of a denial or deemed denial upon appeal under Section 9.4(b), or (b) the expiration of the applicable statute of limitations period under applicable federal law. Any action or other legal proceeding not adjudicated under ERISA must be arbitrated in accordance with the provisions of Section 16.3.

Section 16.3. Arbitration.

(a) Application. Notwithstanding any employee agreement in effect between a Participant and the Company or any Affiliate, if a Participant or Beneficiary brings a claim that relates to benefits under this Plan that is not covered under ERISA, and regardless of the basis of the claim (including but not limited to, actions under Title VII, wrongful discharge, breach of employment agreement, etc.), such claim shall be settled by final binding arbitration in accordance with the rules of the American Arbitration Association ("AAA") and judgment upon the award rendered by the arbitrator may be entered in any court having jurisdiction thereof.

(b) Initiation of Action. Arbitration must be initiated by serving or mailing a written notice of the complaint to the other party. Normally, such written notice should be provided to the other party within one year (365 days) after the day the complaining party first knew or should have known of the events giving rise to the complaint. However, this time frame may be extended if the applicable statute of limitation provides for a longer period of time. If the complaint is not properly submitted within the appropriate time frame, all rights and claims that the complaining party has or may have against the other party shall be waived and void. Any notice sent to the Company shall be delivered to:

Office of General Counsel
Adient US LLC
833 East Michigan Street, Suite 1100
Milwaukee, WI 53202

The notice must identify and describe the nature of all complaints asserted and the facts upon which such complaints are based. Notice will be deemed given according to the date of any postmark or the date of time of any personal delivery.

(c) Compliance with Personnel Policies. Before proceeding to arbitration on a complaint, the Participant or Beneficiary must initiate and participate in any complaint resolution procedure identified in the Company's or Affiliate's personnel policies. If the claimant has not initiated the complaint resolution procedure before initiating arbitration on a complaint, the initiation of the arbitration shall be deemed to begin the complaint resolution procedure. No arbitration hearing shall be held on a complaint until any applicable Company or Affiliate complaint resolution procedure has been completed.

(d) Rules of Arbitration. All arbitration will be conducted by a single arbitrator according to the Employment Dispute Arbitration Rules of the AAA. The arbitrator will have authority to award any remedy or relief that a court of competent jurisdiction could order or grant including, without limitation, specific performance of any obligation created under policy, the awarding of punitive damages, the issuance of any injunction, costs and attorney's fees to the extent permitted by law, or the imposition of sanctions for abuse of the arbitration process. The arbitrator's award must be rendered in a writing that sets forth the essential findings and conclusions on which the arbitrator's award is based.

(e) Representation and Costs. Each party may be represented in the arbitration by an attorney or other representative selected by the party. The Company or Affiliate shall be responsible for its own costs, the AAA filing fee and all other fees, costs and expenses of the arbitrator and AAA for administering the arbitration. The claimant shall be responsible for his or her attorney's or representative's fees, if any. However, if any party prevails on a statutory claim which allows the prevailing party costs and/or attorneys' fees, the arbitrator may award costs and reasonable attorneys' fees as provided by such statute.

(f) Discovery; Location; Rules of Evidence. Discovery will be allowed to the same extent afforded under the Federal Rules of Civil Procedure. Arbitration will be held at a location selected by the Company. AAA rules notwithstanding, the admissibility of evidence offered at the arbitration shall be determined by the arbitrator who shall be the judge of its materiality and relevance. Legal rules of evidence will not be controlling, and the standard for admissibility of evidence will generally be whether it is the type of information that responsible people rely upon in making important decisions.

(g) Confidentiality. The existence, content or results of any arbitration may not be disclosed by a party or arbitrator without the prior written consent of both parties. Witnesses who are not a party to the arbitration shall be excluded from the hearing except to testify.

ADIENT PLC
EXECUTIVE COMPENSATION INCENTIVE
RECOUPMENT POLICY

1. Scope of this Document. This policy applies to all performance incentives awarded on or after October 31, 2016 (the “Effective Date”) to all persons (“Covered Recipients”) who, at the time of such award, are Section 16(b) officers of Adient plc (the “Company”) elected by the Board of Directors of the Company (the “Board”). Any performance incentives awarded prior to the Effective Date are not subject to this policy, but remain subject to the Company’s ability to recover amounts pursuant to applicable legal or equitable remedies under state and federal law.

For purposes hereof, “performance incentive” means any compensation payable in cash tied to performance metrics that is intended to serve as incentive for performance to occur over a period of a year or more and any performance units granted under the Company’s 2016 Omnibus Incentive Plan (or any successor plan thereto), whether settled in cash, the Company’s ordinary shares (“Shares”) or a combination thereof. A performance incentive is “awarded” on the date the Company grants the award, not on the date the award amount is ultimately determined or paid.

While in effect, this policy overrides any contrary provisions of any compensation plans or arrangements that the Company adopted or implemented before the Effective Date and any such plans or arrangements subsequently adopted or implemented, as well as any contrary provisions in any award agreements under such plans or arrangements.

The Company may recoup incentive compensation hereunder regardless of whether the Covered Recipient who received the compensation that is subject to recoupment is still employed by the Company or an affiliate on the date reimbursement or other payment is required.

2. Recoupment of Incentive Compensation. All performance incentives awarded after the Effective Date are subject to recoupment hereunder. The Compensation Committee of the Board (the “Committee”) will, unless prohibited by applicable law, require reimbursement from any Covered Recipient of (a) an amount equal to the amount of any overpayment of any such incentive paid to such Covered Recipient or (b) any excess number of Shares delivered to such Covered Recipient (or the fair market value of such excess number of Shares), with respect to a performance period if the following conditions are met:
 - The payment or the delivery of Shares was predicated upon the achievement of certain financial results with respect to the applicable performance period that were subsequently the subject of a material restatement other than a restatement due to changes in accounting policy;
-

- In the Committee's view the Covered Recipient engaged in conduct that caused or partially caused the need for the restatement; and
- A lower payment would have been made, or fewer Shares delivered, to the Covered Recipient based upon the restated financial results.

The amount required to be reimbursed shall be, in the case of a performance incentive payable in cash, the excess of the gross incentive payment made over the gross payment that would have been made if the original payment had been determined based on the restated financial results or, in the case of a performance incentive payable in Shares, the excess number of Shares delivered over the number of Shares that would have been delivered if the original number had been determined based on the restated financial results (or a cash amount equal to the fair market value of such excess number of Shares at the time of the reimbursement).

Unless prohibited by applicable law, the Company will also be entitled to, and the Committee will seek, payment by the Covered Recipient of (i) a reasonable rate of interest on any incentive that becomes subject to reimbursement hereunder and (ii) the costs of collection.

Following any accounting restatement that the Company is required to prepare due to its material noncompliance, as a result of misconduct, with any financial reporting requirement under the securities laws, the Company will also seek to recover any compensation received by its Chief Executive Officer and Chief Financial Officer that is required to be reimbursed under Section 304 of the Sarbanes-Oxley Act of 2002.

The Company will determine, in its sole discretion, the method for obtaining reimbursement and other payment from the Covered Recipient, which, subject to compliance with applicable law, may include, but is not limited to: (i) by offsetting the amount from any compensation owed by the Company or any subsidiary to the Covered Recipient (including without limitation amounts payable under a deferred compensation plan at such time as is permitted by Section 409A of the Internal Revenue Code of 1986, as amended), (ii) by reducing or eliminating future salary increases, cash incentive awards or equity awards, or (iii) by requiring the Covered Recipient to pay the amount or deliver an amount of Shares to the Company upon its written demand for such payment or delivery of Shares.

3. Administration. The Committee will have sole discretion in making all determinations hereunder, including whether the conduct of a Covered Recipient has or has not caused or partially caused the need for a restatement.
4. Binding on Successors. This policy shall be binding upon and enforceable against the Covered Recipients and their heirs, executors, administrators and legal representatives.
5. Amendment. The Committee and the Board, in their discretion, may modify or amend, in whole or in part, any or all of the provisions of this policy, and may suspend any

provision hereof from time to time.

6. Governing Law. This policy, and all rights and obligations hereunder, shall be governed by, except to the extent preempted by other applicable laws (a) with respect to the corporate law requirements of the Company and similar matters, the internal laws of Ireland (without reference to conflict of law principles thereof) and (b) with respect to all other matters arising hereunder, the internal laws of the State of New York (without reference to conflict of law principles thereof).

* * *

**JOHNSON CONTROLS, INC.
EXECUTIVE EMPLOYMENT AGREEMENT**

In consideration of the employment of the undersigned employee ("Executive") by Johnson Controls, Inc., or its affiliated companies ("Company"), it is agreed between Executive and Company as follows in lieu of any other agreements or commitments relating to such employment, whether written or oral and whether past or present, unless expressly included or incorporated herein:

1. **DUTIES.** The Company agrees to employ Executive as a manager with duties and responsibilities which the Company acting either through its Board of Directors or its Chief Executive Officer, its sole discretion believes are appropriate to Executive's skills, training and experience. Executive agrees to perform such assigned duties by devoting full time, due care, loyalty and best efforts thereto and complying with all applicable laws and the requirements of the Company's policies and procedures on employee conduct, including but not limited to the Ethics and no-harassment policies.

2. **TERM.** This Agreement will be for an initial period of one year, and will thereafter automatically renew for successive one-year periods unless terminated as provided in Section 4, replaced or amended as provided in Section 5, or superceded as provided in Section 6.

3. **COMPENSATION.** Executive shall be paid or be eligible for the base salary, bonuses, and benefits set forth in Exhibit A, subject to the terms and conditions set forth in this Section, Exhibit A and in Section 4. The salary, benefits, and bonuses will be reviewed and adjusted periodically in accordance with the Company's policies then in existence. Those policies and any benefit and bonus programs may be amended from time to time at the Company's discretion.

4. **TERMINATION.** Executive's employment with the Company may be terminated as follows, and Executive's sole right to receive compensation, benefits, or bonuses after the termination shall be exclusively as set forth below. At the time of any such termination, upon request of the Company, such Executive agrees to resign in writing from all positions and board memberships of the Company and its subsidiaries and affiliates.

(a) **DEATH.** If Executive dies during the term of this Agreement, this Agreement shall terminate and the Company shall be obligated to pay a lump sum payment equal to six (6) months of Executive's monthly base salary to the beneficiaries set out in Exhibit A, or to his estate if no beneficiaries have been designated, no later than thirty (30) days after the date of the Executive's death. However, all benefit plans or bonuses in effect upon Executive's death shall operate in accordance with their terms covering death of the Executive or terminate immediately if silent.

(b) **DISABILITY.** If Executive becomes disabled during the term of this Agreement, the Company may terminate Executive's employment and this Agreement, and Executive's sole remedy shall be to the Company's Short and Long Term Disability

Policies in effect at that time and Executive's "disability" shall be determined in accordance with such plan provisions. All other bonuses and benefits in effect at that time shall operate in accordance with their provisions relating to disability or terminate if there is no such provision.

(c) **BY EMPLOYEE.** Executive may terminate his or her employment and this Agreement at any time for any reason, including resignation or retirement. All compensation, bonuses, or benefits in effect at that time shall cease as of the date of termination, unless specifically provided otherwise with respect to voluntary terminations in the applicable bonus or benefit policies. Without limiting the Company's discretion generally, the Company specifically reserves the right to grant or not grant stock options, restricted stock, bonuses or other awards to an employee who has voluntarily terminated employment or announced his intention to do so.

(d) **FOR CAUSE.** The Company may terminate Executive for theft, dishonesty, fraudulent misconduct, violation of Section 7 or 8 of this Agreement, gross dereliction of duty, grave misconduct injurious to the Company or serious violation of the law or the Company's policies and procedures on employee conduct. In the event the Company terminates Executive for cause hereunder, the Executive shall not be due any compensation, bonuses or benefits after the Termination Date unless earned in full prior to such date in accordance with the applicable provisions of the plan or plans. The Company, if allowed by law, may set off losses, fines or damages the Executive has caused it as a result of such misconduct.

(e) **WITHOUT CAUSE.** The Company, acting through its Board of Directors or through its Chief Executive Officer, may terminate Executive for any reason other than as set out in Sec. 4. a. - d. In such an event, Executive shall receive a severance allowance under the Company's severance policy in effect at that time provided Executive signs a full release in form and substance acceptable to the Company; however, in no event shall such benefits be less than Executive's base salary for one (1) year or twice the severance payments provided under the then current severance policy, whichever is greater. The severance payment shall be paid in a single sum as soon as practicable, but in no event more than ten (10) business days, following the date of Executive's separation from service. Executive shall also receive any bonus or benefits in effect at that time under plan provisions for terminations without cause or none if such plans are silent. For purposes hereof, whether Executive has separated from service will be determined pursuant to the provisions of Section 409A of the Internal Revenue Code of 1986, as amended, which will generally occur when the Executive terminates employment from the Company and its affiliates (within the meaning of Section 414(b) and (c) of the Internal Revenue Code of 1986, as amended, provided that the phrase "at least 50 percent" shall be used in place of "at least 80 percent" each place it appears in the regulations thereunder). Executive will be presumed to have terminated employment when the level of bona fide services provided by Executive to the Company and its affiliates permanently decreases to a level of twenty percent (20%) or less of the level of services rendered by Executive, on average, during the immediately preceding 36 months (or such lesser period of service); provided that if Executive takes a leave of absence from the Company or an affiliate for purposes

of military leave, sick leave or other bona fide leave of absence. Executive will not be deemed to have a separation from service for the first six (6) months of the leave of absence, or if longer, for so long as Executive's right to reemployment is provided either by statute or by contract; provided that if the leave of absence is due to Executive's medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of six (6) months or more, and such impairment causes Executive to be unable to perform the duties of his position with the Company or an affiliate or a substantially similar position of employment, then the leave period may be extended for up to a total of twenty-nine (29) months without causing a separation from service.

5. **AMENDMENT.** The Company may at any time in its discretion amend, modify or replace this Agreement; however, such changes shall not reduce the benefits provided Executive for termination without cause under Sec. 4.e.

6. **CHANGE OF CONTROL.** In the event there is a "change of control" in the Company, as such term is defined in the Agreement attached as Exhibit B, then the Agreement set forth in Exhibit B shall supersede and replace this Agreement in all respects.

7. **NONCOMPETITION.** (a) Executive agrees that for a period of one year after the termination of active employment hereunder, he shall not, except as permitted by the Company's prior written consent, in any capacity in which Confidential Information or Trade Secrets of the Company would reasonably be regarded as useful, engage in, be employed by, or in any way advise or act for any business which is a competitor of the Company with respect to the products or services provided by any division or group within the Company to which Executive devoted substantial attention in the year preceding termination of employment with the Company, and within the national and international geographic markets served by any such division or group. This restriction shall also apply to any ownership or other financial interest in such a competitor except the ownership of less than five percent of the shares of any corporation whose shares are listed on a recognized stock exchange or trade in an over-the-counter market. Depending on the scope of Executive's responsibilities in the year preceding termination of employment with the Company, this covenant could potentially apply to a geographic area coextensive with the Company's operations, including but not limited to all of North America and the European Economic Community. This covenant shall survive the termination of this Agreement.

(b) **REMEDIES.** The Executive acknowledges and agrees that the terms of Section 7 and 8: (i) are reasonable in geographic and temporal scope, (ii) are necessary to protect legitimate proprietary and business interests of the Company in, inter alia, near permanent customer relationships and confidential information. The Executive further acknowledges and agrees that (x) the Executive's breach of the provisions of Section 7 will cause the Company irreparable harm, which cannot be adequately compensated by money damages, and (y) if the Company elects to prevent the Executive from breaching such provisions by obtaining an injunction against the

Executive, there is a reasonable probability of the Company's eventual success on the merits. The Executive consents and agrees that if the Executive commits any such breach or threatens to commit any breach, the Company shall be entitled to temporary and permanent injunctive relief from a court of competent jurisdiction, in addition to, and not in lieu of, such other remedies as may be available to the Company for such breach, including the recovery of money damages. The Parties further acknowledge and agree that the provisions of Section 10(d) below are accurate and necessary because (A) this Agreement is entered into in the State of Wisconsin, (B) as of the Effective Date, Wisconsin will have a substantial relationship to the Parties and to this transaction, (C) as of the date of this Agreement, Wisconsin is the headquarters state of the Company, which has operations globally and has a compelling interest in having its employees treated uniformly, (D) the use of Wisconsin law provides certainty to the Parties in any covenant litigation in the United States, and (E) enforcement of the provision of this Section 7 would not violate any fundamental public policy of Wisconsin or any other jurisdiction. If any of the provisions of Sections 7 or 8 are determined to be wholly or partially unenforceable, the Executive hereby agrees that this Agreement or any provision hereof may be reformed so that it is enforceable to the maximum extent permitted by law. If any of the provisions of Sections 7 or 8 are determined to be wholly or partially unenforceable in any jurisdiction, such determination shall not be a bar to or in any way diminish the Company's right to enforce any such covenant in any other jurisdiction.

8. **CONFIDENTIAL INFORMATION.** (a) The Executive shall hold in a fiduciary capacity for the benefit of the Company all secret or confidential information, knowledge or data relating to the Company or any of its affiliated companies, and their respective businesses, which shall have been obtained by the Executive during the Executive's employment by the Company or any of its affiliated companies and which shall not be or become public knowledge (other than by acts by the Executive or representatives of the Executive in violation of this Agreement). During employment and for two years after termination of the Executive's employment with the Company, the Executive, except as may otherwise be required by law or legal process, shall not use any such information except on behalf of the Company and shall not communicate or divulge any such information, knowledge or data to anyone other than the Company and those designated by it. This covenant shall survive the termination of this Agreement. Nothing in this paragraph is intended or shall be construed to limit in any way Executive's independent duty not to misappropriate Trade Secrets of the Company.

(b) "Trade Secret" means information of the Company, including a formula, pattern, compilation, program, device, method, technique or process, that derives independent economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use, and that is the subject of efforts by the Company to maintain its secrecy that are reasonable under the circumstances. During employment with the Company, Executive shall preserve and protect Trade Secrets of the Company from unauthorized use or disclosure, and after termination of such employment, Executive shall not use or disclose any Trade Secret of the Company until

such time as that Trade Secret is no longer a secret as a result of circumstances other than a misappropriation involving the Executive.

9. **MANDATORY ARBITRATION.** As a condition of his employment with the Company, and in consideration for that employment, Executive agrees that if he has any legal disputes with the Company or its supervisors, managers, directors, or agents concerning his employment or termination of employment, those disputes will be brought and resolved exclusively through binding arbitration. For example, any claims by the Executive that he has been demoted, denied promotion, or discharged because of age discrimination, race discrimination, or unlawful retaliation will be resolved through binding arbitration. Arbitrations involving employment issues under this provision will be conducted pursuant to the terms and conditions of the Company's Employment Dispute Resolution Program (copy attached), except that use of arbitration under the Program to resolve employment disputes will be mandatory rather than voluntary. Arbitrations under this agreement will be conducted pursuant to the procedural rules established for resolving employment disputes by the American Arbitration Association (copy available). By signing this Agreement, Executive releases and waives any right he has to resolve employment disputes (including claims of unlawful discharge) through filing a lawsuit in court, and agrees instead that the disputes will be resolved exclusively through binding arbitration. Because Executive is giving up the legal right to file a lawsuit against the Company or its supervisors, managers, directors, or agents involving any and all legal disputes arising from his employment or termination of employment, the Company encourages him to consult with an attorney prior to signing this Agreement. Executive understands that he has twenty-one days to consider whether to sign this agreement. If he signs it, for a period of seven days following the signing he may revoke the agreement. In order to make the revocation effective, he must deliver a signed revocation to the Company within the seven-day revocation period. Notwithstanding the foregoing, Executive agrees that the Company may seek enforcement of Sections 7 and 8 of this Agreement by filing an action in a court of competent jurisdiction seeking temporary, preliminary and permanent injunctive relief and such other relief as may be necessary to protect the Company from threatened, imminent, or existing irreparable harm.

10. **MISCELLANEOUS.** (a) This Agreement is personal to the Executive and without the prior written consent of the Company shall not be assignable by the Executive otherwise than by will or the laws of descent and distribution. This Agreement shall inure to the benefit of and be enforceable by the Executive's legal representatives.

(b) This Agreement shall inure to the benefit of and be binding upon the Company and its successors and assigns. Executive hereby grants the Company unlimited authority to assign its rights under this Agreement and consents to any and all such assignments.

(c) The Company will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially of the business and/or assets of the Company to assume expressly and agree to perform this

Agreement in the same manner and at the same extent that the Company would be required to perform it if no such succession had taken place. As used in this Agreement, "Company" shall mean the Company as hereinbefore defined and any successor its business and/or assets as aforesaid which assumes and agrees to perform this Agreement by operation of law, or otherwise.

(d) This Agreement shall be governed by and construed in accordance with the laws of the State of Wisconsin, without reference to principles of conflict of laws. The captions of this Agreement are not part of the provisions hereof and shall have no force or effect.

(e) All notices and other communications hereunder shall be in writing and shall be given by hand delivery to the other party or by registered or certified mail, return receipt requested, postage prepaid, addressed as follows:

If to the Executive:

To the address appearing immediately below Executive's signature.

If to the Company

Johnson Controls, Inc.
5757 North Green Bay Avenue
Milwaukee, WI 53209
Attention: General Counsel

or to such other address as either party shall have furnished to the other in writing in accordance herewith. Notice and communications shall be effective when actually received by the addressee.

(f) The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement.

(g) The Company may withhold from any amounts payable under this Agreement such Federal, state or local taxes as shall be required to be withheld pursuant to any applicable law or regulation.

IN WITNESS WHEREOF, the Executive has hereunto set the Executive's hand and, pursuant to the authorization from its Board of Directors, Johnson Controls, Inc. has caused these presents to be executed in its name on its behalf, all as of the day and year written below.

/s/ R. Bruce McDonald

R. Bruce McDonald

JOHNSON CONTROLS, INC.

By: /s/ Stephen A. Roell

Stephen A. Roell, CEO

Date: 1/17/08

JOHNSON CONTROLS, INC.
EXECUTIVE EMPLOYMENT AGREEMENT
EXHIBIT A

Executive: Bruce McDonald

Base Salary: USD 1,030,000 as of Oct 01, 2015

Benefits: Executive is eligible to participate in the following benefits provided by Johnson Controls, Inc., in addition to those benefits provided all salaried employees. However, Executive is not assured an award under any such benefit in any year. Each award will be granted each year in accordance with the terms of the benefit plan.

Omnibus Plan

- Annual Incentive Performance Program
- Long-Term Incentive Performance Program
- Stock Option Program
- Restricted Stock Program

Executive Deferred Compensation Plan

Retirement Restoration Plan

Executive Survivor Benefits Plan

Flexible Perquisites Program

Automobile

Participation: Participant is subject to the applicable terms of the plan. In addition to any vesting and/or forfeiture provision that may apply under the applicable plan, the Company reserves the right, at its discretion, to revoke or forfeit some or all of the stock options, restricted stock or other stock based awards with respect to a fiscal year, and/or to pay all, some, or no bonuses with respect to a fiscal year if the Executive voluntarily resigns his/her employment or is discharged for cause prior to the end of the applicable fiscal year. In all other instances, the terms of the respective plans shall apply.

Beneficiaries: The following beneficiaries will receive death benefits provided under the above benefits unless beneficiaries have been designated under a specific Benefit plan by the Executive. If more than one beneficiary is listed, each beneficiary, if living at the time of payment, will share equally, unless an unequal allocation has been expressly indicated.

Name: _____	Relationship _____
Name: _____	Relationship _____
Name: _____	Relationship _____
Name: _____	Relationship _____

**JOHNSON CONTROLS, INC.
CHANGE OF CONTROL
EXECUTIVE EMPLOYMENT AGREEMENT**

AGREEMENT by and between Johnson Controls, Inc. a Wisconsin corporation (the "Company") and R. Bruce McDonald (the "Executive"), dated September 25, 2012.

The Board of Directors of the Company (the "Board") has determined that it is in the best interests of the Company and its shareholders to assure that the Company will have the continued dedication of the Executive, notwithstanding the possibility, threat or occurrence of a Change of Control (as defined below) of the Company. The Board believes it is imperative to diminish the inevitable distraction of the Executive by virtue of the personal uncertainties and risks created by a pending or threatened Change of Control and to encourage the Executive's full attention and dedication to the Company currently and in the event of any threatened or pending Change of Control, and to provide the Executive with compensation and benefits arrangements upon a Change of Control which ensure that the compensation and benefits expectations of the Executive will be satisfied and which are competitive with those of other corporations. Therefore, in order to accomplish these objectives, the Board has caused the Company to enter into this Agreement.

NOW, THEREFORE, IT IS HEREBY AGREED AS FOLLOWS:

1. Certain Definitions.

(a) (i) The "Effective Date" shall mean the first date during the Change of Control Period (as defined in Section 1(b)) on which a Change of Control (as defined in Section 2) occurs. (ii) Anything in this Agreement to the contrary notwithstanding, if a Change of Control occurs and if the Executive's employment with the Company is terminated or the Executive ceases to be an officer of the Company prior to the date on which the Change of Control occurs, and if it is reasonably demonstrated by the Executive that such termination of employment or cessation of status as an officer (A) was at the request of a third party who has taken steps reasonably calculated to effect the Change of Control or (B) otherwise arose in connection with or anticipation of the Change of Control, then for all purposes of this Agreement the "Effective Date" shall mean the date immediately prior to the date of such termination of employment or cessation of status as an officer.

(b) The "Change of Control Period" shall mean the period commencing on the date hereof and ending on the second anniversary of such date; provided, however, that commencing on the date one year after the date hereof, and on each annual anniversary of such date (such date and each annual anniversary thereof shall be hereinafter referred to as the "Renewal Date"), the Change of Control Period shall be automatically extended so as to terminate two years from such Renewal Date, unless at least 60 days prior to the Renewal Date the Company shall give notice to the Executive that the Change of Control Period shall not be so extended.

(c) A “Change of Control” shall mean the first to occur of the following events:

(i) The acquisition by any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”)) (a “Person”) of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of 35% or more of either (A) the then-outstanding shares of common stock of the Company (the “Outstanding Company Common Stock”) or (B) the combined voting power of the then-outstanding voting securities of the Company entitled to vote generally in the election of directors (the “Outstanding Company Voting Securities”); *provided, however*, that the following acquisitions shall not constitute a Change of Control: (I) any acquisition directly from the Company, (II) any acquisition by the Company, (III) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any Affiliated Company, or (IV) any acquisition by any corporation pursuant to a transaction that complies with Sections 1(c)(iii)(A), 1(c)(iii)(B) and 1(c)(iii)(C);

(ii) Any time at which individuals who, as of the date hereof, constitute the Board (the “Incumbent Board”) cease for any reason to constitute at least a majority of the Board; *provided, however*, that any individual becoming a director subsequent to the date hereof whose election, or nomination for election by the Company’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 an actual or threatened election contest with respect to the election or removal of directors 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 corporate transaction involving the Company or any of its subsidiaries, a sale or other disposition of all or substantially all of the assets of the Company, or the acquisition of assets or stock of another entity by the Company or any of its subsidiaries (each, a “Business Combination”), in each case unless, following such Business Combination, (A) all or substantially all of the individuals and entities that were the beneficial owners of the Outstanding Company Common Stock and the Outstanding Company Voting Securities immediately prior to such Business Combination beneficially own, directly or indirectly, more than 50% of the then-outstanding shares of common stock 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 (including, without limitation, a corporation that, as a result of such transaction, owns the Company or all or substantially all of the Company’s assets either directly or through one or more subsidiaries) in substantially the same proportions as their ownership immediately prior to such Business Combination of the Outstanding Company Common Stock and the Outstanding Company Voting Securities, as the case may be, (B) no Person (excluding any corporation resulting from such Business Combination or any employee benefit plan (or related trust) of the Company or an Affiliated Company or such corporation resulting from such Business Combination) beneficially owns, directly or indirectly, 35% or more of, respectively, the then-outstanding shares of common stock of the corporation resulting from such Business Combination or the combined voting power of the then-outstanding voting securities of such corporation, 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 of the corporation 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) Approval by the shareholders of the Company of a complete liquidation or dissolution of the Company.

(d) As used in this Agreement, the term “Affiliated Company” or “Affiliated Companies” shall include any company or companies controlled by, controlling or under common control with the Company; *provided that* when determining when the Executive has experienced a Separation from Service for purposes of this Agreement, control shall be determined pursuant to Code Section 414(b) or 414(c), except that the phrase “at least 50 percent” shall be used in place of the phrase “at least 80 percent” in each place it appears in the regulations thereunder.

(e) “Code” shall mean the Internal Revenue Code of 1986, as amended. Any reference to a specific provision of the Code shall be deemed to include any successor provision thereto.

(f) “Separation from Service” shall mean the Executive’s Termination of Employment, except that if the Executive continues to provide services following his or her Termination of Employment, such later date as is considered a separation from service, within the meaning of Code Section 409A, from the Company and its Affiliated Companies. Specifically, if the Executive continues to provide services to the Company or an Affiliated Company in a capacity other than as an employee, such shift in status is not automatically a Separation from Service.

(g) For purposes of this Agreement, the Executive will be considered a “Specified Employee” if, on the date of the Executive’s Separation from Service, the Executive is a key employee of the Company or an affiliate of the Company (within the meaning of Code Section 414(b) or (c)) any of the stock of which is publicly traded on an established securities market or otherwise. The Executive is considered a key employee for the 12-month period beginning on the first day of the fourth month following the key employee identification date, which is December 31 of each year, such that if the Executive satisfies the requirements for key employee status as of December 31 of a year, the Executive shall be treated as a key employee for the 12-month period beginning April 1 of the following calendar year. The Executive will meet the requirements for key employee status as of December 31 of a year if the Executive meets the requirements of Code Section 416(i)(1)(A)(i), (ii) or (iii), applied in accordance with the regulations under Code Section 416, but disregarding Code Section 416(i)(5), at any time during the 12-month period ending on such December 31. For purposes of determining whether the Executive is a key employee, the definition of compensation under Treasury Regulation § 1.415-2(a) shall be used, applied as if the Company and its affiliates were not using any safe harbor under Treasury Regulation § 1.415-2(d), any of the special timing rules of Treasury Regulation § 1.415-2(e) or any of the special rules provided in Treasury Regulation § 1.415-2(g).

In lieu of the foregoing, if, in the transaction constituting a Change of Control, the Company is merged with or acquired by another entity, and immediately following the Change of Control the stock of either the Company or the acquirer or successor in such transaction is publicly traded on an established securities market or otherwise, then the Executive shall be considered a key employee for the period between the effective date of such transaction and the next specified employee effective date of the acquirer or survivor if the Executive is on the combined list of the specified employees of each entity participating in the transaction, as reordered to identify the top 50 key employees (as well as 1% and 5% owners that are considered key employees) in accordance with Treasury Regulations §1.409A-1(i)(6)(i).

(h) For purposes of this Agreement, the Executive's "Termination of Employment" (or variations thereof, such as "Terminates Employment" or "Employment Termination") shall occur when the Executive permanently ceases to perform services for the Company and its Affiliated Companies as an employee or when the level of bona fide services the Executive performs as an employee of the Company and its Affiliated Companies permanently decreases to no more than twenty percent (20%) of the average level of bona fide services performed by the Executive (whether as an employee or independent contractor) for the Company and its Affiliated Companies over the immediately preceding thirty-six (36)-month period (or such lesser period of services). Notwithstanding the foregoing, if the Executive takes a leave of absence for purposes of military leave, sick leave or other bona fide reason, the Executive will not be deemed to have experienced a Termination of Employment for the first six (6) months of the leave of absence, or if longer, for so long as the Executive's right to reemployment is provided either by statute or by contract, including this Agreement; provided that if the leave of absence is due to a medically determinable physical or mental impairment that can be expected to result in death or last for a continuous period of not less than six (6) months, where such impairment causes the Executive to be unable to perform the duties of his or her position of employment or any substantially similar position of employment, the leave may be extended by the Company for up to twenty-nine (29) months without causing a Termination of Employment.

2. Employment Period. The Company hereby agrees to continue the Executive in its employ for the period commencing on the Effective Date and ending on the second anniversary of such date (the "Employment Period"), subject to the provisions of Section 4.

3. Terms of Employment. (a) Position and Duties. (i) During the Employment Period, (A) the Executive's position (including status, offices, titles and reporting requirements), authority, duties and responsibilities shall be at least commensurate in all material respects with the most significant of those held, exercised and assigned at any time during the 90-day period immediately preceding the Effective Date and (B) the Executive's services shall be performed at the location where the Executive was employed immediately preceding the Effective Date or any office or location less than 35 miles from such location.

(ii) During the Employment Period, and excluding any periods of vacation and sick leave to which the Executive is entitled, the Executive agrees to devote reasonable attention and time during normal business hours to the business and affairs of the Company and, to the extent necessary to discharge the responsibilities assigned to the Executive hereunder, to use the Executive's reasonable best efforts to perform faithfully and efficiently such responsibilities.

During the Employment Period it shall not be a violation of this Agreement for the Executive to (A) serve on corporate, civic or charitable boards or committees, (B) deliver lectures, fulfill speaking engagements or teach at educational institutions and (C) manage personal investments, so long as such activities do not significantly interfere with the performance of the Executive's responsibilities as an employee of the Company in accordance with this Agreement. It is expressly understood and agreed that to the extent that any such activities have been conducted by the Executive prior to the Effective Date, the continued conduct of such activities (or the conduct of activities similar in nature and scope thereto) subsequent to the Effective Date shall not thereafter be deemed to interfere with the performance of the Executive's responsibilities to the Company.

(b) Compensation. (i) Base Salary. During the Employment Period, the Executive shall receive an annual base salary ("Annual Base Salary"), which shall be paid at a monthly rate, at least equal to twelve times the highest monthly base salary paid or payable to the Executive by the Company and its Affiliated Companies for any month during the twelve-month period immediately preceding the month in which the Effective Date occurs. During the Employment Period, the Annual Base Salary shall be reviewed at least annually and shall be increased at any time and from time to time as shall be substantially consistent with increases in base salary generally awarded in the ordinary course of business to other peer executives of the Company and its Affiliated Companies. Any increase in Annual Base Salary shall not serve to limit or reduce any other obligation to the Executive under this Agreement. Annual Base Salary shall not be reduced after any such increase and the term Annual Base Salary as utilized in this Agreement shall refer to Annual Base Salary as so increased.

(ii) Annual Bonus. In addition to Annual Base Salary, the Executive shall be awarded, for each fiscal year ending during the Employment Period, an annual bonus (the "Annual Bonus") in cash at least equal to the average annualized (for any fiscal year consisting of less than twelve full months or with respect to which the Executive has been employed by the Company for less than twelve full months) bonuses paid or payable, including any amount that would have been paid or have been payable were it not for a mandatory or voluntary deferral of such amount, including pursuant to the Annual and Long-Term Incentive Plans or any counterpart or successor plan(s) thereto, to the Executive by the Company and its Affiliated Companies in respect of the three fiscal years immediately preceding the fiscal year in which the Effective Date occurs (the "Recent Average Bonus"). Each such Annual Bonus shall be paid no later than the fifteenth (15th) day of the third month of the fiscal year next following the fiscal year for which the Annual Bonus is awarded, unless the Executive shall elect to defer the receipt of such Annual Bonus in accordance with the terms of any deferred compensation plan then in effect.

(iii) Incentive, Savings and Retirement Plans. During the Employment Period, the Executive shall be entitled to participate in all incentive, savings and retirement plans, practices, policies and programs applicable generally to other peer executives of the Company and its Affiliated Companies, but in no event shall such plans, practices, policies and programs provide the Executive with incentive opportunities (measured with respect to both regular and special incentive opportunities, to the extent, if any, that such distinction is applicable), savings opportunities and retirement benefit opportunities, in each case, less favorable, in the aggregate,

than the most favorable of those provided by the Company and its Affiliated Companies for the Executive under such plans, practices, policies and programs as in effect at any time during the 90-day period immediately preceding the Effective Date or, if more favorable to the Executive, those provided generally at any time after the Effective Date to other peer executives of the Company and its Affiliated Companies. The amount payable to the Executive under any such incentive program(s) for any performance period will be reduced (but not below zero) by the amount of the Annual Bonus paid or payable to the Executive for such performance period in accordance with Section 3(b)(ii) above. Any amounts thereafter payable to the Executive under the incentive program(s) for any performance period shall be paid no later than the fifteenth (15th) day of the third month of the fiscal year next following the fiscal year that includes the performance period for which such payments are awarded.

(iv) Welfare Benefit Plans. During the Employment Period, the Executive and/or the Executive's family, as the case may be, shall be eligible for participation in and shall receive all benefits under welfare benefit plans, practices, policies and programs provided by the Company and its Affiliated Companies (including, without limitation, medical, prescription, dental, disability, salary continuance, employee life, group life, accidental death and travel, accident insurance plans and programs) to the extent applicable generally to other peer executives of the Company and its Affiliated Companies, but in no event shall such plans, practices, policies and programs provide the Executive with benefits which are less favorable, in the aggregate, than the most favorable of such plans, practices, policies and programs in effect for the Executive at any time during the 90-day period immediately preceding the Effective Date or, if more favorable to the Executive, those provided generally at any time after the Effective Date to other peer executives of the Company and its Affiliated Companies.

(v) Expenses. During the Employment Period, the Executive shall be entitled to receive prompt reimbursement for all reasonable expenses incurred by the Executive in accordance with the most favorable policies, practices and procedures of the Company and its Affiliated Companies in effect for the Executive at any time during the 90-day period immediately preceding the Effective Date or, if more favorable to the Executive, as in effect generally at any time thereafter with respect to other peer executives of the Company and its Affiliated Companies.

(vi) Fringe Benefits. During the Employment Period, the Executive shall be entitled to fringe benefits in accordance with the most favorable plans, practices, programs and policies of the Company and its Affiliated Companies in effect for the Executive at any time during the 90-day period immediately preceding the Effective Date or, if more favorable to the Executive, as in effect generally at any time thereafter with respect to other peer executives of the Company and its Affiliated Companies.

(vii) Office and Support Staff. During the Employment Period, the Executive shall be entitled to an office or offices of a size and with furnishings and other appointments, and to exclusive personal secretarial and other assistance, at least equal to the most favorable of the foregoing provided to the Executive by the Company and its Affiliated Companies at any time during the 90-day period immediately preceding the Effective Date or, if more favorable to the

Executive, as provided generally at any time thereafter with respect to other peer executives of the Company and its Affiliated Companies.

(viii) Vacation. During the Employment Period, the Executive shall be entitled to paid vacation in accordance with the most favorable plans, policies, programs and practices of the Company and its Affiliated Companies as in effect for the Executive at any time during the 90-day period immediately preceding the Effective Date or, if more favorable to the Executive, as in effect generally at any time thereafter with respect to other peer incentives of the Company and its Affiliated Companies.

4. Termination of Employment. (a) Death or Disability. The Executive shall Terminate Employment automatically upon the Executive's death during the Employment Period. If the Company determines in good faith that the Disability of the Executive has occurred during the Employment Period (pursuant to the definition of Disability set forth below), it may give to the Executive or his legal representative written notice in accordance with Section 11(b) of this Agreement of its intention to Terminate the Executive's Employment. In such event, the Executive's Termination of Employment shall occur effective on the 30th day after receipt of such notice by the Executive or his legal representative (the "Disability Effective Date"), provided that, within the 30 days after such receipt, the Executive shall not have returned to full-time performance of the Executive's duties. For purposes of this Agreement, "Disability" shall mean the absence of the Executive from the Executive's duties with the Company on a full time basis for 180 consecutive business days as a result of a medically determinable physical or mental impairment that can be expected to result in death or is otherwise total and permanent as determined by a physician selected by the Company or its insurers and acceptable to the Executive or the Executive's legal representative (such agreement as to acceptability not to be withheld unreasonably).

(b) Cause. The Company may Terminate the Employment of the Executive during the Employment Period for Cause. For purposes of this Agreement, "Cause" shall mean (i) repeated violations by the Executive of the Executive's obligations under Section 3(a) of this Agreement (other than as a result of incapacity due to physical or mental illness) which are demonstrably willful and deliberate on the Executive's part, which are committed in bad faith or without reasonable belief that such violations are in the best interests of the Company and which are not remedied in a reasonable period of time after receipt of written notice from the Company specifying such violations or (ii) the conviction of the Executive of a felony involving moral turpitude. For purposes of this Section 4(b), no act, or failure to act, on the part of the Executive shall be considered "willful" unless it is done, or omitted to be done, by the Executive in bad faith or without reasonable belief that the Executive's action or omission was in the best interests of the Company. Any act, or failure to act, based upon authority given pursuant to a resolution duly adopted by the Board or upon the instructions of the Chief Executive Officer of the Company or a senior officer of the Company or based upon the advice of counsel for the Company (or any act which the Executive omits to do because of the Executive's reasonable belief that such act would violate law or the Company's standards of ethical conduct in its corporate policies) shall be conclusively presumed to be done, or omitted to be done, by the Executive in good faith and in the best interests of the Company. The cessation of employment of the Executive shall not be deemed to be for Cause unless and until there shall have been

delivered to the Executive a copy of a resolution duly adopted by the affirmative vote of not less than three-quarters of the entire membership of the Board (excluding the Executive, if the Executive is a member of the Board) at a meeting of the Board called and held for such purpose (after reasonable notice is provided to the Executive and the Executive is given an opportunity, together with counsel for the Executive, to be heard before the Board), finding that, in the good faith opinion of the Board, the Executive committed the conduct described in Section 4(b)(i) or 4(b)(ii), and specifying the particulars thereof in detail.

(c) Without Cause. The Company may Terminate the Employment of Executive during the Employment Period without Cause, in which event, without limitation, the provisions of Section 5 shall apply.

(d) Good Reason. The Executive may Terminate Employment for Good Reason during the Employment Period. For purposes of this Agreement, "Good Reason" shall mean the occurrence of any of the following events:

(i) the assignment to the Executive of any duties inconsistent in any respect with the Executive's position (including status, offices, titles and reporting requirements), authority, duties or responsibilities as contemplated by Section 3(a) of this Agreement, or any other action by the Company which results in a diminution in such position, authority, duties or responsibilities, excluding for this purpose an isolated, insubstantial and inadvertent action not taken in bad faith and which is remedied by the Company promptly after receipt of notice thereof given by the Executive;

(ii) any failure by the Company to comply with any of the provisions of Section 3(b) of this Agreement, other than an isolated, insubstantial and inadvertent failure not occurring in bad faith and which is remedied by the Company promptly after receipt of notice thereof given by the Executive;

(iii) the Company's requiring the Executive to be based at any office or location other than that described in Section 3(a)(i)(B) hereof;

(iv) any purported termination by the Company of the Executive's employment otherwise than as expressly permitted by this Agreement;

(v) any failure by the Company to comply with and satisfy Section 10(c) of this Agreement; or

(vi) the Company's request that the Executive perform any illegal, or wrongful act in violation of the Company's code of conduct policies.

For purposes of this Section 4(d), any good faith determination of "Good Reason" made by the Executive shall be conclusive.

(e) Without Good Reason. The Executive's employment may be terminated during the Employment Period by the Executive without Good Reason.

(f) Notice of Termination. Any Termination of the Executive's Employment by the Company or by the Executive shall be communicated by a Notice of Termination given to the other party hereto. Such Notice of Termination shall satisfy the requirements set forth in Section 11(b) of this Agreement. For purposes of this Agreement, a "Notice of Termination" means a written notice which (i) indicates the specific termination provision in this Agreement which is relied upon as a basis for the Termination of the Executive's Employment, (ii) to the extent applicable, sets forth in reasonable detail the facts and circumstances claimed to provide a basis for Termination of the Executive's Employment under the provision so indicated and (iii) if the Date of Termination (as defined below) is other than the date of receipt of such notice, specifies the Date of Termination (which date shall not be more than fifteen (15) days after the date the Notice of Termination is tendered to the other party). The failure by the Executive or the Company to set forth in the Notice of Termination any fact or circumstance which contributes to a showing of Good Reason or Cause shall not waive any right of the Executive or the Company hereunder or preclude the Executive or the Company from asserting such fact or circumstance in enforcing the Executive's or the Company's rights under this Agreement. Subject to the provisions of Section 5, the Executive's Employment Period ends at 11:59 p.m. on the Executive's Date of Termination.

(g) Date of Termination. "Date of Termination" means the date of which the Executive's Termination of Employment occurs, as follows: (i) if the Executive's Termination of Employment is by the Company for Cause, or by the Executive for Good Reason or for other than Good Reason, the date of receipt of the Notice of Termination or any later date specified therein, as the case may be, (ii) if the Executive's Termination of Employment is by the Company other than for Cause or Disability, the date on which the Company notifies the Executive of such termination and (iii) if the Executive's Termination of Employment is by reason of death or Disability, the date of death of the Executive or the Disability Effective Date, as the case may be.

5. Obligations of the Company upon Termination. (a) Good Reason; Other Than for Cause, Death or Disability. If, during the Employment Period, the Executive's Termination of Employment shall be by Company other than for Cause or Disability or by the Executive for Good Reason, then, subject to the provisions of Section 8:

(i) the Company shall pay to the Executive in a lump sum in cash the aggregate of the following amounts (such aggregate amounts shall be hereinafter referred to as the "Special Termination Amount"):

A. the sum of (1) the Executive's Annual Base Salary through the Date of Termination and any Annual Bonus(es) that relate to performance periods that have ended on or before the Date of Termination, (2) the product of (x) the higher of (I) the Recent Average Bonus and (II) the Annual Bonus paid or payable, including any amount that would have been paid or would be payable were it not for a mandatory or voluntary deferral of such amount (and annualized for any fiscal year consisting of less than twelve full months or for which the Executive has been employed for less than twelve full months) for the most recently completed fiscal year during the Employment Period, if any (the "Highest Annual Bonus") and (y) a fraction, the numerator of which is the number of days in the current fiscal year through the Date

of Termination, and the denominator of which is 365 (*provided that*, if the Executive's Date of Termination is the same day as a Change of Control occurs as defined in the Annual and Long-Term Incentive Plans or any counterpart or successor plans thereto, the amount payable under this clause (2) shall be reduced (but not below zero) by the amounts paid or payable under such plans as a result of the Change of Control); and (3) any accrued vacation pay; in each case to the extent not theretofore paid (the sum of the amounts described in clauses (1), (2), and (3) shall be hereinafter referred to as the "Accrued Obligations"); and

B. the amount equal to the product of (1) three and (2) the sum of (x) the Executive's Annual Base Salary and (y) the Highest Annual Bonus; and

C. a separate lump-sum supplemental retirement benefit equal to:

(1) if the Executive is participating in the Johnson Controls, Inc. Pension Plan (or any successor plan thereto) (the "Pension Plan") and/or is accruing a supplemental defined benefit amount under the Johnson Controls, Inc. Restoration Benefit Plan (the "Restoration Plan") or any other supplemental and/or excess retirement plan that provides a defined benefit-type accrual for the Executive (the "SERP") as of the Effective Date, the amount, if any, by which (A) the actuarial equivalent single-sum value (utilizing for this purpose the actuarial assumptions utilized to determine lump sum payments as of the Date of Termination with respect to the Pension Plan) of the benefit payable under the Pension Plan, the related defined benefit component of the Restoration Plan or any other SERP which the Executive would receive if the Executive's employment continued at the compensation level provided for in Sections 3(b)(i) and 3(b)(ii) of this Agreement until the second anniversary of the Effective Date, assuming for this purpose that all accrued benefits are fully vested and that benefit accrual formulas and the actuarial assumptions are no less advantageous to the Executive than those most favorable to the Executive and in effect during the 90-day period immediately preceding the Effective Date and assuming that the benefits commence on the earliest date following Termination of Employment on which the Executive would be eligible to commence benefits under the Pension Plan, exceeds (B) the actuarial equivalent single-sum value (utilizing for this purpose the same actuarial assumptions as were utilized in clause (1) above) of the Executive's actual benefit (paid or payable) with payment assumed to have commenced at the same time as under clause (1) above, if any, under the Pension Plan, the Restoration Plan and the SERP; or

(2) if the Executive is participating in the Johnson Controls, Inc. Savings and Investment (401k) Plan, or any successor plan thereto (the "SIP"), and/or is eligible for any supplemental defined contribution benefits under the Restoration Plan or any other supplemental or excess retirement plan that provides a defined contribution-type benefit for the Executive (the "DC SERP") as of the Effective Date, the amount equal to the Company non-matching and non-elective deferral contributions that would have been made for the Executive under the SIP, the Restoration Plan and the DC SERP if the Executive's employment continued at the compensation level provided for in Sections 3(b)(i) and 3(b)(ii) of this Agreement until the second anniversary of the Effective Date, assuming for this purpose that the Executive's accounts are fully vested and that the contribution formulas are no less advantageous to the Executive than those most favorable to the Executive and in effect during the 90-day period

immediately preceding the Effective Date, but determined without regard to any interest such amounts would have earned until the second anniversary of the Effective Date.

Such lump sum shall be paid within thirty (30) business days after the Executive's Separation from Service, provided that (x) if the Executive is a Specified Employee, payment will be delayed until no earlier than six (6) months and no later than seven (7) months after the date of the Executive's Separation from Service, and if so delayed, such payment shall be accompanied by a payment of interest at an annual rate equal to the "prime rate" as published from time to time by The Wall Street Journal, such rate changing as and when such published rate changes (the "Prime Rate"), compounded quarterly, and (y) if the Effective Date is prior to a Change of Control pursuant to Section 1(a)(ii), payment will be made within thirty (30) business days following the Change of Control.

(ii) until the second anniversary of the Effective Date, or such longer period as any plan, program, practice or policy may provide, the Company shall continue welfare benefits to the Executive and/or the Executive's family at least equal to those which would have been provided to them in accordance with the plans, programs, practices and policies described in Section 3(b)(iv) of this Agreement if the Executive's Employment had not been Terminated in accordance with the most favorable plans, practices, programs or policies of the Company and its Affiliated Companies applicable generally to other peer executives and their families during the 90-day period immediately preceding the Effective Date or, if more favorable to the Executive, as in effect generally at any time thereafter with respect to other peer executives of the Company and its Affiliated Companies and their families, *provided, however*, that if the Executive becomes reemployed with another employer and is eligible to receive medical or other welfare benefits under another employer-provided plan, the medical and other welfare benefits described herein shall be secondary to those provided under such other plan during such applicable period of eligibility. For purposes of determining eligibility of the Executive for retiree benefits pursuant to such plans, practices, programs and policies, the Executive shall be considered to have remained employed until the second anniversary of the Effective Date and to have retired on the last day of such period. With respect to the foregoing:

A. If applicable, following the end of the COBRA continuation period, if such health care coverage is provided under a health plan that is subject to Code Section 105(h), benefits payable under such health plan shall comply with the requirements of Treasury regulation section 1.409A-3(i)(1)(iv)(A) and (B) and, if necessary, the Company shall amend such health plan to comply therewith. The continuation of health care coverage hereunder shall count as COBRA continuation coverage;

B. If the Executive is a Specified Employee, then during the first six (6) months following the Executive's Separation from Service, the Executive shall pay the Company for any life insurance coverage that provides a benefit in excess of \$50,000 under a group term life insurance policy. After the end of such six (6)-month period, the Company shall make a cash payment to the Executive equal to the aggregate premiums paid by the Executive for such coverage, and such payment shall be credited with interest at an annual rate equal to the Prime Rate, compounded quarterly, and thereafter such coverage shall be provided at the expense of the

Company for the remainder of the period ending on the second anniversary of the Effective Date; and

C. If the Effective Date is prior to a Change of Control pursuant to Section 1(a)(ii), then the Company shall fulfill its obligations hereunder by providing retroactive welfare benefits coverage to the Executive's Date of Termination and, if the Executive has paid COBRA premiums for health care coverage from the Date of Termination through the date of the Change of Control, the Company shall reimburse the Executive for the aggregate amount of such COBRA premiums within thirty (30) business days following the Change of Control, without liability for interest thereon; and

(iii) to the extent not theretofore paid or provided, the Company shall timely pay or provide to the Executive any other amounts or benefits required to be paid or provided or which the Executive is eligible to receive pursuant to this Agreement under any plan, program, policy or practice or contract or agreement of the Company and its Affiliated Companies (such other amounts and benefits shall be hereinafter referred to as the "Other Benefits").

(b) Death. If the Executive's Termination of Employment is by reason of the Executive's death during the Employment Period, this Agreement shall terminate without further obligations to the Executive's legal representatives under this Agreement, other than for payment of the Special Termination Amount and the timely payment or provision of Other Benefits. The Special Termination Amount shall be paid to the Executive's estate or beneficiary, as applicable, in a lump sum in cash within 30 days of the Date of Termination. With respect to the provision of Other Benefits, the term Other Benefits as utilized in this Section 5(b) shall include, and the Executive's family shall be entitled to receive, benefits at least equal to the most favorable benefits provided by the Company and any of its Affiliated Companies to surviving families of peer executives of the Company and such Affiliated Companies under such plans, programs, practices and policies relating to family death benefits, if any, as in effect with respect to other peer executives and their families at any time during the 90-day period immediately preceding the Effective Date or, if more favorable to the Executive and/or the Executive's family, as in effect on the date of the Executive's death with respect to other peer executives of the Company and its Affiliated Companies and their families.

(c) Disability. If the Executive's Termination of Employment is by reason of the Executive's Disability during the Employment Period, this Agreement shall terminate without further obligations to the Executive, other than for payment of the Special Termination Amount and the timely payment or provision of Other Benefits. The Special Termination Amount shall be paid to the Executive at the same time and in the same manner as the payment would be made pursuant to Section 5(a). With respect to the provision of Other Benefits, the term Other Benefits as utilized in this Section 5(c) shall include, and the Executive shall be entitled after the Disability Effective Date to receive, disability and Other Benefits at least equal to the most favorable of those generally provided by the Company and its Affiliated Companies to disabled executives and/or their families in accordance with such plans, programs, practices and policies relating to disability, if any, as in effect generally with respect to other peer executives and their families at any time during the 90-day period immediately preceding the Effective Date or, if more favorable to the Executive and/or the Executive's family, as in effect at any time thereafter

generally with respect to other peer executives of the Company and its Affiliated Companies and their families.

(d) Termination by Company for Cause; Termination by Executive for Other than for Good Reason.

(i) If the Executive's Termination of Employment during the Employment Period is by the Company for Cause, this Agreement shall terminate without further obligations to the Executive other than the obligation to pay to the Executive his Annual Base Salary through the Date of Termination (subject to any deferral election then in effect) and the payment, in accordance with the terms of the Johnson Controls, Inc. Executive Deferred Compensation Plan and the Johnson Controls, Inc. Retirement Restoration Plan (or other relevant nonqualified deferred compensation plan), of any previously vested amounts, in each case to the extent theretofore unpaid.

(ii) If the Executive voluntarily Terminates Employment during the Employment Period, excluding a Termination of Employment for Good Reason, this Agreement shall terminate without further obligations to the Executive, other than for Accrued Obligations and the timely payment or provision of Other Benefits. In such case, all Accrued Obligations shall be paid to the Executive in a lump sum in cash within thirty (30) business days of the Executive's Separation from Service; provided that if the Executive is a Specified Employee, payment will be delayed until no earlier than six (6) months and no later than seven (7) months after the date of Separation from Service, and, if so delayed, such payment shall be credited with interest at an annual rate equal to the Prime Rate, compounded quarterly.

6. Non-Exclusivity of Rights. Nothing in this Agreement shall prevent or limit the Executive's continuing or future participation in any plan, program, policy or practice provided by the Company or any of its Affiliated Companies and for which the Executive may qualify, nor shall anything herein limit or otherwise affect such rights as the Executive may have under any contract or agreement with the Company or any of its Affiliated Companies. Amounts which are vested benefits or which the Executive is otherwise entitled to receive under any plan, policy, practice or program of or any contract or agreement with the Company or any of its Affiliated Companies at or subsequent to the Date of Termination shall be payable in accordance with such plan, policy, practice or program or contract or agreement except as explicitly modified by this Agreement.

7. Full Settlement. The Company's obligation to make the payments provided for in this Agreement and otherwise to perform its obligations hereunder shall not be affected by any set-off, counterclaim, recoupment, defense or other claim, right or action which the Company may have against the Executive or others. In no event shall the Executive be obligated to seek other employment or take any other action by way of mitigation of the amounts payable to the Executive under any of the provisions of this Agreement and, except as provided in Section 6(a)(ii), such amounts shall not be reduced whether or not the Executive obtains other employment. The Company agrees to pay, to the full extent permitted by law, all legal fees and expenses which the Executive may reasonably incur as a result of any contest (regardless of the outcome thereof) by the Company, the Executive or others of the validity or enforceability of, or

liability under, any provision of this Agreement or any guarantee of performance thereof (including as a result of any contest by the Executive about the amount of any payment pursuant to this Agreement), plus in each case interest on any delayed payment at the Prime Rate, compounded quarterly. The Company shall make such payment to the Executive within thirty (30) business days (but in no event later than the end of the calendar year following the calendar year in which the Executive incurred such fees and expenses) following receipt from the Executive of documentation substantiating such fees and expenses.

8. 280G Provision.

(a) Notwithstanding any other provision of this Agreement, if any portion of the Special Termination Amount or any other payment, distribution, or benefit in the nature of compensation (within the meaning of Code Section 280G(b)(2)) under this Agreement, or under any other agreement with the Executive or plan of the Company or its Affiliated Companies (in the aggregate, "Total Payments"), would constitute an "excess parachute payment" and would, but for this Section 8(a), result in the imposition on the Executive of an excise tax under Code Section 4999 (the "Excise Tax"), then the Total Payments to be made to the Executive shall either be (i) delivered in full, or (ii) delivered in such amount so that no portion of such Total Payment would be subject to the Excise Tax, whichever of the foregoing results in the receipt by the Executive of the greatest benefit on an after-tax basis (taking into account the applicable federal, state and local income taxes and the Excise Tax).

(b) Within forty (40) days following the Executive's Termination of Employment or notice by one party to the other of its belief that there is a payment or benefit due the Executive that will result in an excess parachute payment, the Executive and the Company, at the Company's expense, shall obtain the opinion (which need not be unqualified) of nationally recognized tax counsel ("National Tax Counsel") selected by the Company's independent auditors and reasonably acceptable to the Executive (which may be regular outside counsel to the Company), which opinion sets forth (i) the amount of the Base Period Income (as defined below), (ii) the amount and present value of the Total Payments, (iii) the amount and present value of any excess parachute payments determined without regard to any reduction of Total Payments pursuant to Section 8(a), and (iv) the net after-tax proceeds to the Executive, taking into account the tax imposed under Code Section 4999 if (x) the Total Payments were reduced in accordance with Section 8(a)(ii), or (y) the Total Payments were not so reduced. The opinion of National Tax Counsel shall be addressed to the Company and the Executive and shall be binding upon the Company and the Executive. If such National Tax Counsel opinion determines that clause (ii) of Section 8(a) applies, then the Payments hereunder or any other payment or benefit determined by such counsel to be includable in Total Payments shall be reduced or eliminated so that under the bases of calculations set forth in such opinion there will be no excess parachute payment. In such event, payments or benefits included in the Total Payments shall be reduced or eliminated by applying the following principles, in order: (1) the payment or benefit with the higher ratio of the parachute payment value to present economic value (determined using reasonable actuarial assumptions) shall be reduced or eliminated before a payment or benefit with a lower ratio; (2) the payment or benefit with the later possible payment date shall be reduced or eliminated before a payment or benefit with an earlier payment date; and (3) cash payments shall be reduced prior to non-cash benefits; *provided* that if the foregoing order of

reduction or elimination would violate Code Section 409A, then the reduction shall be made pro rata among the payments or benefits included in the Payments (on the basis of the relative present value of the parachute payments).

(c) For purposes of this Agreement: (i) the terms “excess parachute payment” and “parachute payments” shall have the meanings assigned to them in Code Section 280G and such “parachute payments” shall be valued as provided therein. Present value for purposes of this Agreement shall be calculated in accordance with Code Section 280G(d)(4); (ii) the term “Base Period Income” means an amount equal to the Executive’s “annualized includible compensation for the base period” as defined in Code Section 280G(d)(1); (iii) for purposes of the opinion of National Tax Counsel, the value of any noncash benefits or any deferred payment or benefit shall be determined by the Company’s independent auditors in accordance with the principles of Code Sections 280G(d)(3) and (4), which determination shall be evidenced in a certificate of such auditors addressed to the Company and the Executive; and (iv) the Executive shall be deemed to pay federal income tax and employment taxes at the highest marginal rate of federal income and employment taxation, and state and local income taxes at the highest marginal rate of taxation in the state or locality of the Executive’s domicile (determined in both cases in the calendar year in which the Covered Termination or notice described in Section 8(b) is given, whichever is earlier), net of the maximum reduction in federal income taxes that may be obtained from the deduction of such state and local taxes.

(d) If such National Tax Counsel so requests in connection with the opinion required by this Section 8, the Executive and the Company shall obtain, at the Company’s expense, and the National Tax Counsel may rely on, the advice of a firm of recognized executive compensation consultants as to the reasonableness of any item of compensation to be received by the Executive solely with respect to its status under Code Section 280G.

(e) The Company agrees to bear all costs associated with, and to indemnify and hold harmless, the National Tax Counsel of and from any and all claims, damages, and expenses resulting from or relating to its determinations pursuant to this Section 8, except for claims, damages or expenses resulting from the gross negligence or willful misconduct of such firm.

(f) This Section 8 shall be amended to comply with any amendment or successor provision to Sections 280G or 4999 of the Code. If such provisions are repealed without successor, then this Section 8 shall be cancelled without further effect.

9. **Confidential Information.** (a) The Executive shall hold in a fiduciary capacity for the benefit of the Company all secret or confidential information, knowledge or data relating to the Company or any of its Affiliated Companies, and their respective businesses, which shall have been obtained by the Executive during the Executive’s employment by the Company or any of its Affiliated Companies and which shall not be or become public knowledge (other than by acts by the Executive or representatives of the Executive in violation of this Agreement). During employment and for two years after the Executive’s Termination of Employment, the Executive, except as may otherwise be required by law or legal process, shall not use any such information except on behalf of the Company and shall not communicate or divulge any such information, knowledge or data to anyone other than the Company and those designated by it. This covenant

shall survive the termination of this Agreement. Nothing in this paragraph is intended or shall be construed to limit in any way Executive's independent duty not to misappropriate Trade Secrets of the Company.

(b) "Trade Secret" means information of the Company and its Affiliated Companies, including a formula, pattern, compilation, program, device, method, technique or process, that derives independent economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use, and that is the subject of efforts by the Company or an Affiliated Company to maintain its secrecy that are reasonable under the circumstances. During employment with the Company and its Affiliated Companies, Executive shall preserve and protect Trade Secrets from unauthorized use or disclosure, and after Termination of Employment, Executive shall not use or disclose any Trade Secret until such time as that Trade Secret is no longer a secret as a result of circumstances other than a misappropriation involving the Executive.

10. Successors. (a) This Agreement is personal to the Executive and without the prior written consent of the Company shall not be assignable by the Executive otherwise than by will or the laws of descent and distribution. This Agreement shall inure to the benefit of and be enforceable by the Executive's legal representatives.

(b) This Agreement shall inure to the benefit of and be binding upon the Company and its successors and assigns.

(c) The Company will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company to assume expressly and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place. Failure of the Company to obtain such agreement prior to the effective date of such purchase, merger, consolidation or other transaction shall be a breach of this Agreement constituting "Good Reason" hereunder, except that for purposes of implementing the foregoing, the date upon which such purchase, merger, consolidation or other transaction becomes effective shall be deemed the Date of Termination. As used in this Agreement, "Company" shall mean the Company as hereinbefore defined and any successor to its business and/or assets as aforesaid which assumes and agrees to perform this Agreement by operation of law, or otherwise.

11. Miscellaneous. (a) This Agreement shall be governed by and construed in accordance with the laws of the State of Wisconsin, without reference to principles of conflict of laws. The captions of this Agreement are not part of the provisions hereof and shall have no force or effect. This Agreement may not be amended or modified otherwise than by a written agreement executed by the parties hereto or their respective successors and legal representatives.

(b) All notices and other communications hereunder shall be in writing and shall be given by hand delivery to the other party or by registered or certified mail, return receipt requested, postage prepaid, addressed as follows:

If to the Executive:

R. Bruce McDonald
[intentionally omitted]

If to the Company:

Johnson Controls, Inc.
5757 North Green Bay Avenue
Milwaukee, Wisconsin 53209
Attention: General Counsel

or to such other address as either party shall have furnished to the other in writing in accordance herewith. Notice and communications shall be effective when actually received by the addressee.

(c) The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement.

(d) The Company may withhold from any amounts payable under this Agreement such Federal, state or local taxes as shall be required to be withheld pursuant to any applicable law or regulation. In addition, if prior to the date of payment of any payment hereunder, the Federal Insurance Contributions Act (FICA) tax imposed under Sections 3101, 3121(a) and 3121(v)(2), where applicable, becomes due with respect to any payment or benefit to be provided hereunder, the Company shall (unless otherwise directed by the Executive, to the extent such direction does not cause a violation of Code Section 409A) provide for an immediate payment of the amount needed to pay the Executive's portion of such tax (plus an amount equal to the taxes that will be due on such amount) and the Special Termination Amount shall be reduced accordingly.

(e) The Executive's or the Company's failure to insist upon strict compliance with any provision hereof or any other provision of this Agreement or the failure to assert any right the Executive or the Company may have hereunder, including, without limitation, the right of the Executive to Terminate Employment for Good Reason pursuant to Section 4(c)(i)-(v) of this Agreement, shall not be deemed to be a waiver of such provision or right or any other provision or right of this Agreement.

(f) The Executive and the Company acknowledge that, except as may otherwise be provided under any other written agreement between the Executive and the Company, the employment of the Executive by the Company is "at will" and, prior to the Effective Date, may be terminated by either the Executive or the Company at any time. Moreover, if prior to the Effective Date, (i) the Executive's employment with the Company terminates or (ii) the Executive ceases to be an officer of the Company, then the Executive shall have no further rights under this Agreement. From and after the Effective Date, this Agreement shall supersede any other employment agreement between the parties.

(g) This Agreement shall be governed by the laws of the State of Wisconsin, without reference to conflict of law principles thereof.

(i) If, after a Change of Control, any payment amount or the value of any benefit under this Agreement is required to be included in an Executive's income prior to the date such amount is actually paid or the benefit provided as a result of the failure of this Agreement (or any other arrangement that is required to be aggregated with this Agreement under Code Section 409A) to comply with Code Section 409A, then the Executive shall receive a payment, in a lump sum, within ninety (90) days after the date it is finally determined that the Agreement (or such other arrangement that is required to be aggregated with this Agreement) fails to meet the requirements of Section 409A of the Code; such payment shall equal the amount required to be included in the Executive's income as a result of such failure and shall reduce the amount of payments or benefits otherwise due hereunder.

(ii) The Company and the Executive intend the terms of this Agreement to be in compliance with Section 409A of the Code. To the maximum extent permissible, any ambiguous terms of this Agreement shall be interpreted in a manner which avoids a violation of Section 409A of the Code.

(h) To avoid a violation of Section 409A of the Code, the Executive acknowledges that, with respect to payments that may be payable or benefits that may be provided under this Agreement that are subject to Section 409A of the Code and that are not timely paid or provided, the Executive must make a reasonable, good faith effort to collect any payment or benefit to which the Executive believes the Executive is entitled hereunder no later than ninety (90) days after the latest date upon which the payment should have been made or benefit provided under this Agreement, and if not paid or provided, must take further enforcement measures within one hundred eighty (180) days after such latest date. Failure to comply with these deadlines will not result in the loss of any payment or benefit to which the Executive is otherwise entitled.

IN WITNESS WHEREOF, the Executive has hereunto set the Executive's hand and, pursuant to the authorization from its Board of Directors, the Company has caused these presents to be executed in its name on its behalf, all as of the day and year first above written.

JOHNSON CONTROLS, INC.

/s/ R. Bruce McDonald
R. Bruce McDonald

By: /s/ Stephen Roell
Stephen Roell, CEO

Exhibit 21.1

Subsidiaries of Adient*

Name of Entity	Jurisdiction of Formation	Economic Interest (if not 100%)
Adient US LLC	United States	
Avanzar Interior Technologies, Ltd.	United States	49.0%
Beijing JC Automotive Components Co. Ltd.	China	51.0%
BJCAC Majuqiao	China	
Bridgewater Interiors, LLC	United States	49.0%
Ensamble de Interiores Automotrices, S. de R.L.	Mexico	
Erste JCI Holding GmbH	Germany	
Hoover Universal, Inc.	United States	
JC Interiors Czechia s.r.o.	Czech Republic	
JC International ZAO	Russia	
JC Siemianowice Spolka Z Organizzona	Poland	
JCIM Canada ULC	Canada	
JCIM Mexico Properties S de RL de CV	Mexico	
JCIM US, LLC	United States	
JCIM, LLC	United States	
Johnson Control International Sp. z.o.o.	Poland	
Johnson Controls & Summit Interiors Ltd.	Thailand	57.0%
Johnson Controls (Mezolak) Kft	Hungary	
Johnson Controls Automobilove Soucastky, k.s.	Czech Republic	
Johnson Controls Automotive (UK) Ltd.	United Kingdom	
Johnson Controls Automotive Bor sro.	Czech Republic	
Johnson Controls Automotive Korea, Inc.	Korea	
Johnson Controls Automotive Limited	India	
Johnson Controls Automotive NV	Belgium	
Johnson Controls Automotive S.r.l.	Italy	
Johnson Controls Automotive SA (PTY) Ltd.	South Africa	
Johnson Controls Automotive Seating (M) Sdn Bhd	Malaysia	67.0%
Johnson Controls Automotriz Mexico SrL de CV	Mexico	
Johnson Controls Clanton, Inc.	United States	
Johnson Controls Components GmbH & Co KG	Germany	
Johnson Controls Components, S.L.	Spain	
Johnson Controls do Brasil Automotive Ltda	Brazil	
Johnson Controls Electronics SAS	France	
Johnson Controls Eurosit SL	Spain	
Johnson Controls Fabrics Mexico SRL	Mexico	
Johnson Controls Fibrit GmbH & Co KG	Germany	
Johnson Controls Gebze Otomotiv Sanayi ve Ticaret	Turkey	

Johnson Controls GmbH	Germany	
Johnson Controls GmbH and Co. KG	Germany	
Johnson Controls Harnes S.A.S.	France	
Johnson Controls Holding SAS	France	
Johnson Controls Inc.	United States	
Johnson Controls Industries Mexico Srl	Mexico	
Johnson Controls Interiors GmbH and Co. KG	Germany	
Johnson Controls Interiors Management GmbH	Germany	
Johnson Controls International spol sro (Slovakia)	Slovakia	
Johnson Controls Jimbolia srl	Romania	
Johnson Controls KK	Japan	
Johnson Controls Leasing Mexico	Mexico	
Johnson Controls Lucenec sro	Slovakia	
Johnson Controls Metal Components Birmingham Ltd.	United Kingdom	
Johnson Controls Metals and Mechanisms GmbH & Co. KG	Germany	
Johnson Controls Metals Holding Ltd. & Co. KG	Germany	
Johnson Controls Mor Beteti Tarsasag	Hungary	
Johnson Controls Objekt Bochum GmbH and Co. K	Germany	
Johnson Controls Objekt Zwickau GmbH and Co. KG	Germany	
Johnson Controls Polska Sp. z.o.o.	Poland	
Johnson Controls Properties MI, LLC	United States	
Johnson Controls Properties UK, Ltd.	United Kingdom	
Johnson Controls Romania SRL	Romania	
Johnson Controls Roth SAS	France	
Johnson Controls Schwalbach GmbH	Germany	
Johnson Controls Servicios, S de RL de CV	Mexico	
Johnson Controls Solingen Beteiligungs GmbH	Germany	
Johnson Controls Sweden AB	Sweden	
Johnson Controls Technology Company	United States	
Keiper LLC	United States	
PT Armada Johnson Controls	Indonesia	75.0%
Sistemas Automotrice Summa SA de CV (SAS)	Mexico	
TechnoTrim, Inc.	United States	51.0%
Yanfeng Canada Automotive Interior Systems ULC	Canada	

* Pursuant to Item 601(b)(21)(ii) of Regulation S-K, the names of other subsidiaries of Adient Limited are omitted because, considered in the aggregate, they would not constitute a significant subsidiary as of the end of the year covered by this report.

JOHNSON CONTROLS INTERNATIONAL PLC
ONE ALBERT QUAY
ALBERT QUAY, CORK, IRELAND

JOHNSON CONTROLS INTERNATIONAL PLC

THE ENCLOSED MATERIALS HAVE BEEN SENT TO YOU FOR
INFORMATIONAL PURPOSES ONLY

JOHNSON CONTROLS INTERNATIONAL PLC

You are receiving this communication because you hold ordinary shares of Johnson Controls International plc ("Johnson Controls"). On July 24, 2015, Johnson Controls announced the separation of its automotive seating and interiors business from the rest of Johnson Controls by means of a spin-off into a newly-formed, publicly-traded company, Adient plc ("Adient"). 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. Important information regarding this separation and distribution (which we refer to as the "Spin-Off Materials") is now available for your review. This notice provides instructions on how to gain access to the Spin-Off Materials, which are being provided for informational purposes only. This notice is not a form for voting and presents only an overview of the Spin-Off Materials, which contain important information and are available, free of charge, on the Internet or by mail. We encourage you to access the Spin-Off Materials and review them closely.

The distribution of Adient ordinary shares will occur on _____, 2016, by way of a pro rata distribution to Johnson Controls shareholders. Each Johnson Controls shareholder will receive one Adient ordinary share for every ten shares of Johnson Controls held by such shareholder as of the close of business on _____, 2016, the record date for the distribution. Adient is not soliciting proxy or consent authority from shareholders in connection with the separation and distribution, and no vote of Johnson Controls shareholders is requested or required.

Important Notice Regarding the Availability of Materials

JOHNSON CONTROLS INTERNATIONAL PLC

JOHNSON CONTROLS INTERNATIONAL PLC
ONE ALBERT QUAY
ALBERT QUAY, CORK, IRELAND

You are receiving this communication because you hold securities in the company listed above. They have released informational materials that are now available for your review. This notice provides instructions on how to access JOHNSON CONTROLS INTERNATIONAL PLC materials for informational purposes only.

You may view the materials online at www.jci.com and easily request a paper or e-mail copy (see reverse side).

See the reverse side for instructions on how to access materials.

INSERT # HERE

How to Access the Materials

Materials Available to VIEW or RECEIVE:

INFORMATION STATEMENT

How to View Online:

Have the information that is printed in the box marked by the arrow (located on the following page) and visit: [www.\[●\].com](http://www.[●].com).

How to Request and Receive a PAPER or E-MAIL Copy:

If you want to receive a paper or e-mail copy of these materials, you must request one. There is NO charge for requesting a copy. Please choose one of the following methods to make your request:

- 1) BY INTERNET: [www.\[●\].com](http://www.[●].com)
- 2) BY TELEPHONE: 1-[●]
- 3) BY E-MAIL*: [\[●\]@www.\[●\].com](mailto:[●]@www.[●].com)

* If requesting materials by e-mail, please send a blank e-mail with the information that is printed in the box marked by the arrow (located on the following page) in the subject line.

Requests, instructions and other inquiries sent to this e-mail address will NOT be forwarded to your investment advisor.



You are receiving this communication because you hold ordinary shares of Johnson Controls International plc ("Johnson Controls"). On July 24, 2015, Johnson Controls announced the separation of its automotive seating and interiors business from the rest of Johnson Controls by means of a spin-off into a newly-formed, publicly-traded company, Adient plc ("Adient"). 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. Important information regarding this separation and distribution (which we refer to as the "Spin-Off Materials") is now available for your review. This notice provides instructions on how to gain access to the Spin-Off Materials, which are being provided for informational purposes only. This notice is not a form for voting and presents only an overview of the Spin-Off Materials, which contain important information and are available, free of charge, on the Internet or by mail. We encourage you to access the Spin-Off Materials and review them closely.

INSERT # HERE

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