

# Quarterly Update FY17 Second Quarter

April 27, 2017

## Johnson Controls International plc Cautionary Statement Regarding Forward-Looking Statements

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Johnson Controls International plc has made statements in this communication that are forward-looking and therefore are subject to risks and uncertainties. All statements in this document other than statements of historical fact are, or could be, “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. In this communication, statements regarding Johnson Controls’ future financial position, sales, costs, earnings, cash flows, other measures of results of operations, synergies and integration opportunities, capital expenditures and debt levels are forward-looking statements. Words such as “may,” “will,” “expect,” “intend,” “estimate,” “anticipate,” “believe,” “should,” “forecast,” “project” or “plan” and terms of similar meaning are also generally intended to identify forward-looking statements. However, the absence of these words does not mean that a statement is not forward-looking. Johnson Controls cautions that these statements are subject to numerous important risks, uncertainties, assumptions and other factors, some of which are beyond Johnson Controls’ control, that could cause Johnson Controls’ actual results to differ materially from those expressed or implied by such forward-looking statements, including, among others, risks related to: any delay or inability of Johnson Controls to realize the expected benefits and synergies of recent portfolio transactions such as the merger with Tyco and the spin-off of Adient, changes in tax laws, regulations, rates, policies or interpretations, the loss of key senior management, the tax treatment of recent portfolio transactions, significant transaction costs and/or unknown liabilities associated with such transactions, the outcome of actual or potential litigation relating to such transactions, the risk that disruptions from recent transactions will harm Johnson Controls’ business, the strength of the U.S. or other economies, automotive vehicle production levels, mix and schedules, energy and commodity prices, the availability of raw materials and component products, currency exchange rates, and cancellation of or changes to commercial arrangements. A detailed discussion of risks related to Johnson Controls’ business is included in the section entitled “Risk Factors” in Johnson Controls’ Annual Report on Form 10-K for the 2016 fiscal year filed with the SEC on November 23, 2016, and in the quarterly reports on Form 10-Q filed with the SEC after such date, and available at [www.sec.gov](http://www.sec.gov) and [www.johnsoncontrols.com](http://www.johnsoncontrols.com) under the “Investors” tab. Shareholders, potential investors and others should consider these factors in evaluating the forward-looking statements and should not place undue reliance on such statements. The forward-looking statements included in this communication are made only as of the date of this document, unless otherwise specified, and, except as required by law, Johnson Controls assumes no obligation, and disclaims any obligation, to update such statements to reflect events or circumstances occurring after the date of this communication.

## Non GAAP Financial Information

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This presentation contains financial information regarding adjusted earnings per share, which is a non-GAAP performance measure. The adjusting items include mark-to-market for pension plans, transaction/integration/separation costs, restructuring and impairment costs, nonrecurring purchase accounting impacts related to the Tyco merger and discrete tax items. Financial information regarding adjusted sales, organic sales, adjusted segment EBITA, adjusted segment EBITA margin and adjusted free cash flow are also presented, which are non-GAAP performance measures. Adjusted segment EBITA excludes special items such as transaction/integration/separation costs and nonrecurring purchase accounting impacts because these costs are not considered to be directly related to the operating performance of its business units. Management believes that, when considered together with unadjusted amounts, these non-GAAP measures are useful to investors in understanding period-over-period operating results and business trends of the Company. Management may also use these metrics as guides in forecasting, budgeting and long-term planning processes and for compensation purposes. These metrics should be considered in addition to, and not as replacements for, the most comparable GAAP measure. Reconciliations of non-GAAP performance measures can be found in the attached footnotes.

# Agenda

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## Introduction

Antonella Franzen, Vice President, Investor Relations

2

## Second quarter highlights

Alex Molinaroli, Chairman and Chief Executive Officer

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## Integration update & business results

George Oliver, President and Chief Operating Officer

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## Financial review & guidance

Brian Stief, Executive Vice President and Chief Financial Officer

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## Q&A

# Executing Our Plan

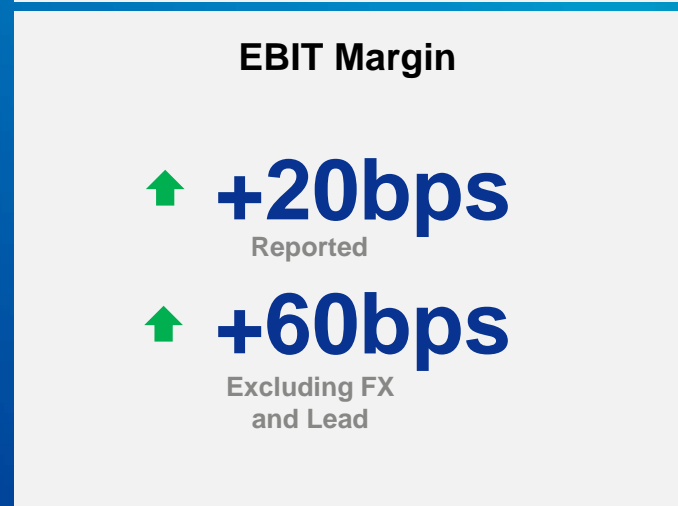
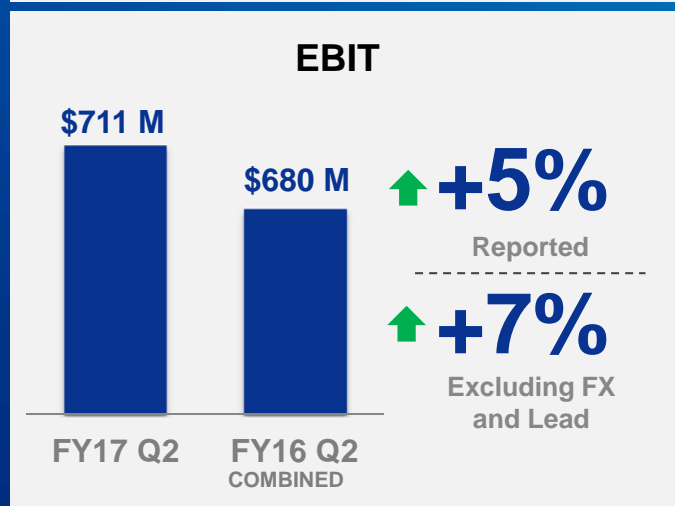
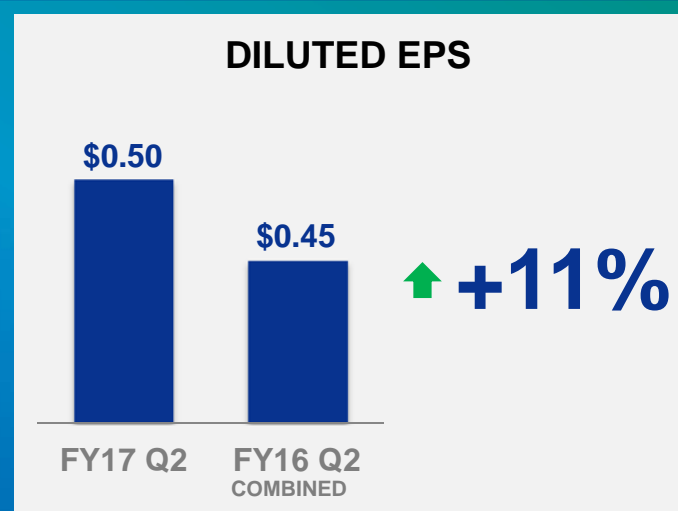
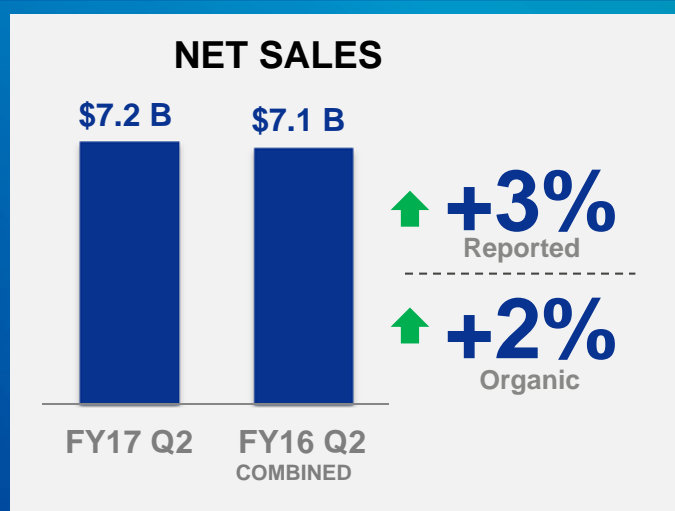
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## Demonstrating Solid Progress Towards Our FY17 Priorities

- Strong quarter of earnings per share growth
- Continued focus on productivity and “self-help” initiatives
- Strong progress with integration efforts and related savings
- Accelerating organic growth in Buildings
- Strategic portfolio actions
  - ✓ Announced divestiture of Scott Safety
  - ✓ Closed sale of ADT South Africa
- Increased share repurchase program by \$500 million



# FY17 Second Quarter Earnings from Continuing Operations\*



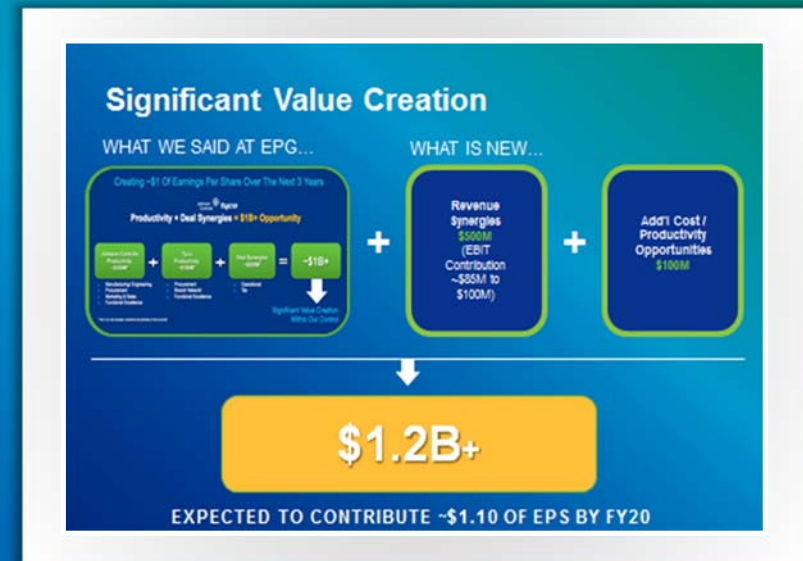
\*Non-GAAP excludes special items. 2016 results combine legacy Johnson Controls and legacy Tyco adjusted results. See footnotes for reconciliation.



# Integration Update

- Significant progress on Buildings organizational structure
- Several cross-selling wins with pipeline of opportunities
- Solid progress in quarter with cost synergies / productivity savings; expect to be at high-end of range

FY17 Expected Synergies/Productivity				
Q1 FY17	Q2 FY17	Q3 FY17	Q4 FY17	FY17
~\$0.05	~\$0.06	~\$0.07	~\$0.09	~\$0.27



**Grow, Integrate,  
Change, Operate**

# Building Technologies & Solutions\*

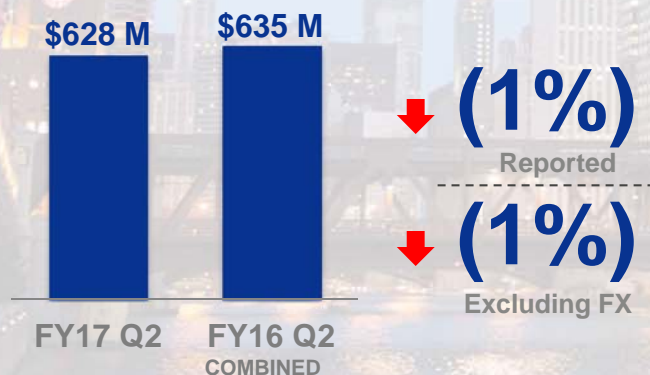
## Accelerating Organic Sales Growth

### NET SALES



- Organic sales growth of +3%
- Field** +4%
  - Applied HVAC up mid-single digits
  - Fire & Security up low-single digits
- Products** down 1%
  - Resi / light-commercial HVAC up high-teens
  - Hitachi down mid-single digits
  - Fire & Security down low-single digits

### SEGMENT EBITA



- Segment EBITA margin **down 30 bps**
- Volume leverage
- Productivity savings and cost synergies
- Unfavorable mix
- Product and channel investments

\*Non-GAAP excludes special items. 2016 results combine legacy Johnson Controls and legacy Tyco adjusted results. See footnotes for reconciliation.



# Building Technologies & Solutions

## Orders & Backlog

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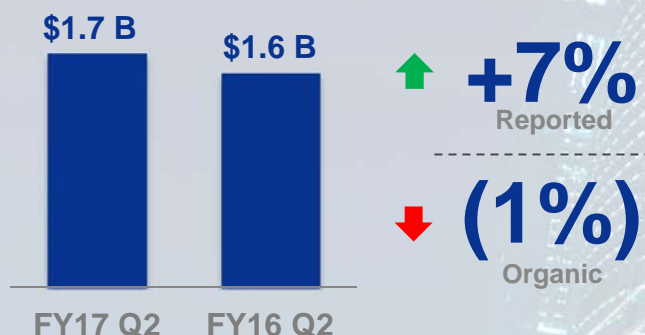
- Orders secured +2% vs prior year (ex. FX and M&A)
  - Field +3%
  - Products down 1%
- Backlog \$8.3B, +6% vs prior year (ex. FX and M&A)

	Q2 FY17	COMBINED Q2 FY16	Y-o-Y Ex. FX and M&A
Backlog	\$8.3B	\$8.1B	+6%

# Power Solutions\*

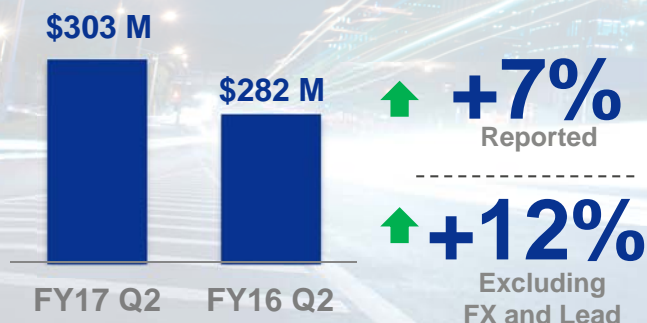
## Increased Profitability

### NET SALES



- Lower volumes in North America and China
- OE shipments (flat); Aftermarket (down 3%) related to customer demand patterns
- Global shipments of start-stop +36%
  - China +93%
  - Americas +60%
  - EMEA +20%

### SEGMENT EBITA



- Segment EBITA margin **+10 bps**; (**+230 bps** excluding lead)
- Lower volumes
- Lead cost increase
- Favorable product mix
- Productivity savings

\*Non-GAAP excludes special items. See footnotes for reconciliation.

# Corporate Expense\*

## CORPORATE EXPENSE



- Includes executive management, public company costs and functional administrative costs that support the enterprise
- Sequential Q2 increase related to the timing of expenses
- Expect full year Corporate expense to be at lower end of the \$480M to \$500M range (~11% improvement vs prior year)

\*Non-GAAP excludes special items. 2016 results combine legacy Johnson Controls and legacy Tyco adjusted results. See footnotes for reconciliation.

# FY17 Second Quarter Financial Highlights (continuing operations)

<i>(in millions)</i>	2017 GAAP	2017 * NON-GAAP	COMBINED 2016 * NON-GAAP	% Change
Sales	\$7,267	\$7,237	\$7,058	3%
Gross profit	2,281	2,246	2,219	1%
% of sales	31.4%	31.0%	31.4%	
SG&A expenses	1,726	1,588	1,579	1%
Restructuring & impairment costs	99	-	-	
Equity income	53	53	40	33%
EBIT	\$509	\$711	\$680	5%
	<b>7.0%</b>	<b>9.8%</b>	<b>9.6%</b>	

**Gross profit margin** (40 bps) driven primarily by higher lead prices

**Equity income** Increase due to improved performance in Power & Hitachi JVs

**EBIT margin** +20 bps reflects realization of cost synergies and productivity savings, partially offset by higher lead prices; +60bps adjusted for FX and lead

\*Non-GAAP excludes special items. 2016 results combine legacy Johnson Controls and legacy Tyco adjusted results. See footnotes for reconciliation.

# FY17 Second Quarter Financial Highlights (continuing operations)

(in millions, except earnings per share)

	2017 GAAP	2017 * NON-GAAP	COMBINED 2016 * NON-GAAP
EBIT	\$509	\$711	\$680
Net financing charges	116	116	114
Income before income taxes	393	595	566
Income tax provision	508	89	96
Net (loss) income	(115)	506	470
Income attributable to noncontrolling interests	33	33	44
Net (loss) income attributable to JCI	\$(148)	\$473	\$426
Diluted EPS	<b>\$(0.16)</b>	<b>\$0.50</b>	<b>\$0.45</b>

## Income tax provision

Tax rate of **15%** in 2017 and **17%** in 2016

## Noncontrolling interests

Decrease due to Hitachi JVs mix of earnings and underlying tax rates

## Diluted EPS

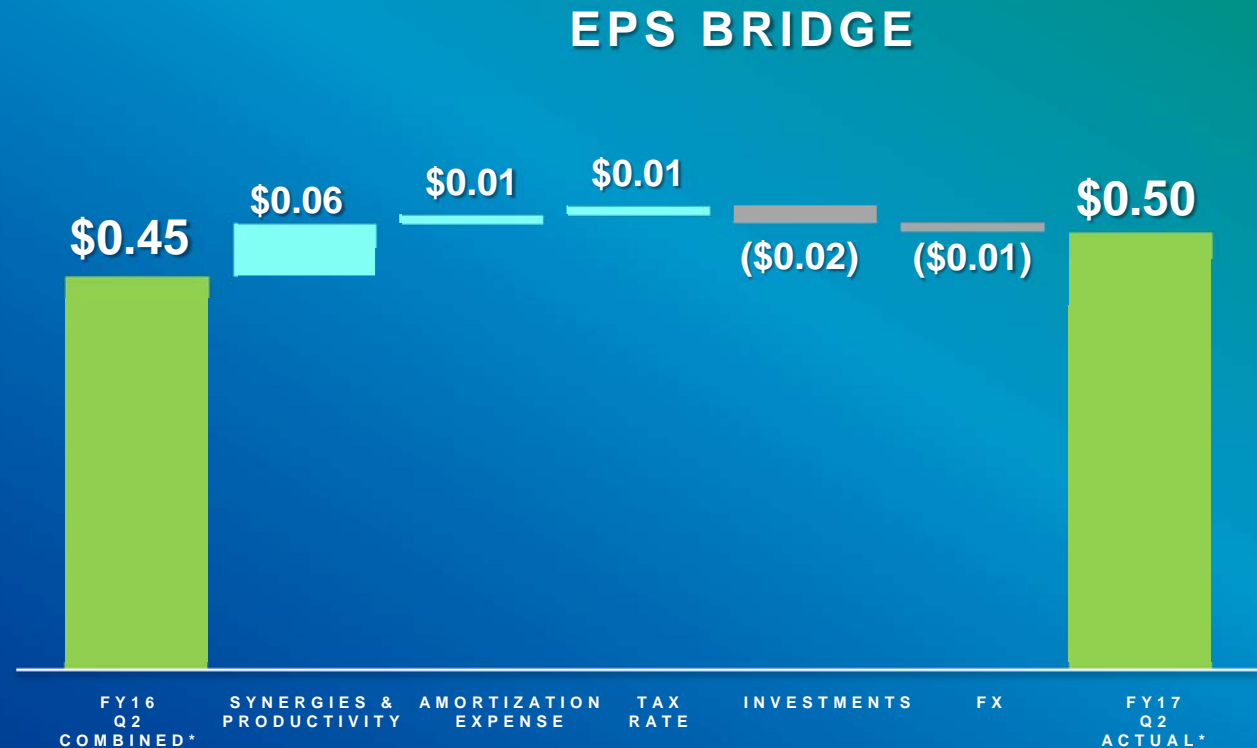
**+11%** vs. the prior year quarter

\*Non-GAAP excludes special items. 2016 results combine legacy Johnson Controls and legacy Tyco adjusted results. See footnotes for reconciliation.



# FY17 Q2 Results vs. Prior Year\*

- Solid cost synergies & productivity savings
- Continued investments in Buildings and Power



\*Non-GAAP excludes special items. 2016 results combine legacy Johnson Controls and legacy Tyco adjusted results. See footnotes for reconciliation.

# Free Cash Flow

\$ In billions

	FY17	
	Q1 Actual	Q2 Actual
Cash (used) / provided by operating activities	\$(1.9)	\$ 0.4
Capital expenditures*	(0.4)	(0.3)
<b>Reported free cash flow</b>	<b>(2.3)</b>	<b>0.1</b>
<b>Adjustments:</b>		
Transaction tax payments	1.2	0.1
Adient cash outflow	0.3	-
Transaction related restructuring and change in control pension distributions	0.3	-
Transaction/integration/separation costs	0.2	0.1
<b>Adjusted free cash flow</b>	<b>\$ (0.3)</b>	<b>\$ 0.3</b>

- Adjusted free cash flow of \$0.3 billion in the quarter
- Capex of \$0.3 billion in-line with expectations
- Transaction tax payments and ongoing transaction / integration costs were incurred to deliver cost synergies and productivity savings
- Continue to target adjusted free cash flow conversion of ~80%

\*Q1 capex includes \$0.1B related to Adient

# Balance Sheet

- Net debt to capital consistent: 39.7% as of 12/31/16 vs. 40.3% at 3/31/17

- Recent debt offerings / refinancing

- Q2 2017, raised ~\$1.6B in debt:

Principal	Interest Rate and Maturity
\$500 million	4.5% Notes; 30 year term
€1 billion	1.0% Notes; 6.5 year term

- Proceeds used for repayment of debt and general corporate purposes:

## Proceeds of Debt Used

### Repaid

- \$1.1 billion commercial paper
- \$100 million term loan
- \$70 million bonds

- Share repurchases

- Commenced in Q2; \$119M
- Increased program by \$500M; full year up to \$750M



## Other Items

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- Announced divestiture of Scott Safety business; classified as held-for-sale
- Completed sale of ADT South Africa Security business for ~\$130 million
- Special items
  - Restructuring and impairment costs
  - Transaction / integration / separation costs
  - Pension / OPEB mark-to-market
  - Income taxes
- Buildings reportable segment change expected in fourth quarter
  - Will provide quarterly new segments for fiscal 2017 with Q4 earnings

# Announced Divestiture of Scott Safety



## Impact of Announced Divestiture

### Transaction Terms

- \$2.0B cash transaction
- 13X trailing 12 month EBITDA
- Net cash proceeds of \$1.8B to \$1.9B

### Financial Impact

- Sales ~\$570M
- EBITDA ~\$155M
- \$0.07 dilutive to earnings

### Use of Proceeds

- Repay portion of TSarI debt
- \$0.06 accretive to earnings

### Additional Accretion

- Incremental share repurchase of \$500 million



Expected Closing  
Second Half Of  
Calendar 2017



# FY17 Q3 Guidance vs. Prior Year\*

## EPS BRIDGE




## FY17 Q3 OUTLOOK

Sales	~\$7.7B
Organic Growth	~3%
FX Headwind	~(\$140M)
Net M&A Activity Incl. Divestiture	~(\$70M)
EBIT Margin Expansion	+110 to +140 bps
Diluted Shares	~945M
EPS*	\$0.70 to \$0.73 (+15% to +20% Y-o-Y)

\*Non-GAAP excludes special items. 2016 results combine legacy Johnson Controls and legacy Tyco adjusted results.

# 2017 Full Year Guidance

	Initial Guidance	Updated Guidance
Sales	\$29.7B to \$30.2B	\$30.0B to \$30.2B
Organic Growth	2.5% to 4.5%	~3%
FX Headwind	~(\$430M)	~(\$380M)
Net M&A Activity Incl. Divestiture	~(\$300M)	~(\$250M)
EBIT Margin Expansion	+80 to 110bps	+80 to 110bps
Diluted Shares	~940M	~945M
EPS*	\$2.60 to \$2.75 (+13% to +19% Y-o-Y)	\$2.60 to \$2.68 (+13% to +16% Y-o-Y)

Initial guidance as provided on December 5, 2016 Investor Day

\*Non-GAAP excludes special items.



# Appendix

Johnson  
Controls



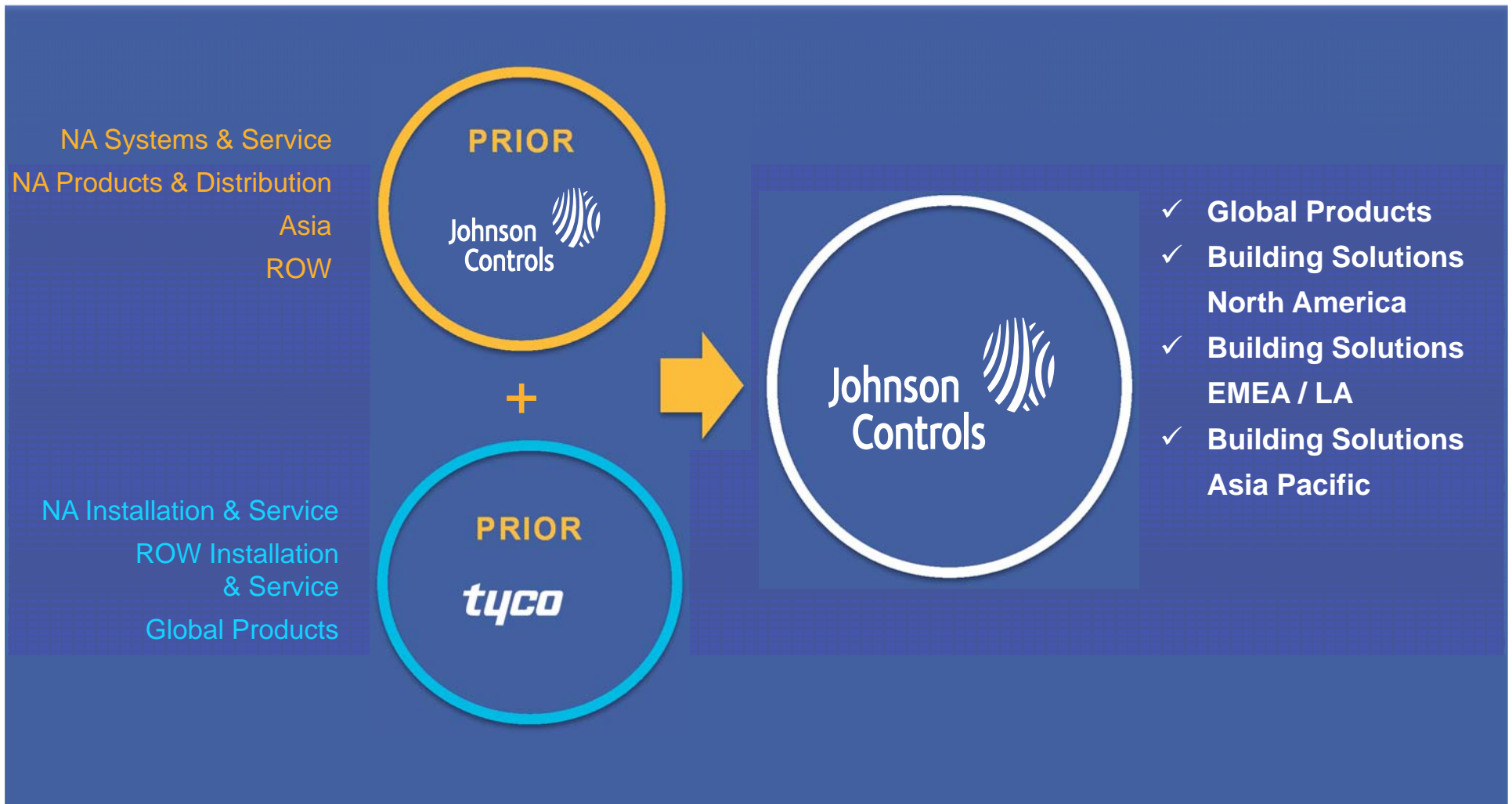


# Building Technologies & Solutions Segment Detail



	Sales Growth (Organic)	Orders Growth (Organic)
	FY17 Q2	FY17 Q2
<b>Building Efficiency</b>		
Systems & Services North America	+2%	+6%
Products North America	+8%	+8%
Asia	+1%	(1%)
Rest of World	+7%	+9%
	+3%	+4%
<b>Tyco</b>	+1%	(2%)
<b>Buildings</b>	<b>+3%</b>	<b>+2%</b>

# Buildings Reportable Segment Change





## Second Quarter Special Items (continuing operations)

\$ In millions, except EPS

<b>2017</b>	<b>Pre-tax Income (Expense)</b>	<b>Tax (Expense) Benefit</b>	<b>NCI (Expense) Benefit</b>	<b>After-tax Income (Expense)</b>	<b>EPS Impact*</b>
<b>Transaction, Integration &amp; Separation Costs</b>	(\$138)	\$31	\$-	(\$107)	(\$0.11)
<b>Restructuring &amp; Impairment Costs</b>	(99)	20	-	(79)	(0.08)
<b>Non-Recurring Purchase Accounting</b>	17	(5)	-	12	0.01
<b>Pension Mark-to-Market</b>	18	(8)	-	10	0.01
<b>Discrete Income Tax Item (Scott Safety)</b>	-	(457)	-	(457)	(0.48)
<b>Total</b>	<b>(\$202)</b>	<b>(\$419)</b>	<b>\$-</b>	<b>(\$621)</b>	<b>(\$0.66)</b>

\*Does not sum due to rounding

# Second Quarter FY17 Restructuring and Impairment Costs

\$ In millions

Business Unit	Cash	Non-cash	Total
Building Technologies & Solutions	\$76	\$21	\$97
Corporate	-	2	2
<b>Total pre-tax charge</b>	<b>\$76</b>	<b>\$23</b>	<b>\$99</b>
<b>Tax impact</b>			<b>(20)</b>
<b>Total after-tax charge</b>			<b>\$79</b>

**Restructuring and Non-cash Impairment Charges Primarily Related to Workforce Reductions and Asset Impairments**

# 2017 Full Year Foreign Exchange Impact

	Original FX Guidance <i>December Investor Day</i>	Current FX Guidance <i>FY17 Q2 Earnings Call</i>
2017 Sales Headwind	(\$430M) (~2%)	(\$380M) (~1%)
2017 EPS Headwind	(\$0.07)	(\$0.05)

	Top Foreign Currency Exposures	
	Original FX Rates <i>December Investor Day</i>	March FX Rates <i>FY17 Q2 Earnings Call</i>
EUR/USD	1.10	1.07
USD/JPY	114.50	113.00
USD/CNY	6.70	6.89
USD/CAD	1.34	1.34
GBP/USD	1.28	1.23
USD/MXN	19.90	19.30

An aerial night photograph of a city, featuring a prominent multi-level highway interchange with glowing orange and yellow light trails from traffic. The surrounding urban area is visible with various buildings and streetlights.

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 @JCI\_IR



April 27, 2017

**JOHNSON CONTROLS INTERNATIONAL PLC**  
**CONDENSED CONSOLIDATED STATEMENTS OF INCOME**  
(in millions, except per share data; unaudited)

	Three Months Ended March 31,	
	2017	2016
Net sales	\$ 7,267	\$ 4,733
Cost of sales	4,986	3,446
Gross profit	2,281	1,287
Selling, general and administrative expenses	(1,726)	(899)
Restructuring and impairment costs	(99)	(60)
Net financing charges	(116)	(71)
Equity income	53	40
Income from continuing operations before income taxes	393	297
Income tax provision	508	41
Income (loss) from continuing operations	(115)	256
Loss from discontinued operations, net of tax	-	(725)
Net loss	(115)	(469)
Less: Income from continuing operations attributable to noncontrolling interests	33	38
Less: Income from discontinued operations attributable to noncontrolling interests	-	23
Net loss attributable to JCI	<u>\$ (148)</u>	<u>\$ (530)</u>
Income (loss) from continuing operations	\$ (148)	\$ 218
Loss from discontinued operations	-	(748)
Net loss attributable to JCI	<u>\$ (148)</u>	<u>\$ (530)</u>
Diluted earnings (loss) per share from continuing operations	\$ (0.16)	\$ 0.33
Diluted loss per share from discontinued operations	-	(1.15)
Diluted loss per share *	<u>\$ (0.16)</u>	<u>\$ (0.81)</u>
Diluted weighted average shares	939.2	652.1
Shares outstanding at period end	938.1	648.4

\* May not sum due to rounding.



April 27, 2017

**JOHNSON CONTROLS INTERNATIONAL PLC**  
**CONDENSED CONSOLIDATED STATEMENTS OF INCOME**  
(in millions, except per share data; unaudited)

	Six Months Ended March 31,	
	2017	2016
Net sales	\$ 14,353	\$ 9,429
Cost of sales	9,958	6,885
Gross profit	4,395	2,544
Selling, general and administrative expenses	(3,296)	(1,746)
Restructuring and impairment costs	(177)	(60)
Net financing charges	(252)	(137)
Equity income	108	82
Income from continuing operations before income taxes	778	683
Income tax provision	481	124
Income from continuing operations	297	559
Loss from discontinued operations, net of tax	(34)	(538)
Net income	263	21
Less: Income from continuing operations attributable to noncontrolling interests	73	61
Less: Income from discontinued operations attributable to noncontrolling interests	9	40
Net income (loss) attributable to JCI	\$ 181	\$ (80)
Income from continuing operations	\$ 224	\$ 498
Loss from discontinued operations	(43)	(578)
Net income (loss) attributable to JCI	\$ 181	\$ (80)
Diluted earnings per share from continuing operations	\$ 0.24	\$ 0.76
Diluted loss per share from discontinued operations	(0.05)	(0.89)
Diluted earnings (loss) per share *	\$ 0.19	\$ (0.12)
Diluted weighted average shares	948.0	652.5
Shares outstanding at period end	938.1	648.4

\* May not sum due to rounding.

**JOHNSON CONTROLS INTERNATIONAL PLC**  
**CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
(in millions; unaudited)

	March 31, 2017	September 30, 2016
<b>ASSETS</b>		
Cash and cash equivalents	\$ 412	\$ 579
Accounts receivable - net	6,094	6,394
Inventories	3,138	2,888
Assets held for sale	2,037	5,812
Other current assets	1,548	1,436
Current assets	<u>13,229</u>	<u>17,109</u>
Property, plant and equipment - net	5,601	5,632
Goodwill	19,644	21,024
Other intangible assets - net	6,687	7,540
Investments in partially-owned affiliates	1,099	990
Noncurrent assets held for sale	-	7,374
Other noncurrent assets	3,347	3,510
Total assets	<u>\$ 49,607</u>	<u>\$ 63,179</u>
<b>LIABILITIES AND EQUITY</b>		
Short-term debt and current portion of long-term debt	\$ 1,666	\$ 1,706
Accounts payable and accrued expenses	4,802	5,333
Liabilities held for sale	237	4,276
Other current liabilities	4,037	5,016
Current liabilities	<u>10,742</u>	<u>16,331</u>
Long-term debt	11,810	11,053
Other noncurrent liabilities	6,686	6,583
Noncurrent liabilities held for sale	-	3,888
Redeemable noncontrolling interests	168	234
Shareholders' equity attributable to JCI	19,388	24,118
Noncontrolling interests	813	972
Total liabilities and equity	<u>\$ 49,607</u>	<u>\$ 63,179</u>

**JOHNSON CONTROLS INTERNATIONAL PLC**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(in millions; unaudited)

	Three Months Ended March 31,	
	2017	2016
<b>Operating Activities</b>		
Net loss attributable to JCI	\$ (148)	\$ (530)
Income from continuing operations attributable to noncontrolling interests	33	38
Income from discontinued operations attributable to noncontrolling interests	-	23
Net loss	(115)	(469)
Adjustments to reconcile net loss to cash provided by operating activities:		
Depreciation and amortization	292	219
Pension and postretirement benefit income	(47)	(17)
Pension and postretirement contributions	(11)	(34)
Equity in earnings of partially-owned affiliates, net of dividends received	(52)	(97)
Deferred income taxes	479	345
Non-cash restructuring and impairment costs	23	29
Other - net	45	23
Changes in assets and liabilities, excluding acquisitions and divestitures:		
Accounts receivable	(58)	(124)
Inventories	(228)	(98)
Other assets	(63)	242
Restructuring reserves	27	141
Accounts payable and accrued liabilities	195	83
Accrued income taxes	(123)	391
Cash provided by operating activities	364	634
<b>Investing Activities</b>		
Capital expenditures	(263)	(261)
Sale of property, plant and equipment	16	5
Acquisition of businesses, net of cash acquired	(3)	-
Business divestitures, net of cash divested	133	22
Other - net	(24)	1
Cash used by investing activities	(141)	(233)
<b>Financing Activities</b>		
Increase (decrease) in short and long-term debt - net	220	(188)
Debt financing costs	(11)	-
Stock repurchases	(119)	-
Payment of cash dividends	(235)	(188)
Proceeds from the exercise of stock options	59	4
Dividends paid to noncontrolling interests	(47)	(73)
Cash transferred to Adient related to spin-off	(101)	-
Cash received related to prior acquisitions	8	-
Other - net	8	(3)
Cash used by financing activities	(218)	(448)
Effect of exchange rate changes on cash and cash equivalents	30	(9)
Cash held for sale	-	(8)
<b>Increase (decrease) in cash and cash equivalents</b>	<b>\$ 35</b>	<b>\$ (64)</b>

**JOHNSON CONTROLS INTERNATIONAL PLC**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(in millions; unaudited)

	Six Months Ended March 31,	
	2017	2016
<b>Operating Activities</b>		
Net income (loss) attributable to JCI	\$ 181	\$ (80)
Income from continuing operations attributable to noncontrolling interests	73	61
Income from discontinued operations attributable to noncontrolling interests	9	40
Net income	263	21
Adjustments to reconcile net income to cash provided (used) by operating activities:		
Depreciation and amortization	638	445
Pension and postretirement benefit income	(202)	(34)
Pension and postretirement contributions	(258)	(53)
Equity in earnings of partially-owned affiliates, net of dividends received	(116)	(207)
Deferred income taxes	1,059	331
Non-cash restructuring and impairment costs	39	29
Other - net	82	52
Changes in assets and liabilities, excluding acquisitions and divestitures:		
Accounts receivable	(21)	75
Inventories	(370)	(168)
Other assets	(150)	134
Restructuring reserves	47	67
Accounts payable and accrued liabilities	(616)	(311)
Accrued income taxes	(1,931)	240
Cash provided (used) by operating activities	(1,536)	621
<b>Investing Activities</b>		
Capital expenditures	(634)	(543)
Sale of property, plant and equipment	18	14
Acquisition of businesses, net of cash acquired	(6)	(133)
Business divestitures, net of cash divested	180	40
Other - net	(30)	5
Cash used by investing activities	(472)	(617)
<b>Financing Activities</b>		
Increase in short and long-term debt - net	776	326
Debt financing costs	(17)	-
Stock repurchases	(119)	-
Payment of cash dividends	(235)	(356)
Proceeds from the exercise of stock options	88	20
Dividends paid to noncontrolling interests	(78)	(227)
Dividend from Adient spin-off	2,050	-
Cash transferred to Adient related to spin-off	(665)	-
Cash paid related to prior acquisitions	(37)	-
Other - net	(2)	3
Cash provided (used) by financing activities	1,761	(234)
Effect of exchange rate changes on cash and cash equivalents	(25)	(9)
Cash held for sale	105	(22)
<b>Decrease in cash and cash equivalents</b>	<b>\$ (167)</b>	<b>\$ (261)</b>

## FOOTNOTES

## 1. Financial Summary

In the first quarter of fiscal 2017, the Company began evaluating the performance of its business units primarily on segment earnings before interest, taxes and amortization (EBITA), which represents income from continuing operations before income taxes and noncontrolling interests, excluding general corporate expenses, intangible asset amortization, net financing charges, significant restructuring and impairment costs, and the net mark-to-market adjustments related to pension and postretirement plans. Historical information has been revised to present the comparable periods on a consistent basis. Also in the first quarter of fiscal 2017, the Company began reporting the Automotive Experience business as a discontinued operation, which required retrospective application to previously reported financial information. As a result, the segment EBITA amounts shown below are for continuing operations and exclude the Automotive Experience business. In addition, the financial results for the three and six months ended March 31, 2016 exclude the Tyco business.

(in millions; unaudited)

	Three Months Ended March 31,				Six Months Ended March 31,			
	2017		2016		2017		2016	
	Actual	Adjusted Non-GAAP	Actual	Adjusted Non-GAAP	Actual	Adjusted Non-GAAP	Actual	Adjusted Non-GAAP
<b>Net sales (1)</b>								
Building Technologies & Solutions	\$ 5,571	\$ 5,541	\$ 3,150	\$ 3,150	\$ 10,757	\$ 10,737	\$ 6,106	\$ 6,106
Power Solutions	1,696	1,696	1,583	1,583	3,596	3,596	3,323	3,323
Net sales	<u>\$ 7,267</u>	<u>\$ 7,237</u>	<u>\$ 4,733</u>	<u>\$ 4,733</u>	<u>\$ 14,353</u>	<u>\$ 14,333</u>	<u>\$ 9,429</u>	<u>\$ 9,429</u>
<b>Segment EBITA (1)</b>								
Building Technologies & Solutions	\$ 653	\$ 628	\$ 276	\$ 282	\$ 1,088	\$ 1,206	\$ 475	\$ 493
Power Solutions	303	303	282	282	692	693	642	642
Segment EBITA	956	931	558	564	1,780	1,899	1,117	1,135
Corporate expenses (2)	(240)	(128)	(110)	(75)	(433)	(236)	(197)	(143)
Amortization of intangible assets (3)	(126)	(92)	(20)	(20)	(275)	(195)	(40)	(40)
Mark-to-market gain for pension plans (4)	18	-	-	-	135	-	-	-
Restructuring and impairment costs (5)	(99)	-	(60)	-	(177)	-	(60)	-
EBIT (6)	509	711	368	469	1,030	1,468	820	952
Net financing charges (7)	(116)	(116)	(71)	(71)	(252)	(235)	(137)	(137)
Income from continuing operations before income taxes	393	595	297	398	778	1,233	683	815
Income tax provision (8)	(508)	(89)	(41)	(70)	(481)	(185)	(124)	(141)
Income (loss) from continuing operations	(115)	506	256	328	297	1,048	559	674
Income from continuing operations attributable to noncontrolling interests (9)	(33)	(33)	(38)	(45)	(73)	(73)	(61)	(74)
Net income (loss) from continuing operations attributable to JCI	<u>\$ (148)</u>	<u>\$ 473</u>	<u>\$ 218</u>	<u>\$ 283</u>	<u>\$ 224</u>	<u>\$ 975</u>	<u>\$ 498</u>	<u>\$ 600</u>

*Building Technology & Solutions* - Provides facility systems and services including comfort, energy and security management for the non-residential buildings market, and provides heating, ventilating, and air conditioning products and services, security products and services, fire detection and suppression products and services, and life safety products for the residential and non-residential building markets.

*Power Solutions* - Services both automotive original equipment manufacturers and the battery aftermarket by providing advanced battery technology, coupled with systems engineering, marketing and service expertise.

(1) The Company's press release contains financial information regarding adjusted net sales, adjusted segment EBITA and adjusted segment EBITA margins, which are non-GAAP performance measures. The Company's definition of adjusted segment EBITA excludes special items because these costs are not considered to be directly related to the underlying operating performance of its business units. Management believes these non-GAAP measures are useful to investors in understanding the ongoing operations and business trends of the Company.

The following is the three months ended March 31, 2017 and 2016 reconciliation of net sales, segment EBITA and segment EBITA margin as reported to adjusted net sales, adjusted segment EBITA and adjusted segment EBITA margin (unaudited):

(in millions)	Building Technologies & Solutions		Power Solutions		Consolidated JCI plc	
	2017	2016	2017	2016	2017	2016
Net sales as reported	\$ 5,571	\$ 3,150	\$ 1,696	\$ 1,583	\$ 7,267	\$ 4,733
Adjusting items:						
Nonrecurring purchase accounting impacts	(30)	-	-	-	(30)	-
Adjusted net sales	\$ 5,541	\$ 3,150	\$ 1,696	\$ 1,583	\$ 7,237	\$ 4,733
Segment EBITA as reported	\$ 653	\$ 276	\$ 303	\$ 282	\$ 956	\$ 558
Segment EBITA margin as reported	11.7%	8.8%	17.9%	17.8%	13.2%	11.8%
Adjusting items:						
Transaction costs	10	1	-	-	10	1
Integration costs	16	5	-	-	16	5
Nonrecurring purchase accounting impacts	(51)	-	-	-	(51)	-
Adjusted segment EBITA	\$ 628	\$ 282	\$ 303	\$ 282	\$ 931	\$ 564
Adjusted segment EBITA margin	11.3%	9.0%	17.9%	17.8%	12.9%	11.9%

The following is the six months ended March 31, 2017 and 2016 reconciliation of net sales, segment EBITA and segment EBITA margin as reported to adjusted net sales, adjusted segment EBITA and adjusted segment EBITA margin (unaudited):

(in millions)	Building Technologies & Solutions		Power Solutions		Consolidated JCI plc	
	2017	2016	2017	2016	2017	2016
Net sales as reported	\$ 10,757	\$ 6,106	\$ 3,596	\$ 3,323	\$ 14,353	\$ 9,429
Adjusting items:						
Nonrecurring purchase accounting impacts	(20)	-	-	-	(20)	-
Adjusted net sales	\$ 10,737	\$ 6,106	\$ 3,596	\$ 3,323	\$ 14,333	\$ 9,429
Segment EBITA as reported	\$ 1,088	\$ 475	\$ 692	\$ 642	\$ 1,780	\$ 1,117
Segment EBITA margin as reported	10.1%	7.8%	19.2%	19.3%	12.4%	11.8%
Adjusting items:						
Transaction costs	27	10	1	-	28	10
Integration costs	30	8	-	-	30	8
Nonrecurring purchase accounting impacts	61	-	-	-	61	-
Adjusted segment EBITA	\$ 1,206	\$ 493	\$ 693	\$ 642	\$ 1,899	\$ 1,135
Adjusted segment EBITA margin	11.2%	8.1%	19.3%	19.3%	13.2%	12.0%

(2) Adjusted Corporate expenses for the three months ended March 31, 2017 excludes \$95 million of integration costs and \$17 million of transaction costs. Adjusted Corporate expenses for the six months ended March 31, 2017 excludes \$145 million of integration costs, \$48 million of transaction costs and \$4 million of separation costs. Adjusted Corporate expenses for the three months ended March 31, 2016 excludes \$18 million of transaction costs and \$17 million of separation costs. Adjusted Corporate expenses for the six months ended March 31, 2016 excludes \$35 million of separation costs and \$19 million of transaction costs.

(3) Adjusted amortization of intangible assets for the three and six months ended March 31, 2017 excludes \$34 million and \$80 million, respectively, of nonrecurring asset amortization related to Tyco purchase accounting.



(4) The three and six months ended March 31, 2017 pension mark-to-market gains of \$18 million and \$135 million, respectively, due to lump sum payouts for certain U.S. pension plans are excluded from the adjusted non-GAAP results.

(5) The three and six months ended March 31, 2017 restructuring and impairment charges of \$99 million and \$177 million, respectively, are excluded from the adjusted non-GAAP results. The three and six months ended March 31, 2016 restructuring and impairment charge of \$60 million is excluded from the adjusted non-GAAP results.

(6) Management defines earnings before interest and taxes (EBIT) as income from continuing operations before net financing charges, income taxes and noncontrolling interests.

(7) Adjusted net financing charges for the six months ended March 31, 2017 exclude \$17 million of transaction costs related to the debt exchange offers.

(8) Adjusted income tax provision for the three months ended March 31, 2017 excludes the non-cash tax charge of \$457 million related to establishment of a deferred tax liability on the outside basis difference of the Company's investment in certain subsidiaries of the Scott Safety business and the tax provisions for the pension mark-to-market gain of \$8 million and Tyco nonrecurring purchase accounting impacts of \$5 million, partially offset by the tax benefits of integration costs of \$25 million, restructuring and impairment costs of \$20 million and transaction costs of \$6 million. Adjusted income tax provision for the six months ended March 31, 2017 excludes the non-cash tax charge of \$457 million related to establishment of a deferred tax liability on the outside basis difference of the Company's investment in certain subsidiaries of the Scott Safety business and the tax provision for the pension mark-to-market gains of \$54 million, partially offset by the tax benefits of changes in entity tax status of \$101 million, Tyco nonrecurring purchase accounting impacts of \$38 million, restructuring and impairment costs of \$34 million, integration costs of \$32 million and transaction costs of \$10 million. Adjusted income tax provision for the three months ended March 31, 2016 excludes the tax benefits related to the first quarter impact of the reduction in the Company's annual effective tax rate of \$15 million, restructuring and impairment costs of \$12 million, transaction costs of \$1 million and integration costs of \$1 million. Adjusted income tax provision for the six months ended March 31, 2016 excludes the tax benefits of restructuring and impairment costs of \$12 million, transaction costs of \$3 million, integration costs of \$1 million and separation costs of \$1 million.

(9) Adjusted income from continuing operations attributable to noncontrolling interests for the three months ended March 31, 2016 excludes \$6 million for the noncontrolling interest impact of restructuring and impairment costs and \$1 million for the noncontrolling interest impact of integration costs. Adjusted income from continuing operations attributable to noncontrolling interests for the six months ended March 31, 2016, excludes \$7 million for the noncontrolling interest impact of transaction/integration costs and \$6 million for the noncontrolling interest impact of restructuring and impairment costs.

## 2. 2016 Supplemental Combined Information

As a result of the reverse merger between JCI and Tyco, which closed on September 2, 2016, the Company is providing supplemental combined financial information. As supplemental information that management believes will be useful to investors, the Company has provided unaudited selected historical information which combines JCI's historical Building Efficiency business with historical Tyco results of operations as if these businesses had been operated together during the periods presented.

The merger is accounted for as a reverse acquisition with JCI considered to be acquiring Tyco for accounting purposes. As a result, the amounts reflected in Column A in the below table present the historical results of JCI, revised for the reporting changes described within footnote 1 above. The amounts in Column B reflect the impact of the special items, as set forth in the notes to the table and within footnote 1 above. The amounts in Column C reflect the inclusion of Tyco's historical results for the period prior to the merger on an adjusted basis.

For the avoidance of doubt, this supplemental combined information is not intended to be, and was not, prepared on a basis consistent with the unaudited pro forma condensed combined financial information in Exhibit 99.3 to the Company's Current Report on Form 8-K/A filed October 3, 2016 with the U.S. Securities and Exchange Commission (the "Pro Forma 8-K/A Filing"), which provides the pro forma financial information required by Item 9.01(b) of Form 8-K. The supplemental combined information is intentionally different from, but does not supersede, the pro forma financial information in the Pro Forma 8-K/A Filing.

In addition, the supplemental combined information does not purport to indicate the results that actually would have been obtained had the JCI and Tyco businesses been operated together on the basis of the new segment structure during the periods presented, or which may be realized in the future.

## Amounts Adjusted for Certain Special Items

The supplemental combined information includes line items, such as net sales, income from continuing operations before income taxes, income tax provision, noncontrolling interest, net income and diluted EPS, that have been adjusted for the special items set forth in the notes to the table. Such amounts should be viewed in addition to, and not in lieu of, net sales, income from continuing operations before income taxes, income tax provision, noncontrolling interest, net income and diluted EPS and other financial measures on an unadjusted basis. In addition, per share amounts presented in the tables take into account the effects of (i) the issuance of ordinary shares to JCI shareholders in connection with the merger, and (ii) the consolidation of Tyco ordinary shares immediately prior to the merger. As a result, share counts reflect shares outstanding as of September 2, 2016 immediately following the consummation of the merger transaction.

The Company's management believes that these adjusted amounts, when considered together with the unadjusted amounts, provide information that is useful to investors in understanding period-over-period operating results separate and apart from items that may, or could, have a disproportionate positive or negative impact on results in any particular period. The Company's management also believes that these adjusted amounts enhance the ability of investors to analyze trends in the Company's underlying business and to better understand the Company's performance. In addition, the Company may utilize adjusted amounts as guides in forecasting, budgeting and long-term planning processes and to measure operating performance for compensation purposes. Adjusted amounts should be considered in addition to, and not as a substitute for, or superior to, unadjusted amounts.

(in millions, except per share data; unaudited)

	Three Months Ended March 31, 2016				Six Months Ended March 31, 2016			
	A	B	C	D	A	B	C	D
<u>Net sales</u>								
Building Technologies & Solutions	\$ 3,150	\$ -	\$ 2,325	\$ 5,475	\$ 6,106	\$ -	\$ 4,695	\$ 10,801
Power Solutions	1,583	-	-	1,583	3,323	-	-	3,323
Net sales	<u>\$ 4,733</u>	<u>\$ -</u>	<u>\$ 2,325</u>	<u>\$ 7,058</u>	<u>\$ 9,429</u>	<u>\$ -</u>	<u>\$ 4,695</u>	<u>\$ 14,124</u>
<u>Income from continuing operations</u>								
Building Technologies & Solutions	\$ 276	\$ 6	\$ 353	\$ 635	\$ 475	\$ 18	\$ 701	\$ 1,194
Power Solutions	282	-	-	282	642	-	-	642
Segment EBITA	558	6	353	917	1,117	18	701	1,836
Corporate expenses	(110)	35	(55)	(130)	(197)	54	(110)	(253)
Amortization of intangible assets	(20)	-	(87)	(107)	(40)	-	(173)	(213)
Restructuring and impairment costs	(60)	60	-	-	(60)	60	-	-
EBIT	368	101	211	680	820	132	418	1,370
Net financing charges	(71)	-	(43)	(114)	(137)	-	(88)	(225)
Income from continuing operations before income taxes	297	101	168	566	683	132	330	1,145
Income tax provision	(41)	(29)	(26)	(96)	(124)	(17)	(53)	(194)
Noncontrolling interest	(38)	(7)	1	(44)	(61)	(13)	1	(73)
Net income	<u>\$ 218</u>	<u>\$ 65</u>	<u>\$ 143</u>	<u>\$ 426</u>	<u>\$ 498</u>	<u>\$ 102</u>	<u>\$ 278</u>	<u>\$ 878</u>
Diluted weighted average shares	652.1			940	652.5			940
Diluted earnings per share	<u>\$ 0.33</u>			<u>\$ 0.45</u>	<u>\$ 0.76</u>			<u>\$ 0.93</u>

A - Johnson Controls, as reported.

B - Adjusted to exclude special items because these costs are not considered to be directly related to the underlying operating performance of the Company. Management believes these non-GAAP measures are useful to investors in better understanding the ongoing operations and business trends of the Company. The special items are described by line item in footnote 1 above. The income tax provision and noncontrolling interest adjustments are a result of the special items discussed in footnote 1.

C - Includes Tyco adjusted non-GAAP results for the three and six months ended March 31, 2016, as if the merger occurred October 1, 2015. Tyco's first three fiscal quarters of 2016 ended on the last Friday of December, March and June, while JCI's fiscal quarters ended on the last day of each such month. Because the historical statements of income of each company represent full and equivalent quarterly periods, no adjustments were made to align the fiscal quarters. The income tax provision also includes an adjustment to arrive at an annualized 17% tax rate for fiscal 2016 as a combined company.

D - Combined financial information as if the merger with Tyco was completed on October 1, 2015. Reflects annual 17% tax rate and 940 million share count.

	Combined Adjusted Net Sales for the Three Months Ended								Adjusted Net Sales for the Three Months Ended									
(in millions)	March 31, 2016		Foreign Currency		Acquisitions/ Divestitures, Net		Lead Impact		Organic Net Sales		March 31, 2017							
Building Technologies & Solutions	\$	5,475	\$	(21)	-0.4%	\$	(51)	-0.9%	\$	-	\$	138	2.5%	\$	5,541	1.2%		
Power Solutions		1,583		(4)	-0.3%		-	-		127		(10)	-0.6%		1,696	7.1%		
Total net sales	\$	7,058	\$	(25)	-0.4%	\$	(51)	-0.7%	\$	127		1.8%	\$	128	1.8%	\$	7,237	2.5%

	Combined Adjusted Net Sales for the Six Months Ended								Adjusted Net Sales for the Six Months Ended								
(in millions)	March 31, 2016		Foreign Currency		Acquisitions/ Divestitures, Net		Lead Impact		Organic Net Sales								
										March 31, 2017							
Building Technologies & Solutions	\$	10,801	\$	(67)	-0.6%	\$	(101)	-0.9%	\$	-	-	\$	104	1.0%	\$	10,737	-0.6%
Power Solutions		3,323		(15)	-0.5%		-	-		174	5.2%		114	3.4%		3,596	8.2%
Total net sales	\$	14,124	\$	(82)	-0.6%	\$	(101)	-0.7%	\$	174	1.2%	\$	218	1.5%	\$	14,333	1.5%

The Company's press release contains financial information regarding adjusted earnings per share, which is a non-GAAP performance measure. The adjusting items include transaction/integration/separation costs, nonrecurring purchase accounting impacts related to the Tyco merger, mark-to-market gain for pension plans, restructuring and impairment costs, and discrete tax items. The Company excludes these items because they are not considered to be directly related to the underlying operating performance of the Company. Management believes these non-GAAP measures are useful to investors in understanding the ongoing operations and business trends of the Company.

	Net Income Attributable to JCI plc		Net Income Attributable to JCI plc from Continuing Operations		Net Income Attributable to JCI plc		Net Income Attributable to JCI plc from Continuing Operations	
	Three Months Ended March 31,		Three Months Ended March 31,		Six Months Ended March 31,		Six Months Ended March 31,	
	2017	2016	2017	2016	2017	2016	2017	2016
Earnings (loss) per share as reported for JCI plc	\$ (0.16)	\$ (0.81)	\$ (0.16)	\$ 0.33	\$ 0.19	\$ (0.12)	\$ 0.24	\$ 0.76
Adjusting items:								
Transaction costs	0.03	0.03	0.03	0.03	0.10	0.04	0.10	0.04
Related tax impact	(0.01)	-	(0.01)	-	(0.01)	-	(0.01)	-
Integration costs	0.12	0.01	0.12	0.01	0.18	0.01	0.18	0.01
Related tax impact	(0.03)	-	(0.03)	-	(0.03)	-	(0.03)	-
Separation costs	-	0.16	-	0.03	0.09	0.30	-	0.05
Related tax impact	-	(0.01)	-	-	-	(0.02)	-	-
Nonrecurring purchase accounting impacts	(0.02)	-	(0.02)	-	0.15	-	0.15	-
Related tax impact	0.01	-	0.01	-	(0.04)	-	(0.04)	-
Mark-to-market gain for pension plans	(0.02)	-	(0.02)	-	(0.14)	-	(0.14)	-
Related tax impact	0.01	-	0.01	-	0.06	-	0.06	-
Restructuring and impairment costs	0.10	0.34	0.10	0.08	0.19	0.34	0.19	0.08
Related tax impact	(0.02)	(0.03)	(0.02)	(0.02)	(0.04)	(0.03)	(0.04)	(0.02)
Discrete tax items	0.48	1.17	0.48	(0.02)	0.40	1.20	0.38	-
Adjusted earnings per share for JCI plc*	\$ 0.50	\$ 0.86	\$ 0.50	\$ 0.43	\$ 1.09	\$ 1.71	\$ 1.03	\$ 0.92

A reconciliation of the differences between earnings per share as reported and adjusted earnings per share provided on a forward-looking basis is not available due to the high variability of the net mark-to-market adjustments related to pension and postretirement plans and unpredictability of any other potential adjusting items.

The following table reconciles the denominators used to calculate basic and diluted earnings per share for JCI plc (in millions; unaudited):

	Three Months Ended March 31,		Six Months Ended March 31,	
	2017	2016	2017	2016
<b>Weighted Average Shares Outstanding for JCI plc</b>				
Basic weighted average shares outstanding	939.2	648.2	938.2	648.0
Effect of dilutive securities:				
Stock options, unvested restricted stock and unvested performance share awards	-	3.9	9.8	4.5
Diluted weighted average shares outstanding	<u>939.2</u>	<u>652.1</u>	<u>948.0</u>	<u>652.5</u>

For the three months ended March 31, 2017, the total number of potential dilutive shares due to stock options, unvested restricted stock and unvested performance share awards was 9.4 million. However, these items were not included in the computation of diluted loss per share for the three months ended March 31, 2017, since to do so would decrease the loss per share. On an adjusted diluted outstanding share basis, inclusion of the effect of dilutive securities results in diluted weighted average shares outstanding of 948.6 million for the three months ended March 31, 2017.

#### 5. Mark-to-Market of Pension and Postretirement Plans

The pension and postretirement mark-to-market gain or loss for each period is excluded from adjusted diluted earnings per share. The three and six months ended March 31, 2017 includes mark-to-market gains for pension plans of \$18 million and \$135 million, respectively, due to lump sum payouts for certain U.S. pension plans. There was no mark-to-market gain or loss for pension and postretirement plans in the three or six months ended March 31, 2016.

#### 6. Acquisitions and Divestitures

On March 16, 2017, the Company announced that it signed a definitive agreement to sell its Scott Safety business to 3M for approximately \$2.0 billion. Net cash proceeds from the transaction are expected to approximate \$1.8 to \$1.9 billion. Scott Safety is a leader in the design, manufacture and sale of high performance respiratory protection, gas and flame detection, thermal imaging and other critical products for fire services, law enforcement, industrial, oil and gas, chemical, armed forces, and homeland defense end markets. The transaction is expected to close in the second half of calendar 2017, subject to customary closing conditions including required regulatory approval. The Scott Safety business is included within assets held for sale and liabilities held for sale in the accompanying condensed consolidated statement of financial position as of March 31, 2017.

On October 31, 2016, the Company completed the spin-off of its Automotive Experience business by way of the transfer of the Automotive Experience business from JCI plc to Adient plc and the issuance of ordinary shares of Adient plc directly to holders of JCI plc ordinary shares on a pro rata basis. Following the separation, Adient plc is now an independent public company trading on the New York Stock Exchange (NYSE) under the symbol "ADNT." The Company did not retain any equity interest in Adient plc. Beginning in the first quarter of fiscal 2017, Adient's historical financial results are reflected in the Company's consolidated financial statements as a discontinued operation.

On September 2, 2016, JCI Inc. and Tyco completed their combination which was announced on January 25, 2016. The merger is accounted for as a reverse acquisition using the acquisition method of accounting in accordance with Accounting Standards Codification (ASC) 805, "Business Combinations." JCI Inc. is the accounting acquirer for financial reporting purposes. Accordingly, the historical consolidated financial statements of JCI Inc. for periods prior to this transaction are considered to be the historical financial statements of the Company. The total fair value of the consideration transferred was \$19.7 billion. As part of the transaction in the fiscal 2016 fourth quarter, the Company recorded \$16.4 billion of goodwill and \$6.2 billion of intangible assets, of which \$3.9 billion are subject to amortization.

On October 1, 2015, the Company formed a joint venture with Hitachi to expand its legacy Building Efficiency product offerings. The Company acquired a 60 percent ownership stake in the new entity for approximately \$133 million (\$563 million purchase price less cash acquired of \$430 million).

#### 7. Income Taxes

The Company's effective tax rate from continuing operations before consideration of the transaction/integration/separation costs, nonrecurring purchase accounting impacts related to the Tyco merger, mark-to-market gains for pension plans, restructuring and impairment costs, and discrete tax items for the three months ending March 31, 2017 and 2016 is approximately 15 percent and 18 percent, respectively. The three months ended March 31, 2017 includes a non-cash tax charge of \$457 million (\$0.48) in continuing operations related to establishment of a deferred tax liability on the outside basis difference of the Company's investment in certain subsidiaries of the Scott Safety business. The three months ended March 31, 2016 includes a non-cash tax charge of \$780 million (\$1.20) in discontinued operations related to the Company's change in assertion over permanently reinvested earnings as a result of the spin-off of the Automotive Experience business and a tax benefit of \$15 million (\$0.02) in continuing operations related to the first quarter impact of the reduction in the Company's annual effective tax rate.

#### 8. Restructuring

The three and six months ended March 31, 2017 includes restructuring and impairment costs of \$99 million and \$177 million, respectively, related primarily to workforce reductions, plant closures and asset impairments in the Building Technologies & Solutions business and at Corporate. The three and six months ended March 31, 2016 restructuring and impairment costs of \$60 million related primarily to workforce reductions, plant closures and asset impairments in the Building Technologies & Solutions business and at Corporate.