

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

FORM 10-K

(Mark One)

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended September 27, 2019

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

001-33260

(Commission File Number)



TE CONNECTIVITY LTD.

(Exact name of registrant as specified in its charter)

Switzerland

(Jurisdiction of Incorporation)

Rheinstrasse 20, CH-8200 Schaffhausen, Switzerland

(Address of principal executive offices)

98-0518048

(I.R.S. Employer Identification No.)

+41 (0)52 633 66 61

(Registrant's telephone number)

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

Title of each class	Trading symbol	Name of each exchange on which registered
Common Shares, Par Value CHF 0.57	TEL	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act:

Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer ☐ Smaller reporting company ☐ Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒

The aggregate market value of the registrant's common shares held by non-affiliates of the registrant was \$30.4 billion as of March 29, 2019, the last business day of the registrant's most recently completed second fiscal quarter. Directors and executive officers of the registrant are considered affiliates for purposes of this calculation but should not necessarily be deemed affiliates for any other purpose.

The number of common shares outstanding as of November 7, 2019 was 334,474,632.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's Proxy Statement to be filed in connection with the registrant's 2020 annual general meeting of shareholders are incorporated by reference into Part III of this Form 10-K.

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SPECIAL NOTE ABOUT FORWARD-LOOKING STATEMENTS

We have made forward-looking statements in this Annual Report that are based on our management's beliefs and assumptions and on information currently available to our management. Forward-looking statements include, among others, the information concerning our possible or assumed future results of operations, business strategies, financing plans, competitive position, potential growth opportunities, potential operating performance improvements, acquisitions, divestitures, the effects of competition, and the effects of future legislation or regulations. Forward-looking statements include all statements that are not historical facts and can be identified by the use of forward-looking terminology such as the words "believe," "expect," "plan," "intend," "anticipate," "estimate," "predict," "potential," "continue," "may," "should," or the negative of these terms or similar expressions.

Forward-looking statements involve risks, uncertainties, and assumptions. Actual results may differ materially from those expressed in these forward-looking statements. Investors should not place undue reliance on any forward-looking statements. We do not have any intention or obligation to update forward-looking statements after we file this report except as required by law.

The risk factors discussed in "Risk Factors" and other risks described in this Annual Report could cause our results to differ materially from those expressed in forward-looking statements. There may be other risks and uncertainties that we are unable to predict at this time or that we currently do not expect to have a material adverse effect on our business.

PART I

“TE Connectivity” and “TE Connectivity (logo)” are trademarks. This report further contains other trademarks of ours and additional trade names and trademarks of other companies that are not owned by TE Connectivity. We do not intend our use or display of other companies’ trade names or trademarks to imply an endorsement or sponsorship of us by such companies, or any relationship with any of these companies.

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ITEM 1. BUSINESS

General

TE Connectivity Ltd. (“TE Connectivity” or the “Company,” which may be referred to as “we,” “us,” or “our”) is a global industrial technology leader creating a safer, sustainable, productive, and connected future. Our broad range of connectivity and sensor solutions, proven in the harshest environments, enable advancements in transportation, industrial applications, medical technology, energy, data communications, and the home.

We became an independent, publicly traded company in 2007; however, through our predecessor companies, we trace our foundations in the connectivity business back to 1941. We are organized under the laws of Switzerland. The rights of holders of our shares are governed by Swiss law, our Swiss articles of association, and our Swiss organizational regulations.

We have a 52- or 53-week fiscal year that ends on the last Friday of September. Fiscal 2019, 2018, and 2017 were 52 weeks in length and ended on September 27, 2019, September 28, 2018, and September 29, 2017, respectively. For fiscal years in which there are 53 weeks, the fourth quarter reporting period includes 14 weeks, with the next such occurrence taking place in fiscal 2022.

Segments

We operate through three reportable segments: Transportation Solutions, Industrial Solutions, and Communications Solutions. We believe our segments serve a combined market of approximately \$190 billion.

Our net sales by segment as a percentage of our total net sales were as follows:

	Fiscal		
	2019	2018	2017
Transportation Solutions	58 %	59 %	58 %
Industrial Solutions	30	28	29
Communications Solutions	12	13	13
Total	<u>100 %</u>	<u>100 %</u>	<u>100 %</u>

Below is a description of our reportable segments and the primary products, markets, and competitors of each segment.

Transportation Solutions

The Transportation Solutions segment is a leader in connectivity and sensor technologies. The primary products sold by the Transportation Solutions segment include terminals and connector systems and components, sensors, antennas, relays, application tooling, and wire and heat shrink tubing. The Transportation Solutions segment’s products, which must withstand harsh conditions, are used in the following end markets:

- *Automotive (73% of segment’s net sales)*—We are one of the leading providers of advanced automobile connectivity solutions. The automotive industry uses our products in automotive technologies for body and chassis systems, convenience applications, driver information, infotainment solutions, miniaturization solutions, motor and powertrain applications, and safety and security systems. Hybrid and electronic mobility solutions include in-vehicle technologies, battery technologies, and charging solutions.

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- *Commercial transportation (15% of segment's net sales)*—We deliver reliable connectivity products designed to withstand harsh environmental conditions for on- and off-highway vehicles and recreational transportation, including heavy trucks, construction, agriculture, buses, and other vehicles.
- *Sensors (12% of segment's net sales)*—We offer a portfolio of intelligent, efficient, and high-performing sensor solutions that are used by customers across multiple industries, including automotive, industrial equipment, commercial transportation, medical solutions, aerospace and defense, and consumer applications.

The Transportation Solutions segment's major competitors include Yazaki, Aptiv, Sumitomo, Sensata, Honeywell, Molex, and Amphenol.

Industrial Solutions

The Industrial Solutions segment is a leading supplier of products that connect and distribute power, data, and signals. The primary products sold by the Industrial Solutions segment include terminals and connector systems and components, heat shrink tubing, relays, and wire and cable. The Industrial Solutions segment's products are used in the following end markets:

- *Industrial equipment (49% of segment's net sales)*—Our products are used in factory automation and process control systems such as industrial controls, robotics, human machine interface, industrial communication, and power distribution. Our intelligent building products are used to connect lighting, HVAC, elevators/escalators, and security. Our rail products are used in high-speed trains, metros, light rail vehicles, locomotives, and signaling switching equipment. Our products are also used by the solar industry. The medical industry uses our products in imaging, diagnostic, surgical, and minimally invasive interventional applications.
- *Aerospace, defense, oil, and gas (33% of segment's net sales)*—We design, develop, and manufacture a comprehensive portfolio of critical electronic components and systems for the harsh operating conditions of the aerospace, defense, and marine industries. Our products and systems are designed and manufactured to operate effectively in harsh conditions ranging from the depths of the ocean to the far reaches of space.
- *Energy (18% of segment's net sales)*—Our products are used by OEMs and utility companies in the electrical power industry and include a wide range of solutions for the electrical power generation, transmission, distribution, and industrial markets.

The Industrial Solutions segment competes primarily against Amphenol, Belden, Hubbell, Carlisle Companies, 3M, Integer Holdings, Esterline, Molex, and Phoenix Contact.

Communications Solutions

The Communications Solutions segment is a leading supplier of electronic components for the data and devices and the appliances markets. The primary products sold by the Communications Solutions segment include terminals and connector systems and components, relays, heat shrink tubing, and antennas. The Communications Solutions segment's products are used in the following end markets:

- *Data and devices (59% of segment's net sales)*—We deliver products and solutions that are used in a variety of equipment architectures within the networking equipment, data center equipment, and wireless infrastructure industries. Additionally, we deliver a range of connectivity solutions for the Internet of Things, smartphones, tablet computers, notebooks, and virtual reality applications to help our customers meet their current challenges and future innovations.
- *Appliances (41% of segment's net sales)*—We provide solutions to meet the daily demands of home appliances. Our products are used in many household appliances, including washers, dryers, refrigerators, air conditioners, dishwashers, cooking appliances, water heaters, air purifiers, floor care devices, and microwaves. Our expansive range of standard products is supplemented by an array of custom-designed solutions.

The Communications Solutions segment's major competitors include Amphenol, Molex, JST, and Korea Electric Terminal (KET).

Customers

As an industry leader, we have established close working relationships with many of our customers. These relationships allow us to better anticipate and respond to customer needs when designing new products and new technical solutions. By working with our customers in developing new products and technologies, we believe we can identify and act on trends and leverage knowledge about next-generation technology across our products.

Our approach to our customers is driven by our dedication to further develop our product families and ensure that we are globally positioned to best provide our customers with sales and engineering support. We believe that as electronic component technologies continue to proliferate, our broad product portfolio and engineering capability give us a potential competitive advantage when addressing the needs of our global customers.

We manufacture and sell a broad portfolio of products to customers in various industries. Our customers include many of the leaders in their respective industries, and our relationships with them typically date back many years. We believe that our diversified customer base provides us an opportunity to leverage our skills and experience across markets and reduce our exposure to individual end markets, thereby reducing the variability of our financial performance. Additionally, we believe that the diversity of our customer base reduces the level of cyclicalities in our results and distinguishes us from our competitors.

No single customer accounted for a significant amount of our net sales in fiscal 2019, 2018, or 2017.

Sales and Distribution

We maintain a strong local presence in each of the geographic regions in which we operate. Our net sales by geographic region⁽¹⁾ as a percentage of our total net sales were as follows:

	Fiscal		
	2019	2018	2017
Europe/Middle East/Africa (“EMEA”)	36 %	38 %	36 %
Asia-Pacific	33	34	35
Americas	31	28	29
Total	<u>100 %</u>	<u>100 %</u>	<u>100 %</u>

(1) Net sales to external customers are attributed to individual countries based on the legal entity that records the sale.

We sell our products into approximately 150 countries primarily through direct selling efforts to manufacturers. In fiscal 2019, our direct sales represented approximately 80% of total net sales. We also sell our products indirectly via third-party distributors.

We maintain distribution centers around the world. Products are generally delivered to the distribution centers by our manufacturing facilities and then subsequently delivered to the customer. In some instances, however, products are delivered directly from our manufacturing facility to the customer. Our global coverage positions us near our customers’ locations and allows us to assist them in consolidating their supply base and lowering their production costs. We contract with a wide range of transport providers to deliver our products globally via road, rail, sea, and air. We believe our balanced sales distribution lowers our exposure to any particular geography and improves our financial profile.

Seasonality and Backlog

We experience a slight seasonal pattern to our business. Overall, the third and fourth fiscal quarters are typically the strongest quarters of our fiscal year, whereas the first fiscal quarter is negatively affected by holidays and the second fiscal quarter may be affected by adverse winter weather conditions in some of our markets.

Certain of our end markets experience some seasonality. Our sales in the automotive market are dependent upon global automotive production, and seasonal declines in European production may negatively impact net sales in the fourth fiscal quarter. Also, our sales in the energy market typically increase in the third and fourth fiscal quarters as customer activity increases.

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Customer orders typically fluctuate from quarter to quarter based upon business and market conditions. Backlog is not necessarily indicative of future net sales as unfilled orders may be cancelled prior to shipment of goods. Backlog by reportable segment was as follows:

	Fiscal Year End	
	2019	2018
	(in millions)	
Transportation Solutions	\$ 1,639	\$ 1,779
Industrial Solutions	1,315	1,245
Communications Solutions	361	441
Total	<u>\$ 3,315</u>	<u>\$ 3,465</u>

We expect that the majority of our backlog at fiscal year end 2019 will be filled during fiscal 2020.

Competition

The industries in which we operate are highly competitive, and we compete with thousands of companies that range from large multinational corporations to local manufacturers. Competition is generally based on breadth of product offering, product innovation, price, quality, delivery, and service. Our markets have generally been growing but with downward pressure on prices.

Raw Materials

We use a wide variety of raw materials in the manufacture of our products. The principal raw materials that we use include plastic resins for molding; precious metals such as gold and silver for plating; and other metals such as copper, aluminum, brass, and steel for manufacturing cable, contacts, and other parts that are used for cable and component bodies and inserts. Many of these raw materials are produced in a limited number of countries around the world or are only available from a limited number of suppliers. The prices of these materials are driven by global supply and demand.

Intellectual Property

Patents and other proprietary rights are important to our business. We also rely upon trade secrets, manufacturing know-how, continuing technological innovations, and licensing opportunities to maintain and improve our competitive position. We review third-party proprietary rights, including patents and patent applications, as available, in an effort to develop an effective intellectual property strategy, avoid infringement of third-party proprietary rights, identify licensing opportunities, and monitor the intellectual property claims of others.

We own a large portfolio of patents that relate principally to electrical, optical, and electronic products. We also own a portfolio of trademarks and are a licensee of various patents and trademarks. Patents for individual products extend for varying periods according to the date of patent filing or grant and the legal term of patents in the various countries where patent protection is obtained. Trademark rights may potentially extend for longer periods of time and are dependent upon national laws and use of the trademarks.

While we consider our patents and trademarks to be valued assets, we do not believe that our competitive position or our operations are dependent upon or would be materially impacted by any single patent or group of related patents.

Management Team and Employees

We believe our management team has the experience necessary to effectively execute our strategy and advance our product and technology leadership. Our chief executive officer and segment leaders average over 25 years of industry experience. They are supported by an experienced and talented management team who is dedicated to maintaining and expanding our position as a global leader in the industry.

Our strong employee base, along with their commitment to uncompromising values, provides the foundation of our company's success. We continue to emphasize employee development and training, and we embrace diversity and inclusion.

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We have employees located throughout the world. As of fiscal year end 2019, we employed approximately 78,000 people worldwide, of whom 31,000 were in the EMEA region, 22,000 were in the Asia-Pacific region, and 25,000 were in the Americas region. Of our total employees, approximately 49,000 were employed in manufacturing.

Government Regulation and Supervision

The import and export of products are subject to regulation by the various jurisdictions where we conduct business. A small portion of our products, including defense-related products, may require governmental import and export licenses, whose issuance may be influenced by geopolitical and other events. We have a trade compliance organization and other systems in place to apply for licenses and otherwise comply with such regulations. Any failure to maintain compliance with domestic and foreign trade regulation could limit our ability to import and export raw materials and finished goods into or from the relevant jurisdiction.

Environmental

Our operations are subject to numerous environmental, health, and safety laws and regulations, including those regulating the discharge of materials into the environment, greenhouse gas emissions, hazardous materials in products, and chemical usage. We are committed to complying with these laws and to the protection of our employees and the environment. We maintain a global environmental, health, and safety program that includes appropriate policies and standards; staff dedicated to environmental, health, and safety issues; periodic compliance auditing; training; and other measures. We also have a program for compliance with the European Union (“EU”) Restriction of Hazardous Substances and Waste Electrical and Electronic Equipment Directives, the China Restriction of Hazardous Substances law, the EU Registration, Evaluation, Authorization, and Restriction of Chemicals (“REACH”) Regulation, and similar laws.

Compliance with these laws has increased our costs of doing business in a variety of ways and may continue to do so in the future. For example, laws regarding product content and chemical registration require extensive and costly data collection, management, and reporting, and laws regulating greenhouse gas emissions may increase our costs for energy and certain materials and products. We also have projects underway at a number of current and former manufacturing sites to investigate and remediate environmental contamination resulting from past operations. Based upon our experience, available information, and applicable laws, as of fiscal year end 2019, we concluded that we would incur investigation and remediation costs at these sites in the reasonably possible range of \$15 million to \$43 million, and we accrued \$18 million as the probable loss, which was the best estimate within this range. We do not anticipate any material capital expenditures during fiscal 2020 for environmental control facilities or other costs of compliance with laws or regulations relating to greenhouse gas emissions.

Available Information

All periodic and current reports, registration filings, and other filings that we are required to file with the United States Securities and Exchange Commission (“SEC”), including Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (“Exchange Act”) are available free of charge through our internet website at www.te.com. Such documents are available as soon as reasonably practicable after electronic filing or furnishing of the material with the SEC. The information on our website is not incorporated by reference in this Annual Report on Form 10-K.

ITEM 1A. RISK FACTORS

Investors should carefully consider the risks described below before investing in our securities. These risks are not the only ones facing us. Our business is also subject to general risks that affect many other companies. Additional risks not currently known to us or that we currently believe are immaterial may also impair our business operations, financial condition, and liquidity.

Risks Relating to the Macroeconomic Environment and Our Global Presence

Conditions in global or regional economies, capital and money markets, and banking systems, and cyclical industry demand may adversely affect our results of operations, financial position, and cash flows.

Our business and operating results have been and will continue to be affected by economic conditions regionally or globally, including the cost and availability of consumer and business credit, end demand from consumer and industrial markets, and concerns as to sovereign debt levels including credit rating downgrades and defaults on sovereign debt and significant bank failures or defaults. Any of these economic factors could cause our customers to experience deterioration of their businesses, cash flow, and ability to obtain financing. As a result, existing or potential customers may delay or cancel plans to purchase our products and may not be able to fulfill their obligations to us in a timely fashion or in full. Further, our vendors may experience similar problems, which may impact their ability to fulfill our orders or meet agreed service and quality levels. If regional or global economic conditions deteriorate, our results of operations, financial position, and cash flows could be materially adversely affected. Also, deterioration in economic conditions could trigger the recognition of impairment charges for our goodwill or other long-lived assets. Impairment charges, if any, may be material to our results of operations and financial position.

Foreign currency exchange rates may adversely affect our results.

Our Consolidated Financial Statements are prepared in United States (“U.S.”) dollars; however, a significant portion of our business is conducted outside the U.S. Changes in the relative values of currencies may have a significant effect on our results of operations, financial position, and cash flows.

We are exposed to the effects of changes in foreign currency exchange rates on our costs and revenue. Approximately 60% of our net sales for fiscal 2019 were invoiced in currencies other than the U.S. dollar, and we expect non-U.S. dollar revenue to continue to represent a significant portion of our future net sales. We have elected not to hedge this foreign currency exposure. Therefore, when the U.S. dollar strengthens in relation to the currencies of the countries where we sell our products, such as the euro or Asian currencies, our U.S. dollar reported revenue and income will decrease.

We manage certain cash, intercompany, and other balance sheet currency exposures in part by entering into financial derivative contracts. In addition to the risk of non-performance by the counterparty to these contracts, our efforts to manage these risks might not be successful.

We could suffer significant business interruptions.

Our operations and those of our suppliers and customers, and the supply chains that support their operations, may be vulnerable to interruption by natural disasters such as earthquakes, tsunamis, typhoons, or floods; or other disasters such as fires, explosions, acts of terrorism or war, disease, or failures of management information or other systems due to internal or external causes. If a business interruption occurs and we are unsuccessful in our continuing efforts to minimize the impact of these events, our business, results of operations, financial position, and cash flows could be materially adversely affected.

We could be adversely affected by a decline in the market value of our pension plans’ investment portfolios or a reduction in returns on plan assets.

Concerns about deterioration in the global economy, together with concerns about credit, inflation, or deflation, have caused and could continue to cause significant volatility in the price of all securities, including fixed income and equity securities, which has reduced and could further reduce the value of our pension plans’ investment portfolios. In addition, the expected returns on plan assets may not be achieved. A decrease in the value of our pension plans’ investment portfolios or a reduction in returns on plan assets could have an adverse effect on our results of operations, financial position, and cash flows.

Disruption in credit markets and volatility in equity markets may affect our ability to access sufficient funding.

The global equity markets have been volatile and at times credit markets have been disrupted, which has reduced the availability of investment capital and credit. Downgrades of sovereign debt credit ratings have similarly affected the availability and cost of capital. As a result, we may be unable to access adequate funding to operate and grow our business. Our inability to access adequate funding or to generate sufficient cash from operations may require us to reconsider certain projects and capital expenditures. The extent of any impact will depend on several factors, including our operating cash flows, the duration of tight credit conditions and volatile equity markets, our credit ratings and credit capacity, the cost of financing, and other general economic and business conditions.

We are subject to global risks of political, economic, and military instability.

Our workforce; manufacturing, research, administrative, and sales facilities; markets; customers; and suppliers are located throughout the world. As a result, we are exposed to risks that could negatively affect sales or profitability, including:

- changes in global trade policies, including sanctions, tariffs, trade barriers, and trade disputes;
- regulations related to customs and import/export matters;
- variations in lengths of payment cycles and challenges in collecting accounts receivable;
- tax law and regulatory changes in Switzerland, the U.S., and the EU among other jurisdictions, including tax law and regulatory changes that may be effected as a result of tax policy recommendations from quasi-governmental organizations such as the Organisation for Economic Co-operation and Development (“OECD”), examinations by taxing authorities, variations in tax laws from country to country, changes to the terms of income tax treaties, and difficulties in the tax-efficient repatriation of cash generated or held in a number of jurisdictions;
- employment regulations and local labor conditions, including increases in employment costs, particularly in low-cost regions in which we currently operate;
- difficulties protecting intellectual property;
- instability in economic or political conditions, including sovereign debt levels, Eurozone uncertainty, inflation, recession, actual or anticipated military or political conflicts;
- the impact of the decision of the United Kingdom to exit from the EU (commonly referred to as “Brexit”) could cause disruptions to, and create uncertainty surrounding, our business, including affecting our relationships with existing and potential customers and suppliers. The effects of Brexit, including long-lasting effects of Brexit on EU market access, will depend on more permanent agreements between the United Kingdom and the EU to be negotiated during the transition period; and
- the impact of each of the foregoing on our outsourcing and procurement arrangements.

We have sizeable operations in China, including 18 principal manufacturing sites. In addition, approximately 18% of our net sales in fiscal 2019 were made to customers in China. Economic conditions in China have been and may continue to be volatile and uncertain. In addition, the legal and regulatory system in China is still developing and subject to change. Accordingly, our operations and transactions with customers in China could be adversely affected by changes to market conditions, changes to the regulatory environment, or interpretation of Chinese law.

In addition, any downgrade by rating agencies of long-term U.S. sovereign debt or downgrades or defaults of sovereign debt of other nations may negatively affect global financial markets and economic conditions, which could negatively affect our business, financial condition, and liquidity.

Changes in U.S. federal tax laws could result in adverse consequences to U.S. persons treated as owning 10% or more of our shares.

Although we are a Swiss corporation, recent U.S. tax law changes have expanded application of certain ownership attribution rules and cause certain of our non-U.S. subsidiaries to be treated as Controlled Foreign Corporations (“CFCs”) for U.S. federal income tax purposes. A U.S. person that is treated for U.S. federal income tax purposes as owning, directly, indirectly, or constructively, 10% or more of our shares may be required to annually report and include in its U.S. taxable income its pro rata share of certain types of income earned by our subsidiaries that are treated as CFCs, whether or not we make any distributions to such U.S. shareholder. A U.S. person that owns 10% or more of our shares should consult a tax adviser regarding the potential implications to it of these changes in U.S. federal income tax law. The risk of U.S. federal income tax reporting and compliance obligations with respect to our subsidiaries that now are treated as CFCs may deter our current shareholders from increasing their investment in us, and others from investing in us, which could impact the demand for, and value of, our shares.

Risks Relating to the Industry in Which We Operate

We are dependent on the automotive and other industries.

We are dependent on end market dynamics to sell our products, and our operating results could be adversely affected by cyclical and reduced demand in these markets. Periodic downturns in our customers’ industries can significantly reduce demand for certain of our products, which could have a material adverse effect on our results of operations, financial position, and cash flows.

Approximately 42% of our net sales for fiscal 2019 were to customers in the automotive industry. The automotive industry is dominated by large manufacturers that can exert significant price pressure on their suppliers. Additionally, the automotive industry has historically experienced significant downturns during periods of deteriorating global or regional economic or credit conditions. As a supplier of automotive electronics products, our sales of these products and our profitability have been and could continue to be negatively affected by significant declines in global or regional economic or credit conditions and changes in the operations, products, business models, part-sourcing requirements, financial condition, and market share of automotive manufacturers, as well as potential consolidations among automotive manufacturers.

During fiscal 2019, approximately 14% of our net sales were to customers in the industrial equipment end market, 10% of our net sales were to customers in the aerospace, defense, oil, and gas end market, and 9% of our net sales were to customers in the commercial transportation market. Demand for industrial equipment is dependent upon economic conditions, including customer investment in factory automation, intelligent buildings, and process control systems, as well as market conditions in the medical, rail transportation, solar and lighting, and other major industrial markets we serve. The aerospace and defense industry has undergone significant fluctuations in demand, depending on worldwide economic and political conditions. Demand in the oil and gas market is impacted by oil price volatility. The commercial transportation industry can experience variability in demand depending on the economic environment and market conditions in the heavy truck, construction, agriculture, and recreational vehicle markets.

We encounter competition in substantially all areas of the electronic components industry.

We operate in highly competitive markets for electronic components and expect that both direct and indirect competition will increase in the future. Our overall competitive position depends on various factors including the price, quality, and performance of our products; the level of customer service; the development of new technology; our ability to participate in emerging markets; and customers’ expectations relating to socially responsible operations. The competition we experience across product lines from other companies ranges in size from large, diversified manufacturers to small, highly specialized manufacturers. The electronic components industry has become increasingly concentrated and globalized in recent years, and our major competitors have significant financial resources and technological capabilities. A number of these competitors compete with us primarily on price, and in some instances may have the benefit of lower production costs for certain products. We cannot provide assurance that additional competitors will not enter our markets, or that we will be able to compete successfully against existing or new competitors. Increased competition may result in price reductions, reduced margins, or loss of market share, any of which could materially and adversely affect our results of operations, financial position, and cash flows.

We are dependent on market acceptance of our new product introductions and product innovations for future revenue.

Substantially all markets in which we operate are impacted by technological change or change in consumer tastes and preferences, which are rapid in certain end markets. Our operating results depend substantially upon our ability to continually design, develop, introduce, and sell new and innovative products; to modify existing products; and to customize products to meet customer requirements driven by such change. There are numerous risks inherent in these processes, including the risk that we will be unable to anticipate the direction of technological change or that we will be unable to develop and market profitable new products and applications in time to satisfy customer demands.

Like other suppliers to the electronics industry, we are subject to continuing pressure to lower our prices.

We have historically experienced, and we expect to continue to experience, continuing pressure to lower our prices. In recent years, we have experienced price erosion averaging from 1% to 2% each year. To maintain our margins, we must continue to reduce our costs by similar amounts. We cannot provide assurance that continuing pressures to reduce our prices will not have a material adverse effect on our margins, results of operations, financial position, and cash flows.

We may be negatively affected as our customers and vendors continue to consolidate.

Many of the industries to which we sell our products, as well as many of the industries from which we buy materials, have become more concentrated in recent years, including the automotive, data and devices, and aerospace and defense industries. Consolidation of customers may lead to decreased product purchases from us. In addition, as our customers buy in larger volumes, their volume buying power has increased, enabling them to negotiate more favorable pricing and find alternative sources from which to purchase. Our materials suppliers similarly have increased their ability to negotiate favorable pricing. These trends may adversely affect the margins on our products, particularly for commodity components.

The life cycles of certain of our products can be very short.

The life cycles of certain of our products can be very short relative to their development cycle. As a result, the resources devoted to product sales and marketing may not result in material revenue and, from time to time, we may need to write off excess or obsolete inventory or equipment. If we were to incur significant engineering expenses and investments in inventory and equipment that we were not able to recover, and we were not able to compensate for those expenses, our results of operations, financial position, and cash flows could be materially and adversely affected.

Risks Relating to Our Operations

Our results are sensitive to raw material availability, quality, and cost.

We are a large buyer of resins, chemicals, additives, and metals, including copper, gold, silver, aluminum, brass, steel, and zinc. Many of these raw materials are produced in a limited number of countries around the world or are only available from a limited number of suppliers. In addition, the prices of many of these raw materials continue to fluctuate. If we have difficulty obtaining these raw materials, the quality of available raw materials deteriorates, or there are significant price increases for these raw materials, it could have a substantial impact on the price we pay for raw materials. To the extent we cannot compensate for cost increases through productivity improvements or price increases to our customers, our margins may decline, materially affecting our results of operations, financial position, and cash flows. In addition, we use financial instruments to hedge the volatility of certain commodities prices. The success of our hedging program depends on accurate forecasts of planned consumption of the hedged commodity materials. We could experience unanticipated hedge gains or losses if these forecasts are inaccurate.

In accordance with the Dodd-Frank Wall Street Reform and Consumer Protection Act, the SEC established annual disclosure and reporting requirements for those companies who use tin, tantalum, tungsten, or gold (“conflict minerals” or “3TG”) mined from the Democratic Republic of the Congo (“DRC”) and adjoining countries (together with the DRC, the “Covered Countries”) in their products. These requirements could affect the sourcing, pricing, and availability of 3TG used in the manufacture of certain of our products, and may result in only a limited pool of suppliers who can demonstrate that they do not source any 3TG from the Covered Countries. Accordingly, we cannot provide assurance that we will be able to obtain non-conflict 3TG in sufficient quantities or at competitive prices. Further, since our supply chain is complex, we may face

reputational challenges with our customers and other stakeholders if we are unable to sufficiently verify the origins and chain of custody for all conflict minerals used in our products through our due diligence procedures.

We may use components and products manufactured by third parties.

We may rely on third-party suppliers for the components used in our products, and we may rely on third-party manufacturers to manufacture certain of our assemblies and finished products. Our results of operations, financial position, and cash flows could be adversely affected if such third parties lack sufficient quality control or if there are significant changes in their financial or business condition. If these third parties fail to deliver quality products, parts, and components on time and at reasonable prices, we could have difficulties fulfilling our orders, sales and profits could decline, and our commercial reputation could be damaged.

Our future success is significantly dependent on our ability to attract and retain management and executive management employees.

Our success depends to a significant extent upon our continued ability to retain our management and executive management employees and hire new management and executive management employees to replace, succeed, or add to members of our management team. Our management team has significant industry experience and would be difficult to replace. Competition for management talent is intense, and any difficulties we may have to retain or hire members of management to achieve our objectives may have an adverse effect on our results of operations, financial position, and cash flows.

Security breaches and other disruptions to our information technology infrastructure could interfere with our operations, compromise confidential information, and expose us to liability which could materially adversely impact our business and reputation.

Security breaches and other disruptions to our information technology infrastructure could interfere with our operations; compromise information belonging to us, our employees, customers, and suppliers; and expose us to liability which could adversely impact our business and reputation. In the normal course of business, we rely on information technology networks and systems, some of which are managed by third parties, to process, transmit, and store electronic information, and to manage or support a variety of business processes and activities. Additionally, we collect and store certain data, including proprietary business information and customer and employee data, and may have access to confidential or personal information in certain of our businesses that is subject to privacy and security laws, regulations, and customer-imposed controls. Despite our cybersecurity measures (including employee and third-party training, monitoring of networks and systems, and maintenance of backup and protective systems) which are continuously reviewed and upgraded to mitigate persistent and continuously evolving cybersecurity threats, our information technology networks and infrastructure may still be vulnerable to damage, disruptions, or shutdowns due to attack by hackers or breaches, employee error or malfeasance, power outages, computer viruses, telecommunication or utility failures, systems failures, natural disasters, or other catastrophic events. Any such events could result in legal claims or proceedings, liability or penalties under privacy laws, disruption in operations, and damage to our reputation, which could materially adversely affect our business. While we have experienced, and expect to continue to experience, these types of threats to our information technology networks and infrastructure, to date none of these threats have had a material impact on our business or operations.

Covenants in our debt instruments may adversely affect us.

Our five-year unsecured senior revolving credit facility ("Credit Facility") contains financial and other covenants, such as a limit on the ratio of Consolidated Total Debt to Consolidated EBITDA (as defined in the Credit Facility) and limits on the amount of subsidiary debt and incurrence of liens. Our outstanding notes' indentures contain customary covenants including limits on incurrence of liens, sale and lease-back transactions, and our ability to consolidate, merge, and sell assets.

Although none of these covenants are presently restrictive to our operations, our continued ability to meet the Credit Facility financial covenant can be affected by events beyond our control, and we cannot provide assurance that we will continue to comply with the covenant. A breach of any of our covenants could result in a default under our Credit Facility or indentures. Upon the occurrence of certain defaults under our Credit Facility and indentures, the lenders or trustee could elect to declare all amounts outstanding thereunder to be immediately due and payable, and our lenders could terminate commitments to extend further credit under our Credit Facility. If the lenders or trustee accelerate the repayment of borrowings, we cannot provide assurance that we will have sufficient assets or access to lenders or capital markets to repay or fund the repayment of any amounts outstanding under our Credit Facility and our other affected indebtedness. Acceleration

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of any debt obligation under any of our material debt instruments may permit the holders or trustee of our other material debt to accelerate payment of debt obligations to the creditors thereunder.

The indentures governing our outstanding senior notes contain covenants that may require us to offer to buy back the notes for a price equal to 101% of the principal amount, plus accrued and unpaid interest to the repurchase date, upon a change of control triggering event (as defined in the indentures). We cannot provide assurance that we will have sufficient funds available or access to funding to repurchase tendered notes in that event, which could result in a default under the notes. Any future debt that we incur may contain covenants regarding repurchases in the event of a change of control triggering event.

The market price of our shares may fluctuate widely.

The market price of our shares may fluctuate widely, depending upon many factors, including:

- our quarterly or annual earnings;
- quarterly or annual sales or earnings guidance that we may provide or changes thereto;
- actual or anticipated fluctuations in our operating results;
- volatility in financial markets and market fluctuations caused by global and regional economic conditions and investors' concerns about potential risks to future economic growth;
- changes in earnings estimates by securities analysts or our ability to meet those estimates;
- changes in accounting standards, policies, guidance, interpretations, or principles;
- tax legislative and regulatory actions and proposals in Switzerland, the U.S., the EU, and other jurisdictions;
- announcements by us or our competitors of significant acquisitions or dispositions; and
- the operating and stock price performance of comparable companies and companies that serve end markets important to our business.

Risks Relating to Strategic Transactions

Future acquisitions may not be successful.

We regularly evaluate the possible acquisition of strategic businesses, product lines, or technologies which have the potential to strengthen our market position or enhance our existing product offerings, and we have completed a number of acquisitions in recent years. We anticipate that we will continue to pursue acquisition opportunities as part of our growth strategy. We cannot provide assurance that we will identify or successfully complete transactions with acquisition candidates in the future. We also cannot provide assurance that completed acquisitions will be successful. If an acquired business fails to operate as anticipated or cannot be successfully integrated with our existing business, our results of operations, financial position, and cash flows could be materially and adversely affected.

Future acquisitions could require us to issue additional debt or equity.

If we were to make a substantial acquisition with cash, the acquisition may need to be financed in part through funding from banks, public offerings or private placements of debt or equity securities, or other arrangements. This acquisition financing might decrease our ratio of earnings to fixed charges and adversely affect other leverage measures. We cannot provide assurance that sufficient acquisition financing would be available to us on acceptable terms if and when required. If we were to complete an acquisition partially or wholly funded by issuing equity securities or equity-linked securities, the issued securities may have a dilutive effect on the interests of the holders of our shares.

Divestitures of some of our businesses or product lines may have a material adverse effect on our results of operations, financial position, and cash flows.

We continue to evaluate the strategic fit of specific businesses and products which may result in additional divestitures. Any divestitures may result in significant write-offs, including those related to goodwill and other intangible assets, which could have a material adverse effect on our results of operations and financial position. Divestitures could involve additional risks, including difficulties in the separation of operations, services, products, and personnel; the diversion of management's attention from other business concerns; the disruption of our business; and the potential loss of key employees. There can be no assurance that we will be successful in addressing these or any other significant risks encountered.

Risks Relating to Intellectual Property, Litigation, and Regulations

Our ability to compete effectively depends, in part, on our ability to maintain the proprietary nature of our products and technology.

The electronics industry is characterized by litigation regarding patent and other intellectual property rights. Within this industry, companies have become more aggressive in asserting and defending patent claims against competitors. There can be no assurance that we will not be subject to future litigation alleging infringement or invalidity of certain of our intellectual property rights or that we will not have to pursue litigation to protect our property rights. Depending on the importance of the technology, product, patent, trademark, or trade secret in question, an unfavorable outcome regarding one of these matters may have a material adverse effect on our results of operations, financial position, and cash flows.

We are a defendant to a variety of litigation in the course of our business that could cause a material adverse effect on our results of operations, financial position, and cash flows.

In the normal course of business, we are, from time to time, a defendant in litigation, including litigation alleging the infringement of intellectual property rights, anti-competitive behavior, product liability, breach of contract, and employment-related claims. In certain circumstances, patent infringement and antitrust laws permit successful plaintiffs to recover treble damages. The defense of these lawsuits may divert our management's attention, and we may incur significant expenses in defending these lawsuits. In addition, we may be required to pay damage awards or settlements, or become subject to injunctions or other equitable remedies, that could cause a material adverse effect on our results of operations, financial position, and cash flows.

If any of our operations are found not to comply with applicable antitrust or competition laws or applicable trade regulations, our business may suffer.

Our operations are subject to applicable antitrust and competition laws in the jurisdictions in which we conduct our business, in particular the U.S. and the EU. These laws prohibit, among other things, anticompetitive agreements and practices. If any of our commercial agreements and practices with respect to the electronic components or other markets are found to violate or infringe such laws, we may be subject to civil and other penalties. We may also be subject to third-party claims for damages. Further, agreements that infringe these antitrust and competition laws may be void and unenforceable, in whole or in part, or require modification to be lawful and enforceable. If we are unable to enforce our commercial agreements, whether at all or in material part, our results of operations, financial position, and cash flows could be adversely affected. Further, any failure to maintain compliance with trade regulations could limit our ability to import and export raw materials and finished goods into or from the relevant jurisdiction, which could negatively impact our results of operations, financial position, and cash flows.

We could be adversely affected by violations of the U.S. Foreign Corrupt Practices Act, the United Kingdom's Bribery Act, and similar worldwide anti-bribery laws.

The U.S. Foreign Corrupt Practices Act, the United Kingdom's Bribery Act, and similar worldwide anti-bribery laws generally prohibit companies and their intermediaries from making improper payments to government officials for the purpose of obtaining or retaining business. Our policies mandate compliance with these anti-bribery laws. We operate in many parts of the world that have experienced governmental corruption to some degree, and in certain circumstances, strict compliance with anti-bribery laws may conflict with local customs and practices. Despite our training and compliance program, we cannot provide assurance that our internal control policies and procedures always will protect us from reckless

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or criminal acts committed by our employees or agents. Violations of these laws, or allegations of such violations, could disrupt our business and result in a material adverse effect on our results of operations, financial position, and cash flows.

Our operations expose us to the risk of material environmental liabilities, litigation, government enforcement actions, and reputational risk.

We are subject to numerous federal, state, and local environmental protection and health and safety laws and regulations in the various countries where we operate and where our products are sold. These laws and regulations govern, among other things:

- the generation, storage, use, and transportation of hazardous materials;
- emissions or discharges of substances into the environment;
- investigation and remediation of hazardous substances or materials at various sites;
- greenhouse gas emissions;
- product hazardous material content; and
- the health and safety of our employees.

We may not have been, or we may not always be, in compliance with all environmental and health and safety laws and regulations. If we violate these laws, we could be fined, criminally charged, or otherwise sanctioned by regulators. In addition, environmental and health and safety laws are becoming more stringent, resulting in increased costs and compliance requirements.

Certain environmental laws assess liability on current or previous owners or operators of real property for the costs of investigation, removal, and remediation of hazardous substances or materials at their properties or at properties at which they have disposed of hazardous substances. Liability for investigation, removal, and remediation costs under certain federal and state laws is retroactive, strict, and joint and several. In addition to cleanup actions brought by governmental authorities, private parties could bring personal injury or other claims due to the presence of, or exposure to, hazardous substances. We have received notifications from the U.S. Environmental Protection Agency, other environmental agencies, and third parties that conditions at a number of currently and formerly-owned or operated sites where we and others have disposed of hazardous substances require investigation, cleanup, and other possible remedial action and require that we reimburse the government or otherwise pay for the costs of investigation and remediation and for natural resource damage claims from such sites. We also have independently investigated various sites and determined that further investigation and/or remediation is necessary.

While we plan for future capital and operating expenditures to maintain compliance with environmental laws, we cannot provide assurance that our costs of complying with current or future environmental protection and health and safety laws, or our liabilities arising from past or future releases of, or exposures to, hazardous substances will not exceed our estimates or adversely affect our results of operations, financial position, and cash flows or that we will not be subject to additional environmental claims for personal injury, property damage, and/or cleanup in the future based on our past, present, or future business activities.

Our products are subject to various requirements related to chemical usage, hazardous material content, and recycling.

The EU, China, and other jurisdictions in which our products are sold have enacted or are proposing to enact laws addressing environmental and other impacts from product disposal, use of hazardous materials in products, use of chemicals in manufacturing, recycling of products at the end of their useful life, and other related matters. These laws include but are not limited to the EU Restriction of Hazardous Substances, End of Life Vehicle, and Waste Electrical and Electronic Equipment Directives; the EU REACH Regulation; and the China law on Management Methods for Controlling Pollution by Electronic Information Products. These laws prohibit the use of certain substances in the manufacture of our products and directly and indirectly impose a variety of requirements for modification of manufacturing processes, registration, chemical testing, labeling, and other matters. These laws continue to proliferate and expand in these and other jurisdictions to address other materials and other aspects of our product manufacturing and sale. These laws could make the manufacture or sale of

our products more expensive or impossible, could limit our ability to sell our products in certain jurisdictions, and could result in liability for product recalls, penalties, or other claims.

Risks Relating to Our Swiss Jurisdiction of Incorporation

As a Swiss corporation, we have less flexibility with respect to certain aspects of capital management involving the issuance of shares.

As a Swiss corporation, our board of directors may not declare and pay dividends or distributions on our shares or reclassify reserves on our standalone unconsolidated Swiss balance sheet without shareholder approval and without satisfying certain other requirements. In addition, our articles of association allow us to create authorized share capital that can be issued by the board of directors, but this authorization is limited to (i) authorized share capital up to 50% of the existing registered shares with such authorization valid for a maximum of two years, which authorization period ends on March 14, 2020, approved by our shareholders at our March 14, 2018 annual general meeting of shareholders and (ii) conditional share capital of up to 50% of the existing registered shares that may be issued only for specific purposes. Additionally, subject to specified exceptions, Swiss law grants preemptive rights to existing shareholders to subscribe for new issuances of shares from authorized share capital and advance subscription rights to existing shareholders to subscribe for new issuances of shares from conditional share capital. Swiss law also does not provide much flexibility in the various terms that can attach to different classes of shares, and reserves for approval by shareholders many types of corporate actions, including the creation of shares with preferential rights with respect to liquidation, dividends, and/or voting. Moreover, under Swiss law, we generally may not issue registered shares for an amount below par value without prior shareholder approval to decrease the par value of our registered shares. Any such actions for which our shareholders must vote will require that we file a preliminary proxy statement with the SEC and convene a meeting of shareholders, which would delay the timing to execute such actions. Such limitations provide the board of directors less flexibility with respect to our capital management. While we do not believe that Swiss law requirements relating to the issuance of shares will have a material adverse effect on us, we cannot provide assurance that situations will not arise where such flexibility would have provided substantial benefits to our shareholders and such limitations on our capital management flexibility would make our stock less attractive to investors.

We might not be able to make distributions on our shares without subjecting shareholders to Swiss withholding tax.

We anticipate making distributions to shareholders through a reduction of contributed surplus (as determined for Swiss tax and statutory purposes) in order to make the distributions on our shares to shareholders free of Swiss withholding tax. Various tax law and corporate law proposals in Switzerland, if passed in the future, may affect our ability to pay dividends or distributions to our shareholders free from Swiss withholding tax. There can be no assurance that we will be able to meet the legal requirements for future distributions to shareholders through dividends from contributed surplus or through a reduction of registered share capital, or that Swiss withholding rules would not be changed in the future. In addition, over the long term, the amount of registered share capital available for reductions will be limited. Our ability to pay dividends or distributions to our shareholders free from Swiss withholding tax is a significant component of our capital management and shareholder return practices that we believe is important to our shareholders, and any restriction on our ability to do so could make our stock less attractive to investors.

Currency fluctuations between the U.S. dollar and the Swiss franc may limit the amount available for any future distributions on our shares without subjecting shareholders to Swiss withholding tax.

Under Swiss law, the registered share capital in our unconsolidated Swiss statutory financial statements is required to be denominated in Swiss francs. Although distributions that are effected through a return of contributed surplus or registered share capital are expected to be paid in U.S. dollars, shareholder resolutions with respect to such distributions must take into account the Swiss francs denomination of the registered share capital. If the U.S. dollar were to increase in value relative to the Swiss franc, the U.S. dollar amount of registered share capital available for future distributions without Swiss withholding tax will decrease.

We have certain limitations on our ability to repurchase our shares.

The Swiss Code of Obligations regulates a corporation's ability to hold or repurchase its own shares. We and our subsidiaries may only repurchase shares to the extent that sufficient freely distributable reserves (including contributed surplus as determined for Swiss tax and statutory purposes) are available. The aggregate par value of our registered shares held by us and our subsidiaries may not exceed 10% of our registered share capital. We may repurchase our registered shares

beyond the statutory limit of 10%, however, only if our shareholders have adopted a resolution at a general meeting of shareholders authorizing the board of directors to repurchase registered shares in an amount in excess of 10% and the repurchased shares are dedicated for cancellation. Additionally, various corporate law proposals in Switzerland, if passed in the future, may affect our ability to repurchase our shares. Our ability to repurchase our shares is a significant component of our capital management and shareholder return practices that we believe is important to our shareholders, and any restriction on our ability to repurchase our shares could make our stock less attractive to investors.

Registered holders of our shares must be registered as shareholders with voting rights in order to vote at shareholder meetings.

Our articles of association contain a provision regarding voting rights that is required by Swiss law for Swiss companies like us that issue registered shares (as opposed to bearer shares). This provision provides that to be able to exercise voting rights, holders of our shares must be registered in our share register (Aktienbuch) as shareholders with voting rights. Only shareholders whose shares have been registered with voting rights on the record date may participate in and vote at our shareholders' meetings, but all shareholders will be entitled to dividends, distributions, preemptive rights, advance subscription rights, and liquidation proceeds. The board of directors may, in its discretion, refuse to register shares as shares with voting rights if a shareholder does not fulfill certain disclosure requirements in our articles of association. Additionally, various proposals in Switzerland for corporate law changes, if passed in the future, may require shareholder registration in order to exercise voting rights for shareholders who hold their shares in street name through brokerages and banks. Such a registration requirement could make our stock less attractive to investors.

Certain provisions of our articles of association may reduce the likelihood of any unsolicited acquisition proposal or potential change of control that our shareholders might consider favorable.

Our articles of association contain provisions that could be considered "anti-takeover" provisions because they would make it harder for a third party to acquire us without the consent of our incumbent board of directors. Under these provisions, among others:

- shareholders may act only at shareholder meetings and not by written consent, and
- restrictions will apply to any merger or other business combination between our company and any holder of 15% or more of our issued voting shares who became such without the prior approval of our board of directors.

These provisions may only be amended by the affirmative vote of the holders of 80% of our issued voting shares, which could have the effect of discouraging an unsolicited acquisition proposal or delaying, deferring, or preventing a change of control transaction that might involve a premium price, or otherwise be considered favorable by our shareholders. Our articles of association also contain provisions permitting our board of directors to issue new shares from authorized or conditional capital (in either case, representing a maximum of 50% of the shares presently registered in the commercial register and in case of issuances from authorized capital, until March 14, 2020 unless re-authorized by shareholders for a subsequent two-year period) without shareholder approval and without regard for shareholders' preemptive rights or advance subscription rights, for the purpose of the defense of an actual, threatened, or potential unsolicited takeover bid, in relation to which the board of directors, upon consultation with an independent financial advisor, has not recommended acceptance to the shareholders. We note that Swiss courts have not addressed whether or not a takeover bid of this nature is an acceptable reason under Swiss law for withdrawing or limiting preemptive rights with respect to authorized share capital or advance subscription rights with respect to conditional share capital. In addition, the New York Stock Exchange ("NYSE"), on which our shares are listed, requires shareholder approval for issuances of shares equal to 20% or more of the outstanding shares or voting power, with limited exceptions.

Global legislative and regulatory actions and proposals could cause a material change in our worldwide effective corporate tax rate.

Various legislative and regulatory proposals have been directed at multinational companies with operations in lower-tax jurisdictions. There has been heightened focus on adoption of such legislation and on other initiatives, such as:

- the OECD's initiative to develop agreed-upon best practices to prevent base erosion and profit shifting, which contemplate changes to numerous long-standing tax principles related to the distribution of profits between affiliated entities in different tax jurisdictions,

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- EU and other country efforts to adopt certain OECD proposals and modified OECD proposals (including the Anti-Tax Avoidance Directive, state aid cases, and various transparency proposals), and
- tax policy changes in the U.S., such as additional federal tax reform measures, new tax regulations, and revisions to the Model Income Tax Treaty.

If these proposals are adopted in the main jurisdictions in which we do business, they could, among other things, cause double taxation, increase audit risk, and materially increase our worldwide corporate effective tax rate. We cannot predict the outcome of any specific legislative proposals or initiatives, and we cannot provide assurance that any such legislation or initiative will not apply to us.

Legislation in the U.S. could adversely impact our results of operations, financial position, and cash flows.

Various U.S. federal and state legislative proposals have been introduced in recent years that may negatively impact the growth of our business by denying government contracts to U.S. companies that have moved to lower-tax jurisdictions.

We expect the U.S. Congress to continue to consider implementation and/or expansion of policies that would restrict the federal and state governments from contracting with entities that have corporate locations abroad. We cannot predict the likelihood that, or final form in which, any such proposed legislation might become law, the nature of regulations that may be promulgated under any future legislative enactments, the effect such enactments and increased regulatory scrutiny may have on our business, or the outcome of any specific legislative proposals. Therefore, we cannot provide assurance that any such legislative action will not apply to us. In addition, we are unable to predict whether the final form of any potential legislation discussed above also would affect our indirect sales to U.S. federal or state governments or the willingness of our non-governmental customers to do business with us. As a result of these uncertainties, we are unable to assess the potential impact of any proposed legislation in this area and cannot provide assurance that the impact will not be materially adverse to us.

Swiss law differs from the laws in effect in the U.S. and may afford less protection to holders of our securities.

As we are organized under the laws of Switzerland, it may not be possible to enforce court judgments obtained in the U.S. against us in Switzerland 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 Switzerland would recognize or enforce judgments of U.S. courts obtained against us or our directors or officers based on the civil liability provisions of the U.S. federal or state securities laws or hear actions against us or those persons based on those laws. We have been advised that the U.S. and Switzerland currently do not have a treaty providing for the reciprocal recognition and enforcement of judgments in civil and commercial matters. Some remedies available under the laws of U.S. jurisdictions, including some remedies available under the U.S. federal securities laws, would not be allowed in Swiss courts as they are contrary to Switzerland's public policy.

Swiss law differs in certain material respects from laws generally applicable to U.S. corporations and their shareholders. These differences include the manner in which directors must disclose transactions in which they have an interest, the rights of shareholders to bring class action and derivative lawsuits, and the scope of indemnification available to directors and officers. Thus, holders of our securities may have more difficulty protecting their interests than would holders of securities of a corporation incorporated in a jurisdiction of the U.S.

ITEM 2. PROPERTIES

Our principal executive office is located in Schaffhausen, Switzerland. As of fiscal year end 2019, we owned approximately 17 million square feet and leased approximately 9 million square feet of aggregate floor space, used primarily for manufacturing, warehousing, and office space. We believe our facilities are suitable for the conduct of our business and adequate for our current needs.

We manufacture our products in approximately 25 countries worldwide. Our manufacturing sites focus on various aspects of our manufacturing processes, including our primary processes of stamping, plating, molding, extrusion, beaming, and assembly. We consider the productive capacity of our manufacturing facilities sufficient. As of fiscal year end 2019, our principal centers of manufacturing output by segment and geographic region were as follows:

	Transportation Solutions	Industrial Solutions	Communications Solutions	Total
	(number of manufacturing facilities)			
EMEA	20	24	3	47
Asia-Pacific	9	7	8	24
Americas	11	25	3	39
Total	40	56	14	110

ITEM 3. LEGAL PROCEEDINGS

In the normal course of business, we are subject to various legal proceedings and claims, including product liability matters, employment disputes, disputes on agreements, other commercial disputes, environmental matters, antitrust claims, and tax matters, including non-income tax matters such as value added tax, sales and use tax, real estate tax, and transfer tax. In addition, we operate in an industry susceptible to significant patent legal claims. At any given time in the normal course of business, we are involved as either a plaintiff or defendant in a number of patent infringement actions. If infringement of a third party's patent were to be determined against us, we might be required to make significant royalty or other payments or might be subject to an injunction or other limitation on our ability to manufacture or sell one or more products. If a patent owned by or licensed to us were determined to be invalid or unenforceable, we might be required to reduce the value of the patent on our Consolidated Balance Sheet and to record a corresponding charge, which could be significant in amount.

Management believes that these legal proceedings and claims likely will be resolved over an extended period of time. Although it is not feasible to predict the outcome of these proceedings, based upon our experience, current information, and applicable law, we do not expect that the outcome of these proceedings, either individually or in the aggregate, will have a material effect on our results of operations, financial position, or cash flows.

PART II

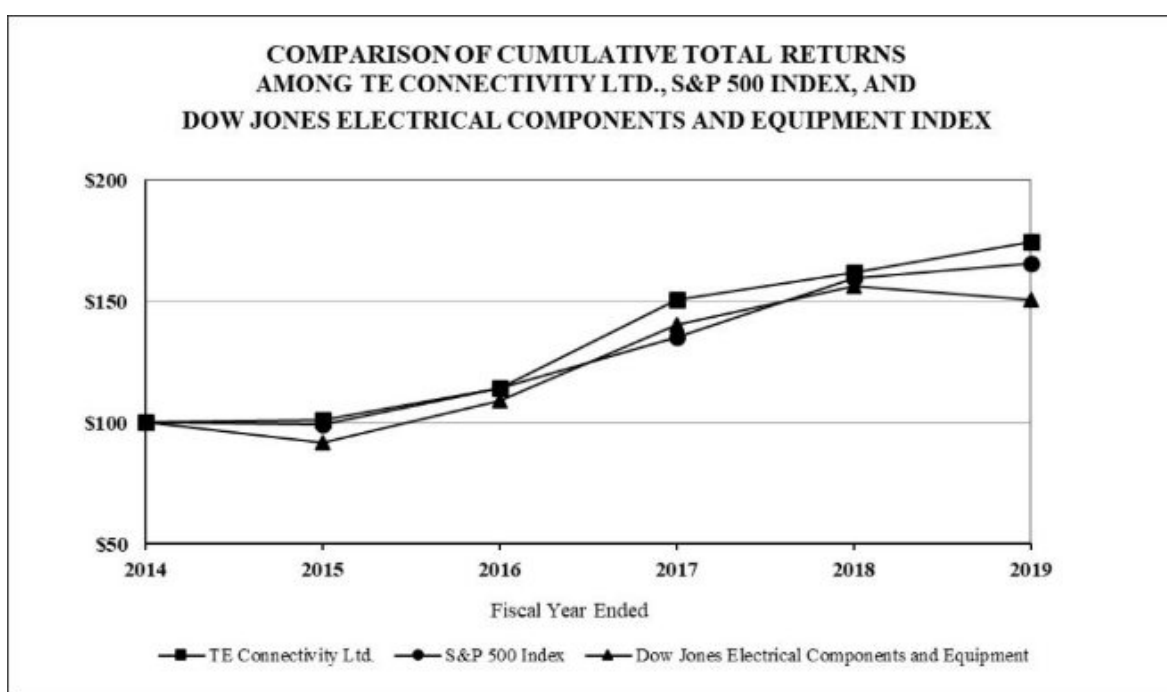
ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Market Information and Holders

Our common shares are listed and traded on the NYSE under the symbol "TEL." As of November 6, 2019, there were 19,412 shareholders of record of our common shares.

Performance Graph

The following graph compares the cumulative total shareholder return on our common shares against the cumulative return on the S&P 500 Index and the Dow Jones Electrical Components and Equipment Index. The graph assumes the investment of \$100 in our common shares and in each index at fiscal year end 2014 and assumes the reinvestment of all dividends and distributions. The graph shows the cumulative total return for the last five fiscal years. The comparisons in the graph are based upon historical data and are not indicative of, nor intended to forecast, future performance of our common shares.



	Fiscal Year End					
	2014 ⁽¹⁾	2015	2016	2017	2018	2019
TE Connectivity Ltd.	\$ 100.00	\$ 101.30	\$ 114.21	\$ 150.45	\$ 162.08	\$ 174.62
S&P 500 Index	100.00	99.41	114.13	135.36	159.61	165.55
Dow Jones Electrical Components and Equipment Index	100.00	91.84	109.03	140.59	156.34	150.52

(1) \$100 invested on September 26, 2014 in TE Connectivity Ltd.'s common shares and in indexes. Indexes calculated on month-end basis.

Issuer Purchases of Equity Securities

The following table presents information about our purchases of our common shares during the quarter ended September 27, 2019:

Period	Total Number of Shares Purchased ⁽¹⁾	Average Price Paid Per Share ⁽¹⁾	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs ⁽²⁾	Maximum Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs ⁽²⁾
June 29–July 26, 2019	671,633	\$ 92.76	670,900	\$ 1,616,977,103
July 27–August 30, 2019	1,007,600	89.85	1,003,000	1,526,870,086
August 31–September 27, 2019	289,992	92.77	282,100	1,500,732,017
Total	<u>1,969,225</u>	\$ 91.27	<u>1,956,000</u>	

(1) These columns include the following transactions which occurred during the quarter ended September 27, 2019:

- (i) the acquisition of 13,225 common shares from individuals to satisfy tax withholding requirements in connection with the vesting of restricted share awards issued under equity compensation plans; and
- (ii) open market purchases totaling 1,956,000 common shares, summarized on a trade-date basis, in conjunction with the share repurchase program announced in September 2007.

(2) Our share repurchase program authorizes us to purchase a portion of our outstanding common shares from time to time through open market or private transactions, depending on business and market conditions. The share repurchase program does not have an expiration date.

ITEM 6. SELECTED FINANCIAL DATA

The following table presents selected consolidated financial data. The data presented should be read in conjunction with our Consolidated Financial Statements and accompanying notes and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” included elsewhere in this Annual Report. Our consolidated financial information may not be indicative of our future performance.

	As of or for Fiscal				
	2019	2018	2017	2016 ⁽¹⁾	2015
	(in millions, except per share data)				
Statement of Operations Data					
Net sales	\$ 13,448	\$ 13,988	\$ 12,185	\$ 11,352	\$ 11,524
Acquisition and integration costs	27	14	6	22	55
Restructuring and other charges (credits), net ⁽²⁾	255	126	147	(2)	152
Other income (expense), net ⁽³⁾	2	1	(42)	(677)	(55)
Income tax (expense) benefit ⁽⁴⁾	15	344	(180)	826	(306)
Income from continuing operations	1,946	2,584	1,540	1,847	1,180
Income (loss) from discontinued operations, net of income taxes ⁽⁵⁾	(102)	(19)	143	162	1,240
Net income	1,844	2,565	1,683	2,009	2,420
Per Share Data					
Basic earnings per share:					
Income from continuing operations	\$ 5.76	\$ 7.38	\$ 4.34	\$ 5.05	\$ 2.91
Net income	5.46	7.33	4.74	5.49	5.98
Diluted earnings per share:					
Income from continuing operations	\$ 5.72	\$ 7.32	\$ 4.30	\$ 5.01	\$ 2.87
Net income	5.42	7.27	4.70	5.44	5.89
Dividends paid per common share	\$ 1.80	\$ 1.68	\$ 1.54	\$ 1.40	\$ 1.24
Balance Sheet Data					
Total assets	\$ 19,694	\$ 20,386	\$ 19,403	\$ 17,608	\$ 20,589
Long-term liabilities	5,584	5,145	5,805	6,057	7,429
Total shareholders' equity	10,570	10,831	9,751	8,485	9,585

(1) Fiscal 2016 was a 53-week year.

(2) Fiscal 2016 included a pre-tax gain of \$144 million on the sale of our Circuit Protection Devices business.

(3) Fiscal 2016 and 2015 net other income (expense) was recorded primarily pursuant to the Tax Sharing Agreement with Tyco International plc and Covidien plc. Fiscal 2016 included \$604 million of other expense related to the effective settlement of tax matters for the years 1997 through 2000 and \$46 million of other expense related to a tax settlement in another tax jurisdiction. Fiscal 2015 included \$84 million of other expense related to the effective settlement of all undisputed tax matters for the years 2001 through 2007.

(4) For fiscal 2019, 2018, and 2017, see Note 15 to the Consolidated Financial Statements for additional information. Fiscal 2016 included a \$1,135 million income tax benefit related to the effective settlement of tax matters for the years 1997 through 2000, partially offset by a \$91 million income tax charge related to an increase to the valuation allowance for certain U.S. deferred tax assets. Additionally, fiscal 2016 included an \$83 million net income tax benefit related to tax settlements in certain other tax jurisdictions, partially offset by an income tax charge related to certain legal entity restructurings. Fiscal 2015 included a \$216 million income tax charge associated with the tax impacts of certain intercompany legal entity restructurings made in connection with our integration of Measurement Specialties, Inc; a \$201 million income tax benefit related to the effective settlement of all undisputed tax matters for the years 2001 through 2007; and a \$63 million income tax benefit associated with the effective settlement of all undisputed tax matters for the years 2008 through 2010.

- (5) Fiscal 2019 included a pre-tax loss of \$86 million on the sale of our Subsea Communications business. Fiscal 2015 included a pre-tax gain of \$1.1 billion on the sale of our Broadband Network Solutions business. For additional information regarding discontinued operations, see Note 4 to the Consolidated Financial Statements.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our Consolidated Financial Statements and the accompanying notes included elsewhere in this Annual Report. The following discussion may contain forward-looking statements that reflect our plans, estimates, and beliefs. Our actual results could differ materially from those discussed in these forward-looking statements. Factors that could cause or contribute to these differences include those factors discussed below and elsewhere in this Annual Report, particularly in "Risk Factors" and "Forward-Looking Information."

Our Consolidated Financial Statements have been prepared in U.S. dollars, in accordance with accounting principles generally accepted in the U.S. ("GAAP").

Discussion of our financial condition and results of operations for fiscal 2019 compared to fiscal 2018 is presented below. Discussion of our financial condition and results of operations for fiscal 2018 compared to fiscal 2017 can be found in "Part II. Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" in our Annual Report on Form 10-K for the fiscal year ended September 28, 2018.

The following discussion includes organic net sales growth which is a non-GAAP financial measure. See "Non-GAAP Financial Measure" for additional information regarding this measure.

Overview

We are a global industrial technology leader creating a safer, sustainable, productive, and connected future. Our broad range of connectivity and sensor solutions, proven in the harshest environments, enable advancements in transportation, industrial applications, medical technology, energy, data communications, and the home.

Fiscal 2019 included the following:

- Our fiscal 2019 net sales decreased 3.9% from fiscal 2018 levels due to sales declines in the Communications Solutions and Transportation Solutions segments, partially offset by growth in the Industrial Solutions segment. On an organic basis, our net sales decreased 1.7% in fiscal 2019 as compared to fiscal 2018.
- Our net sales by segment were as follows:
 - *Transportation Solutions*—Our net sales decreased 5.7% due primarily to sales declines in the automotive end market.
 - *Industrial Solutions*—Our net sales increased 2.5% primarily as a result of increased sales in the aerospace, defense, oil, and gas end market.
 - *Communications Solutions*—Our net sales decreased 9.2% due to sales declines in both the appliances and the data and devices end markets.
- During fiscal 2019, our shareholders approved a dividend payment to shareholders of \$1.84 per share, payable in four equal quarterly installments of \$0.46 beginning in the third quarter of fiscal 2019 and ending in the second quarter of fiscal 2020.
- Net cash provided by continuing operating activities was \$2,454 million in fiscal 2019.

Outlook

In the first quarter of fiscal 2020, we expect our net sales to be between \$3.0 billion and \$3.2 billion as compared to \$3.35 billion in the first quarter of fiscal 2019. We expect our net sales to be between \$12.7 billion and \$13.3 billion in fiscal 2020 as compared to \$13.4 billion in fiscal 2019. These decreases are primarily due to sales declines in the Communications Solutions and Transportation Solutions segments. Additional information regarding expectations for our reportable segments for the first quarter of fiscal 2020 as compared to the same period of fiscal 2019 and for fiscal 2020 compared to fiscal 2019 is as follows:

- *Transportation Solutions*—We expect our net sales to decrease in the automotive end market as a result of declines in global automotive production. However, we expect our content gains to partially offset the impact of the overall market decline. We expect our net sales to decrease in the commercial transportation end market as a result of market weakness.
- *Industrial Solutions*—We expect our net sales declines in the industrial equipment end market to be largely offset by sales increases in the aerospace, defense, oil, and gas and the energy end markets. In the industrial equipment end market, market weakness in industrial applications is expected to be partially offset by continued growth in medical applications.
- *Communications Solutions*—We expect our net sales to decline in both the data and devices and the appliances end markets due to market weakness across all regions and reduced demand resulting from high inventory levels at distributors.

We expect diluted earnings per share from continuing operations to be in the range of \$0.93 to \$0.99 per share in the first quarter of fiscal 2020. In fiscal 2020, we expect diluted earnings per share from continuing operations to be in the range of \$4.21 to \$4.61 per share.

The outlook for the first quarter of fiscal 2020 as compared to the same period of fiscal 2019 reflects the negative impact of foreign currency exchange rates on net sales and earnings per share of approximately \$62 million and \$0.03 per share, respectively. The outlook for fiscal 2020 as compared to fiscal 2019 reflects the negative impact of foreign currency exchange rates on net sales and earnings per share of approximately \$229 million and \$0.11 per share, respectively.

The above outlook is based on foreign currency exchange rates and commodity prices that are consistent with current levels.

We are monitoring the current macroeconomic environment and its potential effects on our customers and the end markets we serve. We continue to closely manage our costs in line with economic conditions. Additionally, we are managing our capital resources and monitoring capital availability to ensure that we have sufficient resources to fund future capital needs. See further discussion in “Liquidity and Capital Resources.”

Swiss Parliament approved the Federal Act on Tax Reform and AHV Financing (“Swiss Tax Reform”) in September 2018, and it was approved by public vote in May 2019. Certain measures became effective in fiscal 2019 and accordingly are reflected on our Consolidated Financial Statements.

In October 2019, the canton of Schaffhausen enacted Swiss Tax Reform into law. We are currently assessing the impacts of the cantonal implementation, including reductions in tax rates. We expect to recognize approximately \$350 million of income tax expense related to the write-down of certain deferred tax assets to the lower tax rates in the first quarter of fiscal 2020, the period of enactment. This income tax charge is not reflected in the above outlook; however, our outlook does reflect an expected increase of approximately 400 basis points in our effective tax rate in fiscal 2020 as a result of other provisions of Swiss Tax Reform. See Note 15 to the Consolidated Financial Statements for additional information regarding Swiss Tax Reform.

Acquisitions

During fiscal 2019, we acquired three businesses for a combined cash purchase price of \$296 million, net of cash acquired. The acquisitions were reported as part of our Transportation Solutions segment from the date of acquisition.

We acquired two businesses during fiscal 2018 for a combined cash purchase price of \$153 million, net of cash acquired. In fiscal 2019, we received \$13 million as a result of a customary net working capital settlement for one of the acquisitions. The acquisitions were reported as part of our Industrial Solutions segment from the date of acquisition.

See Note 5 to the Consolidated Financial Statements for additional information regarding acquisitions.

Pending Acquisition

During fiscal 2019, we entered into a business combination agreement and commenced a voluntary public tender offer for all outstanding shares of First Sensor AG (“First Sensor”), a provider of sensing solutions based in Germany. The offer was accepted for approximately 72% of First Sensor’s shares. The transaction, including the assumption of First Sensor’s outstanding net debt and minority interest, is valued at approximately €307 million. Completion of the offer will be subject to customary closing conditions, including regulatory approvals. We expect to complete the transaction in fiscal 2020.

Discontinued Operations

In fiscal 2019, we sold our Subsea Communications (“SubCom”) business for net cash proceeds of \$297 million and incurred a pre-tax loss on sale of \$86 million. The SubCom business met the held for sale and discontinued operations criteria and has been reported as such in all periods presented on our Consolidated Financial Statements. Prior to reclassification to discontinued operations, the SubCom business was included in the Communications Solutions segment.

See Note 4 to the Consolidated Financial Statements for additional information regarding discontinued operations.

Results of Operations

Net Sales

The following table presents our net sales and the percentage of total net sales by segment:

	Fiscal			
	2019		2018	
	(\$ in millions)			
Transportation Solutions	\$ 7,821	58 %	\$ 8,290	59 %
Industrial Solutions	3,954	30	3,856	28
Communications Solutions	1,673	12	1,842	13
Total	\$ 13,448	100 %	\$ 13,988	100 %

The following table provides an analysis of the change in our net sales by segment:

	Change in Net Sales for Fiscal 2019 versus Fiscal 2018					
	Net Sales Growth		Organic Net Sales Growth		Translation	Acquisitions
	(\$ in millions)					
Transportation Solutions	\$ (469)	(5.7)%	\$ (232)	(2.8)%	\$ (274)	\$ 37
Industrial Solutions	98	2.5	120	3.1	(95)	73
Communications Solutions	(169)	(9.2)	(129)	(7.0)	(40)	—
Total	\$ (540)	(3.9)%	\$ (241)	(1.7)%	\$ (409)	\$ 110

Net sales decreased \$540 million, or 3.9%, in fiscal 2019 as compared to fiscal 2018. The decrease in net sales resulted from the negative impact of foreign currency translation of 3.0% due to the weakening of certain foreign currencies and organic net sales declines 1.7%, partially offset by sales contributions from acquisitions of 0.8%. Price erosion adversely affected organic net sales by \$108 million in fiscal 2019.

See further discussion of net sales below under “Segment Results.”

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Net Sales by Geographic Region. Our business operates in three geographic regions—EMEA, Asia-Pacific, and the Americas—and our results of operations are influenced by changes in foreign currency exchange rates. Increases or decreases in the value of the U.S. dollar, compared to other currencies, will directly affect our reported results as we translate those currencies into U.S. dollars at the end of each fiscal period. We sell our products into approximately 150 countries, and approximately 60% of our net sales were invoiced in currencies other than the U.S. dollar in fiscal 2019. The percentage of net sales in fiscal 2019 by major currencies invoiced was as follows:

Currencies	Percentage
U.S. dollar	42 %
Euro	30
Chinese renminbi	13
Japanese yen	6
All others	9
Total	100 %

The following table presents our net sales and the percentage of total net sales by geographic region:

	Fiscal			
	2019		2018	
	(\$ in millions)			
EMEA	\$ 4,823	36 %	\$ 5,255	38 %
Asia-Pacific	4,401	33	4,762	34
Americas	4,224	31	3,971	28
Total	\$ 13,448	100 %	\$ 13,988	100 %

The following table provides an analysis of the change in our net sales by geographic region:

	Change in Net Sales for Fiscal 2019 versus Fiscal 2018					
	Net Sales Growth		Organic Net Sales Growth		Translation	Acquisitions
	(\$ in millions)					
EMEA	\$ (432)	(8.2)%	\$ (231)	(4.4)%	\$ (269)	\$ 68
Asia-Pacific	(361)	(7.6)	(248)	(5.2)	(120)	7
Americas	253	6.4	238	6.0	(20)	35
Total	\$ (540)	(3.9)%	\$ (241)	(1.7)%	\$ (409)	\$ 110

Cost of Sales and Gross Margin

The following table presents cost of sales and gross margin information:

	Fiscal		Change
	2019	2018	
	(\$ in millions)		
Cost of sales	\$ 9,054	\$ 9,243	\$ (189)
As a percentage of net sales	67.3 %	66.1 %	
Gross margin	\$ 4,394	\$ 4,745	\$ (351)
As a percentage of net sales	32.7 %	33.9 %	

In fiscal 2019, gross margin decreased \$351 million as compared to fiscal 2018, primarily as a result of lower volume, unfavorable product mix, negative foreign currency translation, and price erosion, partially offset by lower material costs. Gross margin as a percentage of net sales decreased to 32.7% in fiscal 2019 from 33.9% in fiscal 2018.

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We use a wide variety of raw materials in the manufacture of our products. Cost of sales and gross margin are subject to variability in raw material prices which continue to fluctuate for many of the raw materials we use, including copper, gold, and silver. In fiscal 2019, we purchased approximately 172 million pounds of copper, 122,000 troy ounces of gold, and 2.6 million troy ounces of silver. The following table presents the average prices incurred related to copper, gold, and silver:

	Measure	Fiscal	
		2019	2018
Copper	Lb.	\$ 2.93	\$ 2.86
Gold	Troy oz.	1,309	1,281
Silver	Troy oz.	16.42	17.15

In fiscal 2020, we expect to purchase approximately 170 million pounds of copper, 120,000 troy ounces of gold, and 2.4 million troy ounces of silver.

Operating Expenses

The following table presents operating expense information:

	Fiscal		Change
	2019	2018	
	(\$ in millions)		
Selling, general, and administrative expenses	\$ 1,490	\$ 1,594	\$ (104)
As a percentage of net sales	11.1 %	11.4 %	
Restructuring and other charges, net	255	126	129

Selling, General, and Administrative Expenses. In fiscal 2019, selling, general, and administrative expenses decreased \$104 million as compared to fiscal 2018 due primarily to lower incentive compensation costs as well as cost control measures and savings attributable to restructuring actions. Selling, general, and administrative expenses as a percentage of net sales decreased to 11.1% in fiscal 2019 from 11.4% in fiscal 2018.

Restructuring and Other Charges, Net. We are committed to continuous productivity improvements, and we evaluate opportunities to simplify our global manufacturing footprint, migrate facilities to lower-cost regions, reduce fixed costs, and eliminate excess capacity. These initiatives are designed to help us maintain our competitiveness in the industry, improve our operating leverage, and position us for future growth.

During fiscal 2019, we initiated a restructuring program associated with footprint consolidation and structural improvements impacting all segments. During fiscal 2018, we initiated a restructuring program associated with footprint consolidation and structural improvements primarily impacting the Industrial Solutions and Transportation Solutions segments. In connection with these initiatives, we incurred net restructuring charges of \$255 million and \$140 million in fiscal 2019 and 2018, respectively. Annualized cost savings related to actions initiated in fiscal 2019 are expected to be approximately \$220 million and are expected to be realized by the end of fiscal 2021. Cost savings will be reflected primarily in cost of sales and selling, general, and administrative expenses.

In response to market weakness in fiscal 2019, we initiated incremental restructuring actions, primarily consisting of employee severance, to broaden the scope of our cost reduction initiatives and accelerate cost reduction and factory footprint consolidation activities. We previously disclosed that we expected total restructuring charges to be approximately \$375 million in fiscal 2019. We now expect certain of these actions to occur in fiscal 2020 or 2021. For fiscal 2020, we currently expect total restructuring charges to be approximately \$200 million to \$250 million and total spending, which will be funded with cash from operations, to be approximately \$300 million.

See Note 3 to the Consolidated Financial Statements for additional information regarding net restructuring and other charges.

Operating Income

The following table presents operating income and operating margin information:

	Fiscal		
	2019	2018	Change
	(\$ in millions)		
Operating income	\$ 1,978	\$ 2,331	\$ (353)
Operating margin	14.7 %	16.7 %	

Operating income included the following:

	Fiscal	
	2019	2018
	(in millions)	
Acquisition-related charges:		
Acquisition and integration costs	\$ 27	\$ 14
Charges associated with the amortization of acquisition-related fair value adjustments	3	8
	30	22
Restructuring and other charges, net	255	126
Other items ⁽¹⁾	17	—
Total	\$ 302	\$ 148

(1) Represents the write-off of certain spare parts.

See discussion of operating income below under “Segment Results.”

Non-Operating Items

The following table presents select non-operating information:

	Fiscal		
	2019	2018	Change
	(\$ in millions)		
Interest expense	\$ 68	\$ 107	\$ (39)
Income tax benefit	15	344	(329)
Effective tax rate	(0.8)%	(15.4)%	
Loss from discontinued operations, net of income taxes	\$ (102)	\$ (19)	\$ (83)

Interest Expense. Interest expense decreased \$39 million during the fiscal 2019 due primarily to the expansion of our cross-currency swap program. Under the terms of the fiscal 2019 contracts, we receive interest in U.S. dollars at a weighted-average rate of 2.9% per annum and pay no interest. See Note 13 to the Consolidated Financial Statements for additional information regarding our cross-currency swap program.

Income Taxes. See Note 15 to the Consolidated Financial Statements for discussion of items impacting income tax benefit and the effective tax rate for fiscal 2019 and 2018, including Swiss Tax Reform and the U.S. Tax Cuts and Jobs Act.

The valuation allowance for deferred tax assets was \$4,970 million and \$2,191 million at fiscal year end 2019 and 2018, respectively. See Note 15 to the Consolidated Financial Statements for further information regarding the valuation allowance for deferred tax assets.

As of fiscal year end 2019, certain subsidiaries had approximately \$26 billion of cumulative undistributed earnings that have been retained indefinitely and reinvested in our global manufacturing operations, including working capital; property, plant, and equipment; intangible assets; and research and development activities. See Note 15 to the Consolidated Financial Statements for additional information regarding undistributed earnings.

Loss from Discontinued Operations, Net of Income Taxes. During fiscal 2019, we sold our SubCom business for net cash proceeds of \$297 million and incurred a pre-tax loss on sale of \$86 million. The net sales of the business were \$41 million and \$702 million in fiscal 2019 and 2018, respectively. The results for fiscal 2019 represent one month of activity. In fiscal 2018, net sales and operating income were negatively impacted by production delays on a program. See Note 4 to the Consolidated Financial Statements for additional information regarding discontinued operations.

Segment Results

Transportation Solutions

Net Sales. The following table presents the Transportation Solutions segment's net sales and the percentage of total net sales by industry end market⁽¹⁾:

	Fiscal			
	2019		2018	
	(\$ in millions)			
Automotive	\$ 5,686	73 %	\$ 6,092	74 %
Commercial transportation	1,221	15	1,280	15
Sensors	914	12	918	11
Total	<u>\$ 7,821</u>	<u>100 %</u>	<u>\$ 8,290</u>	<u>100 %</u>

(1) Industry end market information is presented consistently with our internal management reporting and may be revised periodically as management deems necessary.

The following table provides an analysis of the change in the Transportation Solutions segment's net sales by industry end market:

	Change in Net Sales for Fiscal 2019 versus Fiscal 2018							
	Net Sales		Organic Net		Translation	Acquisitions		
	Growth		Sales Growth					
	(\$ in millions)							
Automotive	\$ (406)	(6.7)%	\$ (198)	(3.3)%	\$ (208)	\$	—	
Commercial transportation	(59)	(4.6)	(48)	(3.9)	(40)		29	
Sensors	(4)	(0.4)	14	1.4	(26)		8	
Total	\$ (469)	(5.7)%	\$ (232)	(2.8)%	\$ (274)	\$	37	

Net sales in the Transportation Solutions segment decreased \$469 million, or 5.7%, in fiscal 2019 from fiscal 2018 primarily as a result of the negative impact of foreign currency translation of 3.3% and organic net sales declines of 2.8%. Our organic net sales by industry end market were as follows:

- *Automotive*—Our organic net sales decreased 3.3% in fiscal 2019. The decrease resulted from declines of 6.4% and 3.4% in the Asia-Pacific and EMEA regions, respectively, partially offset by growth of 3.7% in the Americas region. Our declines in the Asia-Pacific and EMEA regions resulted primarily from declines in automotive production. In the Americas region, our growth was attributable to electrification and market share gains.
- *Commercial transportation*—Our organic net sales decreased 3.9% in fiscal 2019 as a result of market weakness in all regions.
- *Sensors*—Our organic net sales increased 1.4% in fiscal 2019 due primarily to growth in the industrial equipment end market.

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Operating Income. The following table presents the Transportation Solutions segment's operating income and operating margin information:

	Fiscal		Change
	2019	2018	
	(\$ in millions)		
Operating income	\$ 1,226	\$ 1,578	\$ (352)
Operating margin	15.7 %	19.0 %	

Operating income in the Transportation Solutions segment decreased \$352 million in fiscal 2019 as compared to fiscal 2018. The Transportation Solutions segment's operating income included the following:

	Fiscal	
	2019	2018
	(in millions)	
Acquisition-related charges:		
Acquisition and integration costs	\$ 17	\$ 8
Charges associated with the amortization of acquisition-related fair value adjustments	—	4
	17	12
Restructuring and other charges, net	144	33
Other items	14	—
Total	\$ 175	\$ 45

Excluding these items, operating income decreased in fiscal 2019 primarily as a result of lower volume, unfavorable product mix, and price erosion, partially offset by lower material costs.

Industrial Solutions

Net Sales. The following table presents the Industrial Solutions segment's net sales and the percentage of total net sales by industry end market⁽¹⁾:

	Fiscal		
	2019	2018	
	(\$ in millions)		
Industrial equipment	\$ 1,949	49 % \$ 1,987	52 %
Aerospace, defense, oil, and gas	1,306	33	1,157
Energy	699	18	712
Total	\$ 3,954	100 %	\$ 3,856

- (1) Industry end market information is presented consistently with our internal management reporting and may be revised periodically as management deems necessary.

The following table provides an analysis of the change in the Industrial Solutions segment's net sales by industry end market:

	Change in Net Sales for Fiscal 2019 versus Fiscal 2018					
	Net Sales		Organic Net		Translation	Acquisition
	Growth		Sales Growth			
	(\$ in millions)					
Industrial equipment	\$ (38)	(1.9)%	\$ (66)	(3.4)%	\$ (45)	\$ 73
Aerospace, defense, oil, and gas	149	12.9	165	14.1	(16)	—
Energy	(13)	(1.8)	21	2.7	(34)	—
Total	\$ 98	2.5 %	\$ 120	3.1 %	\$ (95)	\$ 73

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In the Industrial Solutions segment, net sales increased \$98 million, or 2.5%, in fiscal 2019 from fiscal 2018 due to organic net sales growth of 3.1% and sales contributions from an acquisition of 1.9%, partially offset by the negative impact of foreign currency translation of 2.5%. Our organic net sales by industry end market were as follows:

- *Industrial equipment*—Our organic net sales decreased 3.4% in fiscal 2019 primarily as a result of market weakness in industrial applications, particularly in the Asia-Pacific and EMEA regions, partially offset by strength in medical applications.
- *Aerospace, defense, oil, and gas*—Our organic net sales increased 14.1% in fiscal 2019 due to growth in the oil and gas, commercial aerospace, and defense markets.
- *Energy*—Our organic net sales increased 2.7% in fiscal 2019 primarily as a result of growth in the Americas region, partially offset by declines in the EMEA region.

Operating Income. The following table presents the Industrial Solutions segment's operating income and operating margin information:

	Fiscal		Change
	2019	2018	
	(\$ in millions)		
Operating income	\$ 543	\$ 465	\$ 78
Operating margin	13.7 %	12.1 %	

Operating income in the Industrial Solutions segment increased \$78 million in fiscal 2019 from fiscal 2018. The Industrial Solutions segment's operating income included the following:

	Fiscal	
	2019	2018
	(in millions)	
Acquisition-related charges:		
Acquisition and integration costs	\$ 10	\$ 6
Charges associated with the amortization of acquisition-related fair value adjustments	3	4
	13	10
Restructuring and other charges, net	63	80
Other items	2	—
Total	\$ 78	\$ 90

Excluding these items, operating income increased in fiscal 2019 primarily as a result of higher volume and improved manufacturing productivity.

Communications Solutions

Net Sales. The following table presents the Communications Solutions segment's net sales and the percentage of total net sales by industry end market⁽¹⁾:

	Fiscal			
	2019		2018	
	(\$ in millions)			
Data and devices	\$ 993	59 %	\$ 1,068	58 %
Appliances	680	41	774	42
Total	\$ 1,673	100 %	\$ 1,842	100 %

- (1) Industry end market information is presented consistently with our internal management reporting and may be revised periodically as management deems necessary.

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The following table provides an analysis of the change in the Communications Solutions segment's net sales by industry end market:

	Change in Net Sales for Fiscal 2019 versus Fiscal 2018				
	Net Sales Growth		Organic Net Sales Growth	Translation	
	(\$ in millions)				
Data and devices	\$ (75)	(7.0)%	\$ (58)	(5.4)%	\$ (17)
Appliances	(94)	(12.1)	(71)	(9.3)	(23)
Total	\$ (169)	(9.2)%	\$ (129)	(7.0)%	\$ (40)

Net sales in the Communications Solutions segment decreased \$169 million, or 9.2%, in fiscal 2019 as compared to fiscal 2018 due to organic net sales declines of 7.0% and the negative impact of foreign currency translation of 2.2%. Our organic net sales by industry end market were as follows:

- *Data and devices*—Our organic net sales decreased 5.4% in fiscal 2019 as a result of market weakness across all regions.
- *Appliances*—Our organic net sales decreased 9.3% in fiscal 2019 due to market weakness across all regions and reduced demand resulting from high inventory levels at distributors.

Operating Income. The following table presents the Communications Solutions segment's operating income and operating margin information:

	Fiscal		
	2019	2018	Change
	(\$ in millions)		
Operating income	\$ 209	\$ 288	\$ (79)
Operating margin	12.5 %	15.6 %	

In the Communications Solutions segment, operating income decreased \$79 million in fiscal 2019 as compared to fiscal 2018. The Communications Solutions segment's operating income included the following:

	Fiscal	
	2019	2018
	(in millions)	
Restructuring and other charges, net	\$ 48	\$ 13
Other items	1	—
Total	<u>\$ 49</u>	<u>\$ 13</u>

Excluding these items, operating income decreased in fiscal 2019 due primarily to lower volume.

Liquidity and Capital Resources

Our ability to fund our future capital needs will be affected by our ability to continue to generate cash from operations and may be affected by our ability to access the capital markets, money markets, or other sources of funding, as well as the capacity and terms of our financing arrangements. We believe that cash generated from operations and, to the extent necessary, these other sources of potential funding will be sufficient to meet our anticipated capital needs for the foreseeable future, including the payment of \$350 million of floating rate senior notes due in fiscal 2020, the pending acquisition of First Sensor, and cash spending related to restructuring initiatives. We may use excess cash to purchase a portion of our common shares pursuant to our authorized share repurchase program, to acquire strategic businesses or product lines, to pay dividends on our common shares, or to reduce our outstanding debt. The cost or availability of future funding may be impacted by financial market conditions. We will continue to monitor financial markets and respond as necessary to changing conditions.

As of fiscal year end 2019, our cash and cash equivalents were held in subsidiaries which are located in various countries throughout the world. Under current applicable laws, substantially all of these amounts can be repatriated to Tyco Electronics Group S.A. ("TEGSA"), our Luxembourg subsidiary, which is the obligor of substantially all of our debt, and to TE Connectivity Ltd., our Swiss parent company; however, the repatriation of these amounts could subject us to additional

tax expense. We provide for tax liabilities on the Consolidated Financial Statements with respect to amounts that we expect to repatriate; however, no tax liabilities are recorded for amounts that we consider to be retained indefinitely and reinvested in our global manufacturing operations. As of fiscal year end 2019, we had approximately \$9.1 billion of cash, cash equivalents, and intercompany deposits, principally in our subsidiaries, that we have the ability to distribute to TEGSA and TE Connectivity Ltd. but we consider to be permanently reinvested. We estimate that up to \$1.0 billion of tax expense would be recognized on the Consolidated Financial Statements if our intention to permanently reinvest these amounts were to change. Our current plans do not demonstrate a need to repatriate cash, cash equivalents, and intercompany deposits that are designated as permanently reinvested in order to fund our operations, including investing and financing activities.

Cash Flows from Operating Activities

Net cash provided by continuing operating activities increased \$153 million to \$2,454 million in fiscal 2019 as compared to \$2,301 million in fiscal 2018. The increase resulted primarily from higher collections of accounts receivable and fluctuations in cash collateral requirements under our cross-currency swap contracts, partially offset by a decrease in pre-tax income levels.

The amount of income taxes paid, net of refunds, during fiscal 2019 and 2018 was \$338 million and \$393 million, respectively. We do not expect a significant change in our income tax payments as a result of Swiss Tax Reform. See Note 15 to the Consolidated Financial Statements for additional information regarding Swiss Tax Reform.

Pension contributions in fiscal 2019 and 2018, were \$45 million and \$54 million, respectively. We expect pension contributions to be \$68 million in fiscal 2020, before consideration of any voluntary contributions.

Cash Flows from Investing Activities

Capital expenditures were \$749 million and \$935 million in fiscal 2019 and 2018, respectively. We expect fiscal 2020 capital spending levels to be approximately 5-6% of net sales. We believe our capital funding levels are adequate to support new programs, and we continue to invest in our manufacturing infrastructure to further enhance productivity and manufacturing capabilities.

During fiscal 2019, we acquired three businesses for a combined cash purchase price of \$296 million, net of cash acquired. We acquired two businesses during fiscal 2018 for a combined cash purchase price of \$153 million, net of cash acquired. In fiscal 2019, we received \$13 million as a result of a customary net working capital settlement for one of the acquisitions. See Note 5 to the Consolidated Financial Statements for additional information regarding acquisitions.

During fiscal 2019, we received net cash proceeds of \$297 million related to the sale of our SubCom business. See additional information in Note 4 to the Consolidated Financial Statements.

Cash Flows from Financing Activities and Capitalization

Total debt at fiscal year end 2019 and 2018 was \$3,965 million and \$4,000 million, respectively. See Note 11 to the Consolidated Financial Statements for additional information regarding debt.

During fiscal 2019, TEGSA, our 100%-owned subsidiary, issued €350 million aggregate principal amount of fixed-to-floating rate senior notes due June 2021. The fixed-to-floating rate senior notes bear interest at a rate of 0% until June 2020 and then at a rate of three-month Euro Interbank Offered Rate ("EURIBOR") plus 0.30% per year until maturity. In June 2020, we may, at our option, redeem the fixed-to-floating rate senior notes, as a whole, at 100% of the principal amount. Also, during fiscal 2019, TEGSA issued \$350 million aggregate principal amount of floating rate senior notes due June 2020. The floating rate senior notes bear interest at a rate of three-month London Interbank Offered Rate ("LIBOR") plus 0.45% per year. The fixed-to-floating rate senior notes and floating rate senior notes are TEGSA's unsecured senior obligations and rank equally in right of payment with all existing and any future senior indebtedness of TEGSA and senior to any subordinated indebtedness that TEGSA may incur.

TEGSA has a five-year unsecured senior revolving credit facility ("Credit Facility") with total commitments of \$1.5 billion. The Credit Facility was amended in November 2018 primarily to extend the maturity date from December 2020 to November 2023. The amended Credit Facility contains provisions that allow for incremental commitments of up to \$500 million, an option to temporarily increase the financial ratio covenant following a qualified acquisition, and borrowings in designated currencies. TEGSA had no borrowings under the Credit Facility at fiscal year end 2019 or 2018.

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The Credit Facility contains a financial ratio covenant providing that if, as of the last day of each fiscal quarter, our ratio of Consolidated Total Debt to Consolidated EBITDA (as defined in the Credit Facility) for the then most recently concluded period of four consecutive fiscal quarters exceeds 3.75 to 1.0, an Event of Default (as defined in the Credit Facility) is triggered. The Credit Facility and our other debt agreements contain other customary covenants. None of our covenants are presently considered restrictive to our operations. As of fiscal year end 2019, we were in compliance with all of our debt covenants and believe that we will continue to be in compliance with our existing covenants for the foreseeable future.

Periodically, TEGSA issues commercial paper to U.S. institutional accredited investors and qualified institutional buyers in accordance with available exemptions from the registration requirements of the Securities Act of 1933 as part of our ongoing effort to maintain financial flexibility and to potentially decrease the cost of borrowings. Borrowings under the commercial paper program are backed by the Credit Facility.

TEGSA's payment obligations under its senior notes, commercial paper, and Credit Facility are fully and unconditionally guaranteed by its parent, TE Connectivity Ltd.

Payments of common share dividends to shareholders were \$608 million and \$588 million in fiscal 2019 and 2018, respectively. See Note 17 to the Consolidated Financial Statements for additional information regarding dividends on our common shares.

Future dividends on our common shares, if any, must be approved by our shareholders. In exercising their discretion to recommend to the shareholders that such dividends be approved, our board of directors will consider our results of operations, cash requirements and surplus, financial condition, statutory requirements of applicable law, contractual restrictions, and other factors that they may deem relevant.

In both fiscal 2019 and 2018, our board of directors authorized increases of \$1.5 billion in our share repurchase program. We repurchased approximately 12 million of our common shares for \$1,014 million and approximately 10 million of our common shares for \$966 million under the share repurchase program during fiscal 2019 and 2018, respectively. At fiscal year end 2019, we had \$1.5 billion of availability remaining under our share repurchase authorization.

Commitments and Contingencies

The following table provides a summary of our contractual obligations and commitments for debt, minimum lease payment obligations under non-cancelable leases, and other obligations at fiscal year end 2019:

	Total	Payments Due by Fiscal Year					
		2020	2021	2022	2023	2024	Thereafter
		(in millions)					
Debt ⁽¹⁾	\$ 3,975	\$ 571	\$ 633	\$ 500	\$ 602	\$ 350	\$ 1,319
Interest payments on debt ⁽²⁾	979	115	103	88	79	72	522
Operating leases ⁽³⁾	540	117	102	81	67	55	118
Purchase obligations ⁽⁴⁾	632	623	6	—	—	—	3
Total contractual cash obligations ⁽⁵⁾⁽⁶⁾⁽⁷⁾	\$ 6,126	\$ 1,426	\$ 844	\$ 669	\$ 748	\$ 477	\$ 1,962

- (1) Debt represents principal payments. See Note 11 to the Consolidated Financial Statements for additional information regarding debt.
- (2) Interest payments exclude the impact of our interest rate swap and cross-currency swap contracts. Interest payments on debt are projected for future periods using rates in effect as of fiscal year end 2019 and are subject to change in future periods.
- (3) See "Recently Issued Accounting Pronouncements" in Note 2 to the Consolidated Financial Statements for information regarding our adoption of Accounting Standards Codifications ("ASC") 842, *Leases*, in fiscal 2020.
- (4) Purchase obligations consist primarily of commitments for purchases of goods and services.
- (5) The above table does not reflect unrecognized income tax benefits of \$542 million and related accrued interest and penalties of \$42 million, the timing of which is uncertain. See Note 15 to the Consolidated Financial Statements for additional information regarding unrecognized income tax benefits, interest, and penalties.

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- (6) The above table does not reflect pension obligations to certain employees and former employees. We are obligated to make contributions to our pension plans; however, we are unable to determine the amount of plan contributions due to the inherent uncertainties of obligations of this type, including timing, interest rate charges, investment performance, and amounts of benefit payments. We expect to contribute \$68 million to pension plans in fiscal 2020, before consideration of any voluntary contributions. See Note 14 to the Consolidated Financial Statements for additional information regarding these plans and our estimates of future contributions and benefit payments.
- (7) Other long-term liabilities of \$427 million are excluded from the above table as we are unable to estimate the timing of payment for these items.

Legal Proceedings

In the normal course of business, we are subject to various legal proceedings and claims, including patent infringement claims, product liability matters, employment disputes, disputes on agreements, other commercial disputes, environmental matters, antitrust claims, and tax matters, including non-income tax matters such as value added tax, sales and use tax, real estate tax, and transfer tax. Although it is not feasible to predict the outcome of these proceedings, based upon our experience, current information, and applicable law, we do not expect that the outcome of these proceedings, either individually or in the aggregate, will have a material effect on our results of operations, financial position, or cash flows.

Off-Balance Sheet Arrangements

In certain instances, we have guaranteed the performance of third parties and provided financial guarantees for uncompleted work and financial commitments. The terms of these guarantees vary with end dates ranging from fiscal 2020 through the completion of such transactions. The guarantees would be triggered in the event of nonperformance, and the potential exposure for nonperformance under the guarantees would not have a material effect on our results of operations, financial position, or cash flows.

In disposing of assets or businesses, we often provide representations, warranties, and/or indemnities to cover various risks including unknown damage to assets, environmental risks involved in the sale of real estate, liability for investigation and remediation of environmental contamination at waste disposal sites and manufacturing facilities, and unidentified tax liabilities and legal fees related to periods prior to disposition. We do not expect that these uncertainties will have a material adverse effect on our results of operations, financial position, or cash flows.

At fiscal year end 2019, we had outstanding letters of credit, letters of guarantee, and surety bonds of \$309 million.

As discussed above, in fiscal 2019, we sold our SubCom business. In connection with the sale, we contractually agreed to continue to honor performance guarantees and letters of credit related to the SubCom business' projects that existed as of the date of sale. These guarantees had a combined value of approximately \$1.55 billion as of fiscal year end 2019 and are expected to expire at various dates through fiscal 2025; however, the majority are expected to expire by fiscal year end 2020. Also, under the terms of the definitive agreement, we are required to issue up to \$300 million of new performance guarantees, subject to certain limitations, for projects entered into by the SubCom business following the sale for a period of up to three years. At fiscal year end 2019, there were no such new performance guarantees outstanding. We have contractual recourse against the SubCom business if we are required to perform on any SubCom guarantees; however, based on historical experience, we do not anticipate having to perform. See Note 4 to the Consolidated Financial Statements for additional information regarding the divestiture of the SubCom business.

Critical Accounting Policies and Estimates

The preparation of the Consolidated Financial Statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported amounts of revenue and expenses. Our significant accounting policies are summarized in Note 2 to the Consolidated Financial Statements. We believe the following accounting policies are the most critical as they require significant judgments and assumptions that involve inherent risks and uncertainties. Management's estimates are based on the relevant information available at the end of each period.

Revenue Recognition

We account for revenue in accordance with ASC 606, *Revenue from Contracts with Customers*. Our revenues are generated principally from the sale of our products. Revenue is recognized as performance obligations under the terms of a contract, such as a purchase order with a customer, are satisfied; generally this occurs with the transfer of control. We transfer control and recognize revenue when we ship product to our customers, the customers accept and have legal title for the product, and we have a right to payment for such product. Revenue is measured as the amount of consideration that we expect to receive in exchange for those products and excludes taxes assessed by governmental authorities and collected from customers concurrent with the sale of products. Shipping and handling costs are treated as fulfillment costs and are included in cost of sales. Since we typically invoice our customers when we satisfy our performance obligations, we do not have material contract assets or contract liabilities. Our credit terms are customary and do not contain significant financing components that extend beyond one year of fulfillment of performance obligations. We apply the practical expedient of ASC 606 with respect to financing components and do not evaluate contracts in which payment is due within one year of satisfaction of the related performance obligation. Since our performance obligations to deliver products are part of contracts that generally have original durations of one year or less, we have elected to use the optional exemption to not disclose the aggregate amount of transaction prices associated with unsatisfied or partially satisfied performance obligations as of fiscal year end 2019.

We generally warrant that our products will conform to our, or mutually agreed to, specifications and that our products will be free from material defects in materials and workmanship for a limited time. We limit our warranty to the replacement or repair of defective parts, or a refund or credit of the price of the defective product. We do not account for these warranties as separate performance obligations.

Although products are generally sold at fixed prices, certain distributors and customers receive incentives or awards, such as sales rebates, return allowances, scrap allowances, and other rights, which are accounted for as variable consideration. We estimate these amounts in the same period revenue is recognized based on the expected value to be provided to customers and reduce revenue accordingly. Our estimates of variable consideration and ultimate determination of the estimated amounts to include in the transaction price are based primarily on our assessment of anticipated performance and historical and forecasted information that is reasonably available to us.

See Note 2 to the Consolidated Financial Statements for information regarding our adoption of ASC 606 in fiscal 2019.

Goodwill and Other Intangible Assets

Intangible assets include both indeterminable-lived residual goodwill and determinable-lived identifiable intangible assets. Intangible assets with determinable lives primarily include intellectual property, consisting of patents, trademarks, and unpatented technology, and customer relationships. Recoverability estimates range from 1 to 50 years and costs are generally amortized on a straight-line basis. Evaluations of the remaining useful lives of determinable-lived intangible assets are performed on a periodic basis and when events and circumstances warrant.

We test for goodwill impairment at the reporting unit level. A reporting unit is generally an operating segment or one level below an operating segment (a “component”) if the component constitutes a business for which discrete financial information is available and regularly reviewed by segment management. At fiscal year end 2019, we had five reporting units, all of which contained goodwill. There were two reporting units in both the Transportation Solutions and Industrial Solutions segments and one reporting unit in the Communications Solutions segment. When changes occur in the composition of one or more reporting units, goodwill is reassigned to the reporting units affected based on their relative fair values. We review our reporting unit structure each year as part of our annual goodwill impairment test, or more frequently based on changes in our structure.

Goodwill impairment is evaluated by comparing the carrying value of each reporting unit to its fair value on the first day of the fourth fiscal quarter of each year or whenever we believe a triggering event requiring a more frequent assessment has occurred. In assessing the existence of a triggering event, management relies on several reporting unit-specific factors including operating results, business plans, economic projections, anticipated future cash flows, transactions, and market place data. There are inherent uncertainties related to these factors and management’s judgment in applying these factors to the impairment analysis.

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When testing for goodwill impairment, we perform a step I goodwill impairment test to identify potential impairment by comparing the fair value of a reporting unit with its carrying amount. If the carrying amount of a reporting unit exceeds its fair value, goodwill may be impaired and a step II goodwill impairment test is performed to measure the amount of impairment, if any. In the step II goodwill impairment test, we compare the implied fair value of reporting unit goodwill with the carrying amount of that goodwill. If the carrying amount of reporting unit goodwill exceeds the implied fair value of that goodwill, an impairment loss is recognized in an amount equal to the excess. The implied fair value of goodwill is determined in a manner consistent with how goodwill is recognized in a business combination. We allocate the fair value of a reporting unit to the assets and liabilities of that unit, including intangible assets, as if the reporting unit had been acquired in a business combination. Any excess of the fair value of a reporting unit over the amounts assigned to its assets and liabilities is the implied fair value of goodwill.

Fair value estimates used in the step I goodwill impairment tests are calculated using an income approach based on the present value of future cash flows of each reporting unit. The income approach has been supported by guideline analyses (a market approach). These approaches incorporate several assumptions including future growth rates, discount rates, income tax rates, and market activity in assessing fair value and are reporting unit specific. Changes in economic and operating conditions impacting these assumptions could result in goodwill impairments in future periods.

We completed our annual goodwill impairment test in the fourth quarter of fiscal 2019 and determined that no impairment existed.

Income Taxes

In determining income for financial statement purposes, we must make certain estimates and judgments. These estimates and judgments affect the calculation of certain tax liabilities and the determination of the recoverability of certain deferred tax assets, which arise from temporary differences between the income tax return and financial statement recognition of revenue and expense.

In evaluating our ability to recover our deferred tax assets, we consider all available positive and negative evidence including our past operating results, the existence of cumulative losses in the most recent years, and our forecast of taxable income. In estimating future taxable income, we develop assumptions including the amount of pre-tax operating income in various tax jurisdictions, the reversal of temporary differences, and the implementation of feasible and prudent tax planning strategies. These assumptions require significant judgment about the forecasts of taxable income and are consistent with the plans and estimates we are using to manage the underlying businesses.

We currently have recorded significant valuation allowances that we intend to maintain until it is more likely than not the deferred tax assets will be realized. Our income tax expense recorded in the future will be reduced to the extent of decreases in our valuation allowances. The realization of our remaining deferred tax assets is dependent primarily on future taxable income in the appropriate jurisdictions. Any reduction in future taxable income including any future restructuring activities may require that we record an additional valuation allowance against our deferred tax assets. An increase in the valuation allowance would result in additional income tax expense in such period and could have a significant impact on our future earnings.

Changes in tax laws and rates, including Swiss Tax Reform, also could affect recorded deferred tax assets and liabilities in the future. See Note 15 to the Consolidated Financial Statements for additional information regarding Swiss Tax Reform. Management is not aware of any other such changes that would have a material effect on our results of operations, financial position, or cash flows.

The calculation of our tax liabilities includes estimates for uncertainties in the application of complex tax regulations across multiple global jurisdictions where we conduct our operations. Under the uncertain tax position provisions of ASC 740, *Income Taxes*, we recognize liabilities for tax and related interest for issues in tax jurisdictions based on our estimate of whether, and the extent to which, additional taxes and related interest will be due. These tax liabilities and related interest are reflected net of the impact of related tax loss carryforwards, as such tax loss carryforwards will be applied against these tax liabilities and will reduce the amount of cash tax payments due upon the eventual settlement with the tax authorities. These estimates may change due to changing facts and circumstances. Due to the complexity of these uncertainties, the ultimate resolution may result in a settlement that differs from our current estimate of the tax liabilities and related interest. These tax liabilities and related interest are recorded in income taxes and accrued and other current liabilities on the Consolidated Balance Sheets.

Pension

Our defined benefit pension plan expense and obligations are developed from actuarial assumptions. The funded status of our plans is recognized on the Consolidated Balance Sheets and is measured as the difference between the fair value of plan assets and the projected benefit obligation at the measurement date. The projected benefit obligation represents the actuarial present value of benefits projected to be paid upon retirement factoring in estimated future compensation levels. The fair value of plan assets represents the current market value of cumulative company and participant contributions made to irrevocable trust funds, held for the sole benefit of participants, which are invested by the trustee of the funds. The benefits under our defined benefit pension plans are based on various factors, such as years of service and compensation.

Net periodic pension benefit cost is based on the utilization of the projected unit credit method of calculation and is charged to earnings on a systematic basis over the expected average remaining service lives of current participants, or, for inactive plans, over the remaining life expectancy of participants.

Two critical assumptions in determining pension expense and obligations are the discount rate and expected long-term return on plan assets. We evaluate these assumptions at least annually. Other assumptions reflect demographic factors such as retirement, mortality, and employee turnover. These assumptions are evaluated periodically and updated to reflect our actual experience. Actual results may differ from actuarial assumptions. The discount rate represents the market rate for high-quality fixed income investments and is used to calculate the present value of the expected future cash flows for benefit obligations to be paid under our pension plans. A decrease in the discount rate increases the present value of pension benefit obligations. At fiscal year end 2019, a 25-basis-point decrease in the discount rate would have increased the present value of our pension obligations by \$150 million; a 25-basis-point increase would have decreased the present value of our pension obligations by \$131 million. We consider the current and expected asset allocations of our pension plans, as well as historical and expected long-term rates of return on those types of plan assets, in determining the expected long-term rate of return on plan assets. A 50-basis-point decrease or increase in the expected long-term return on plan assets would have increased or decreased, respectively, our fiscal 2019 pension expense by \$11 million.

At fiscal year end 2019, the long-term target asset allocation in our U.S. plans' master trust is 5% return-seeking assets and 95% liability-hedging assets. Asset re-allocation to meet that target is occurring over a multi-year period based on the funded status. We expect to reach our target allocation when the funded status of the plans exceeds 115%. Based on the funded status of the plans as of fiscal year end 2019, our target asset allocation is 67% return-seeking and 33% liability-hedging.

Accounting Pronouncements

See Note 2 to the Consolidated Financial Statements for information regarding recently issued and recently adopted accounting pronouncements.

Non-GAAP Financial Measure

Organic Net Sales Growth

We present organic net sales growth as we believe it is appropriate for investors to consider this adjusted financial measure in addition to results in accordance with GAAP. Organic net sales growth represents net sales growth (the most comparable GAAP financial measure) excluding the impact of foreign currency exchange rates, and acquisitions and divestitures that occurred in the preceding twelve months, if any. Organic net sales growth is a useful measure of our performance because it excludes items that are not completely under management's control, such as the impact of changes in foreign currency exchange rates, and items that do not reflect the underlying growth of the company, such as acquisition and divestiture activity.

Organic net sales growth provides useful information about our results and the trends of our business. Management uses organic net sales growth to monitor and evaluate performance. Also, management uses organic net sales growth together with GAAP financial measures in its decision-making processes related to the operations of our reportable segments and our overall company. It is also a significant component in our incentive compensation plans. We believe that investors benefit from having access to the same financial measures that management uses in evaluating operations. The tables presented in "Results of Operations" and "Segment Results" provide reconciliations of organic net sales growth to net sales growth calculated in accordance with GAAP.

Organic net sales growth is a non-GAAP financial measure and should not be considered a replacement for results in accordance with GAAP. This non-GAAP financial measure may not be comparable to similarly-titled measures reported by other companies. The primary limitation of this measure is that it excludes the financial impact of items that would otherwise either increase or decrease our reported results. This limitation is best addressed by using organic net sales growth in combination with net sales growth to better understand the amounts, character, and impact of any increase or decrease in reported amounts.

Forward-Looking Information

Certain statements in this Annual Report are “forward-looking statements” within the meaning of the U.S. Private Securities Litigation Reform Act of 1995. These statements are based on our management’s beliefs and assumptions and on information currently available to our management. Forward-looking statements include, among others, the information concerning our possible or assumed future results of operations, business strategies, financing plans, competitive position, potential growth opportunities, potential operating performance improvements, acquisitions, divestitures, the effects of competition, and the effects of future legislation or regulations. Forward-looking statements include all statements that are not historical facts and can be identified by the use of forward-looking terminology such as the words “believe,” “expect,” “plan,” “intend,” “anticipate,” “estimate,” “predict,” “potential,” “continue,” “may,” “should,” or the negative of these terms or similar expressions.

Forward-looking statements involve risks, uncertainties, and assumptions. Actual results may differ materially from those expressed in these forward-looking statements. Investors should not place undue reliance on any forward-looking statements. We do not have any intention or obligation to update forward-looking statements after we file this report except as required by law.

The following and other risks, which are described in greater detail in “Part I. Item 1A. Risk Factors,” as well as other risks described in this Annual Report, could cause our results to differ materially from those expressed in forward-looking statements:

- conditions in the global or regional economies and global capital markets, and cyclical industry conditions;
- conditions affecting demand for products in the industries we serve, particularly the automotive industry;
- competition and pricing pressure;
- market acceptance of our new product introductions and product innovations and product life cycles;
- raw material availability, quality, and cost;
- fluctuations in foreign currency exchange rates and impacts of offsetting hedges;
- financial condition and consolidation of customers and vendors;
- reliance on third-party suppliers;
- risks associated with current and future acquisitions and divestitures;
- global risks of business interruptions such as natural disasters;
- global risks of political, economic, and military instability, including volatile and uncertain economic conditions in China;
- risks associated with security breaches and other disruptions to our information technology infrastructure;
- risks related to compliance with current and future environmental and other laws and regulations;
- our ability to protect our intellectual property rights;

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- risks of litigation;
- our ability to operate within the limitations imposed by our debt instruments;
- the possible effects on us of various non-U.S. and U.S. legislative proposals and other initiatives that, if adopted, could materially increase our worldwide corporate effective tax rate and negatively impact our U.S. government contracts business;
- various risks associated with being a Swiss corporation;
- the impact of fluctuations in the market price of our shares; and
- the impact of certain provisions of our articles of association on unsolicited takeover proposals.

There may be other risks and uncertainties that we are unable to predict at this time or that we currently do not expect to have a material adverse effect on our business.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

In the normal course of business, our financial position is routinely subject to a variety of risks, including market risks associated with interest rate and foreign currency movements on outstanding debt and non-U.S. dollar denominated assets and liabilities and commodity price movements. We utilize established risk management policies and procedures in executing derivative financial instrument transactions to manage a portion of these risks.

We do not execute transactions or hold derivative financial instruments for trading or speculative purposes. Substantially all counterparties to derivative financial instruments are limited to major financial institutions with at least an A/A2 credit rating. There is no significant concentration of exposures with any one counterparty.

Foreign Currency Exposures

As part of managing the exposure to changes in foreign currency exchange rates, we utilize cross-currency swap contracts and foreign currency forward contracts, a portion of which are designated as cash flow hedges. The objective of these contracts is to minimize impacts to cash flows and profitability due to changes in foreign currency exchange rates on intercompany and other cash transactions. In addition, we utilize cross-currency swap contracts to hedge our net investment in certain foreign operations. A 10% appreciation or depreciation of the underlying currency in our cross-currency swap contracts or foreign currency forward contracts from the fiscal year end 2019 market rates would have changed the unrealized value of our contracts by \$282 million. A 10% appreciation or depreciation of the underlying currency in our cross-currency swap contracts or foreign currency forward contracts from the fiscal year end 2018 market rates would have changed the unrealized value of our contracts by \$101 million. Such gains or losses on these contracts would generally be offset by the losses or gains on the revaluation or settlement of the underlying transactions.

Interest Rate and Investment Exposures

We issue debt, as needed, to fund our operations and capital requirements. Such borrowings can result in interest rate exposure. To manage the interest rate exposure, we use interest rate swap contracts to convert a portion of fixed rate debt into variable rate debt. We may use forward starting interest rate swap contracts to manage interest rate exposure in periods prior to the anticipated issuance of fixed rate debt. We also utilize investment swap contracts to manage earnings exposure on certain nonqualified deferred compensation liabilities.

Based on our floating rate debt balances at fiscal year end 2019 and 2018, a 50-basis-point increase in the levels of the U.S. dollar interest rates, with all other variables held constant, would have resulted in an immaterial increase in interest expense in both fiscal 2019 and 2018.

Commodity Exposures

Our worldwide operations and product lines may expose us to risks from fluctuations in commodity prices. To limit the effects of fluctuations in the future market price paid and related volatility in cash flows, we utilize commodity swap contracts designated as cash flow hedges. We continually evaluate the commodity market with respect to our forecasted usage requirements over the next eighteen months and periodically enter into commodity swap contracts to hedge a portion of usage requirements over that period. At fiscal year end 2019, our commodity hedges, which related to expected purchases of gold, silver, and copper, were in a net gain position of \$1 million and had a notional value of \$316 million. At fiscal year end 2018, our commodity hedges, which related to expected purchases of gold, silver, and copper, were in a net loss position of \$34 million and had a notional value of \$401 million. A 10% appreciation or depreciation of the price of a troy ounce of gold, a troy ounce of silver, and a pound of copper, from the fiscal year end 2019 prices would have changed the unrealized value of our forward contracts by \$32 million. A 10% appreciation or depreciation of the price of a troy ounce of gold, a troy ounce of silver, and a pound of copper, from the fiscal year end 2018 prices would have changed the unrealized value of our forward contracts by \$37 million.

See Note 13 to the Consolidated Financial Statements for additional information regarding financial instruments.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The following Consolidated Financial Statements and schedule specified by this Item, together with the reports thereon of Deloitte & Touche LLP, are presented following Item 15 and the signature pages of this report:

Financial Statements:

Reports of Independent Registered Public Accounting Firm

Consolidated Statements of Operations for the Fiscal Years Ended September 27, 2019, September 28, 2018, and September 29, 2017

Consolidated Statements of Comprehensive Income for the Fiscal Years Ended September 27, 2019, September 28, 2018, and September 29, 2017

Consolidated Balance Sheets as of September 27, 2019 and September 28, 2018

Consolidated Statements of Shareholders' Equity for the Fiscal Years Ended September 27, 2019, September 28, 2018, and September 29, 2017

Consolidated Statements of Cash Flows for the Fiscal Years Ended September 27, 2019, September 28, 2018, and September 29, 2017

Notes to Consolidated Financial Statements

Financial Statement Schedule:

Schedule II—Valuation and Qualifying Accounts

All other financial statements and schedules have been omitted since the information required to be submitted has been included on the Consolidated Financial Statements and related notes or because they are either not applicable or not required under the rules of Regulation S-X.

ITEM 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Exchange Act) as of September 27, 2019. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of September 27, 2019.

Management's Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act). Management, with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our internal control over financial reporting based on the framework in Internal Control—Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation, management concluded our internal control over financial reporting was effective as of September 27, 2019.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with policies and procedures may deteriorate.

Deloitte & Touche LLP, an independent registered public accounting firm, has issued an attestation report on our internal control over financial reporting as of September 27, 2019, which is included in this Annual Report.

Changes in Internal Control Over Financial Reporting

During the quarter ended September 27, 2019, there were no changes in our internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Information concerning directors, executive officers, and corporate governance may be found under the captions “Agenda Item No. 1—Election of Directors,” “Nominees for Election,” “Corporate Governance,” “The Board of Directors and Board Committees,” and “Executive Officers” in our definitive proxy statement for our 2020 Annual General Meeting of Shareholders (the “2020 Proxy Statement”), which will be filed with the SEC within 120 days after the close of our fiscal year. Such information is incorporated herein by reference. The information in the 2020 Proxy Statement under the caption “Delinquent Section 16(a) Reports” is incorporated herein by reference.

Code of Ethics

We have adopted a guide to ethical conduct, which applies to all employees, officers, and directors. Our Guide to Ethical Conduct meets the requirements of a “code of ethics” as defined by Item 406 of Regulation S-K and applies to our Chief Executive Officer, Chief Financial Officer, and Chief Accounting Officer, as well as all other employees and directors. Our Guide to Ethical Conduct also meets the requirements of a code of business conduct and ethics under the listing standards of the NYSE. Our Guide to Ethical Conduct is posted on our website at www.te.com under the heading “Corporate Responsibility—Governance and Environment—Guide to Ethical Conduct.” We also will provide a copy of our Guide to Ethical Conduct to shareholders upon request. We intend to disclose any amendments to our Guide to Ethical Conduct, as well as any waivers for executive officers or directors, on our website.

ITEM 11. EXECUTIVE COMPENSATION

Information concerning executive compensation may be found under the captions “Compensation Discussion and Analysis,” “Management Development and Compensation Committee Report,” “Compensation Committee Interlocks and Insider Participation,” “Executive Officer Compensation,” and “Compensation of Non-Employee Directors” in our 2020 Proxy Statement. Such information is incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information in our 2020 Proxy Statement under the caption “Security Ownership of Certain Beneficial Owners and Management” is incorporated herein by reference.

Equity Compensation Plan Information

The following table provides information as of fiscal year end 2019 with respect to common shares issuable under our equity compensation plans:

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b) ⁽³⁾	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c) ⁽⁴⁾
Equity compensation plans approved by security holders ⁽¹⁾	6,933,747	\$ 70.21	19,982,400
Equity compensation plans not approved by security holders ⁽²⁾	1,490,241	73.70	884,764
Total	8,423,988		20,867,164

- (1) Includes securities issuable upon exercise of outstanding options and rights under the TE Connectivity Ltd. 2007 Stock and Incentive Plan, amended and restated as of March 8, 2017 (the “2017 Plan”), and the Tyco Electronics Limited Savings Related Share Plan. The 2017 Plan provides for the award of annual performance bonuses and long-term performance awards, including share options; restricted, performance, and deferred share units; and other share-based awards (collectively, “Awards”) to board members, officers, and non-officer employees. The 2017 Plan provides for a maximum of 69,843,452 common shares to be issued as Awards, subject to adjustment as provided under the terms of the 2017 Plan.

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- (2) In connection with the acquisition of ADC Telecommunications, Inc. (“ADC”) in fiscal 2011, we assumed equity awards issued under plans sponsored by ADC and the remaining pool of shares available for grant under the plans. Subsequent to the acquisition, we registered 6,764,455 shares related to the plans via Forms S-3 and S-8 and renamed the primary ADC plan the TE Connectivity Ltd. 2010 Stock and Incentive Plan, amended and restated as of March 9, 2017 (the “2010 Plan”). Grants under the 2010 Plan are settled in TE Connectivity common shares.
- (3) Does not take into account restricted, performance, or deferred share unit awards that do not have exercise prices.
- (4) Includes securities remaining available for future issuance under the 2017 Plan, the 2010 Plan, the Tyco Electronics Limited Savings Related Plan, and the Employee Stock Purchase Plan. The 2017 Plan and the 2010 Plan apply weightings of 1.80 and 1.21, respectively, to outstanding nonvested restricted, performance, and deferred share units. The remaining shares issuable under the 2017 Plan, the 2010 Plan, and the Tyco Electronics Limited Savings Plan are increased by forfeitures and cancellations, among other factors. Amounts include 954,783 shares remaining available for issuance under our Tyco Electronics Limited Savings Related Share Plan and 1,959,897 shares remaining available for issuance under our Employee Stock Purchase Plan.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information in our 2020 Proxy Statement under the captions “Corporate Governance,” “The Board of Directors and Board Committees,” and “Certain Relationships and Related Transactions” is incorporated herein by reference.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The information in our 2020 Proxy Statement under the caption “Agenda Item No. 7—Election of Auditors—Agenda Item No. 7.1” is incorporated herein by reference.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

- (a) 1. Financial Statements. See Item 8.
2. Financial Statement Schedule. See Item 8.
3. Exhibit Index:

Exhibit Number	Description	Incorporated by Reference Herein		
		Form	Exhibit	Filing Date
2.1	Stock Purchase Agreement, dated as of September 16, 2018, by and between Tyco Electronics Group S.A. and Crown Subsea AcquisitionCo LLC⁽¹⁾	Current Report on Form 8-K	2.1	September 17, 2018
3.1	Articles of Association of TE Connectivity Ltd., as amended and restated	Current Report on Form 8-K	3.1	May 21, 2019
3.2	Organizational Regulations of TE Connectivity Ltd., as amended and restated	Current Report on Form 8-K	3.2	March 6, 2015
4.1	* Description of Registrant's Securities			
4.2(a)	Indenture among Tyco Electronics Group S.A., Tyco Electronics Ltd. and Deutsche Bank Trust Company Americas, as trustee, dated as of September 25, 2007	Annual Report on Form 10-K for the fiscal year ended September 28, 2007	4.1(a)	December 14, 2007
4.2(b)	Third Supplemental Indenture among Tyco Electronics Group S.A., Tyco Electronics Ltd. and Deutsche Bank Trust Company Americas, as trustee, dated as of September 25, 2007	Annual Report on Form 10-K for the fiscal year ended September 28, 2007	4.1(d)	December 14, 2007
4.2(c)	Fifth Supplemental Indenture among Tyco Electronics Group S.A., Tyco Electronics Ltd. and Deutsche Bank Trust Company Americas, as trustee, dated as of December 20, 2010	Current Report on Form 8-K	4.1	December 20, 2010
4.2(d)	Seventh Supplemental Indenture among Tyco Electronics Group S.A., TE Connectivity Ltd. and Deutsche Bank Trust Company Americas, as trustee, dated as of February 3, 2012	Current Report on Form 8-K	4.2	February 3, 2012
4.2(e)	Tenth Supplemental Indenture among Tyco Electronics Group S.A., TE Connectivity Ltd. and Deutsche Bank Trust Company Americas, as trustee, dated as of July 31, 2014	Current Report on Form 8-K	4.2	July 31, 2014
4.2(f)	Twelfth Supplemental Indenture among Tyco Electronics Group S.A., TE Connectivity Ltd. and Deutsche Bank Trust Company Americas, as trustee, dated as of February 27, 2015	Current Report on Form 8-K	4.1	February 27, 2015

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Exhibit Number	Description	Incorporated by Reference Herein		
		Form	Exhibit	Filing Date
4.2(g)	Thirteenth Supplemental Indenture among Tyco Electronics Group S.A., as issuer, TE Connectivity Ltd., as guarantor, and Deutsche Bank Trust Company Americas, as trustee, dated as of January 28, 2016	Current Report on Form 8-K	4.1	January 28, 2016
4.2(h)	Fourteenth Supplemental Indenture among Tyco Electronics Group S.A., as issuer, TE Connectivity Ltd., as guarantor, and Deutsche Bank Trust Company Americas, as trustee, dated as of August 3, 2017	Current Report on Form 8-K	4.2	August 3, 2017
4.2(i)	Fifteenth Supplemental Indenture, among Tyco Electronics Group S.A., as issuer, TE Connectivity Ltd., as guarantor, and Deutsche Bank Trust Company Americas, as trustee, dated as of December 5, 2018	Current Report on Form 8-K	4.1	December 6, 2018
10.1	Tax Sharing Agreement among Tyco International Ltd., Covidien Ltd. and Tyco Electronics Ltd., dated as of June 29, 2007	Current Report on Form 8-K	10.1	July 5, 2007
10.2	Amended and Restated Five-Year Senior Credit Agreement dated as of November 14, 2018 among Tyco Electronics Group S.A., as borrower, TE Connectivity Ltd., as guarantor, the lenders party thereto and Bank of America, N.A., as administrative agent	Current Report on Form 8-K	10.1	November 14, 2018
10.3	† TE Connectivity Ltd. Annual Incentive Plan (as amended and restated)	Annual Report on Form 10-K for the fiscal year ended September 28, 2018	10.29	November 13, 2018
10.4	† TE Connectivity Ltd. 2007 Stock and Incentive Plan (amended and restated as of March 8, 2017)	Current Report on Form 8-K	10.1	March 9, 2017
10.5	† TE Connectivity Ltd. Employee Stock Purchase Plan (amended and restated as of November 13, 2017)	Annual Report on Form 10-K for the fiscal year ended September 29, 2017	10.6	November 14, 2017
10.6	† Form of Option Award Terms and Conditions	Quarterly Report on Form 10-Q for the quarterly period ended December 24, 2010	10.3	January 24, 2011
10.7	† Form of Option Award Terms and Conditions for Option Grants Beginning in November 2017	Annual Report on Form 10-K for the fiscal year ended September 29, 2017	10.8	November 14, 2017
10.8	†* Form of Option Award Terms and Conditions for Option Grants Beginning in November 2019			
10.9	† Form of Restricted Unit Award Terms and Conditions	Quarterly Report on Form 10-Q for the quarterly period ended December 24, 2010	10.4	January 24, 2011

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Exhibit Number	Description	Incorporated by Reference Herein		
		Form	Exhibit	Filing Date
10.10	† Form of Restricted Stock Unit Award Terms and Conditions for RSU Grants Beginning in November 2017	Annual Report on Form 10-K for the fiscal year ended September 29, 2017	10.10	November 14, 2017
10.11	†* Form of Restricted Stock Unit Award Terms and Conditions for RSU Grants Beginning in November 2019			
10.12	† Form of Performance Stock Unit Award Terms and Conditions	Quarterly Report on Form 10-Q for the quarterly period ended December 28, 2012	10.1	January 25, 2013
10.13	† Form of Performance Stock Unit Award Terms and Conditions for Performance Cycles Starting in Fiscal Year 2016 and Fiscal Year 2017	Annual Report on Form 10-K for the fiscal year ended September 30, 2016	10.11	November 15, 2016
10.14	† Form of Performance Stock Unit Award Terms and Conditions for Performance Cycles Starting in and After Fiscal Year 2018	Annual Report on Form 10-K for the fiscal year ended September 29, 2017	10.13	November 14, 2017
10.15	†* Form of Performance Stock Unit Award Terms and Conditions for Performance Cycles Starting in and After Fiscal Year 2019			
10.16	† TE Connectivity Change in Control Severance Plan for Certain U.S. Executives (amended and restated as of December 17, 2014)	Annual Report on Form 10-K for the fiscal year ended September 25, 2015	10.10	November 10, 2015
10.17	† TE Connectivity Severance Plan for U.S. Executives (amended and restated as of September 13, 2018)	Annual Report on Form 10-K for the fiscal year ended September 28, 2018	10.15	November 13, 2018
10.18	† Tyco Electronics Ltd. Deferred Compensation Plan for Directors	Annual Report on Form 10-K for the fiscal year ended September 28, 2007	10.16	December 14, 2007
10.19	† TE Connectivity Supplemental Savings and Retirement Plan (amended and restated as of January 1, 2018)	Annual Report on Form 10-K for the fiscal year ended September 25, 2009	10.13	November 18, 2009
10.20	† TE Connectivity Ltd. Savings Related Share Plan (amended and restated as of March 14, 2018)	Current Report on Form 8-K	10.1	March 14, 2018
10.21	Form of Indemnification Agreement	Annual Report on Form 10-K for the fiscal year ended September 30, 2016	10.17	November 15, 2016
10.22	† TE Connectivity Ltd. 2010 Stock and Incentive Plan (amended and restated as of March 9, 2017)	Annual Report on Form 10-K for the fiscal year ended September 29, 2017	10.20	November 14, 2017
10.23	† Employment Agreement between Terrence R. Curtin and Tyco Electronics Corporation dated December 15, 2015	Current Report on Form 8-K	10.2	December 16, 2015

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Exhibit Number	Description	Incorporated by Reference Herein		
		Form	Exhibit	Filing Date
10.24	† Employment Agreement between Steven T. Merkt and Tyco Electronics Corporation dated December 15, 2015	Current Report on Form 8-K	10.6	December 16, 2015
10.25	† Employment Agreement between Heath A. Mitts and Tyco Electronics Corporation dated September 30, 2016	Current Report on Form 8-K	10.1	October 3, 2016
10.26	† Employment Agreement between John S. Jenkins and Tyco Electronics Corporation dated December 15, 2015	Quarterly Report on Form 10-Q for the quarterly period ended December 29, 2017	10.1	January 24, 2018
10.27	† Employment Agreement between Kevin N. Rock and TE Connectivity Corporation dated December 15, 2015	Quarterly Report on Form 10-Q for the quarterly period ended December 28, 2018	10.2	January 24, 2019
10.28	* Credit Support Agreement dated November 2, 2018 by and between Tyco Electronics Group S.A. and Crown Subsea Communications Holding, Inc.			
21.1	* Subsidiaries of TE Connectivity Ltd.			
23.1	* Consent of Independent Registered Public Accounting Firm			
24.1	* Power of Attorney			
31.1	* Certification by the Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002			
31.2	* Certification by the Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002			
32.1	** Certification by the Chief Executive Officer and Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002			
101.INS	Inline XBRL Instance Document ⁽²⁾⁽³⁾			
101.SCH	Inline XBRL Taxonomy Extension Schema Document ⁽³⁾			
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document ⁽³⁾			
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document ⁽³⁾			
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document ⁽³⁾			
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document ⁽³⁾			
104	Cover Page Interactive Data File ⁽⁴⁾			

- † Management contract or compensatory plan or arrangement
- * Filed herewith
- ** Furnished herewith

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- (1) The schedules to the Stock Purchase Agreement have been omitted from this filing pursuant to Item 601(b)(2) of Regulation S-K. We will furnish copies of such schedules to the SEC upon its request; provided, however, that we may request confidential treatment pursuant to Rule 24b-2 of the Exchange Act for any schedule so furnished.
- (2) Submitted electronically with this report in accordance with the provisions of Regulation S-T
- (3) The instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document
- (4) Formatted in Inline XBRL and contained in exhibit 101

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

TE CONNECTIVITY LTD.

By: /s/ Heath A. Mitts
Heath A. Mitts
*Executive Vice President
and Chief Financial Officer
(Principal Financial Officer)*

Date: November 12, 2019

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ Terrence R. Curtin</u> Terrence R. Curtin	Chief Executive Officer and Director (Principal Executive Officer)	November 12, 2019
<u>/s/ Heath A. Mitts</u> Heath A. Mitts	Executive Vice President and Chief Financial Officer (Principal Financial Officer)	November 12, 2019
<u>/s/ Robert J. Ott</u> Robert J. Ott	Senior Vice President and Corporate Controller (Principal Accounting Officer)	November 12, 2019
<u>*</u> Pierre R. Brondeau	Director	November 12, 2019
<u>*</u> Carol A. Davidson	Director	November 12, 2019
<u>*</u> William A. Jeffrey	Director	November 12, 2019
<u>*</u> David M. Kerko	Director	November 12, 2019
<u>*</u> Thomas J. Lynch	Director	November 12, 2019
<u>*</u> Yong Nam	Director	November 12, 2019
<u>*</u> Daniel J. Phelan	Director	November 12, 2019
<u>*</u> Paula A. Sneed	Director	November 12, 2019

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* Abhijit Y. Talwalkar	Director	November 12, 2019
* Mark C. Trudeau	Director	November 12, 2019
* Laura H. Wright	Director	November 12, 2019

* John S. Jenkins, Jr., by signing his name hereto, does sign this document on behalf of the above noted individuals, pursuant to powers of attorney duly executed by such individuals, which have been filed as Exhibit 24.1 to this Report.

By: /s/ John S. Jenkins, Jr.
John S. Jenkins, Jr.
Attorney-in-fact

TE CONNECTIVITY LTD.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and the Board of Directors of TE Connectivity Ltd.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of TE Connectivity Ltd. and subsidiaries (the "Company") as of September 27, 2019 and September 28, 2018, the related consolidated statements of operations, comprehensive income, shareholders' equity, and cash flows, for each of the three years in the period ended September 27, 2019, and the related notes and the schedule listed in the Index at Item 15 (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of September 27, 2019 and September 28, 2018, and the results of its operations and its cash flows for each of the three years in the period ended September 27, 2019, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of September 27, 2019, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated November 12, 2019, expressed an unqualified opinion on the Company's internal control over financial reporting.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current-period audit of the financial statements that were communicated or required to be communicated to the audit committee and that (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Goodwill —Transportation Solutions Reportable Segment — Refer to Notes 2 and 8 to the financial statements

Critical Audit Matter Description

The Company's evaluation of goodwill for impairment involves comparing the carrying amount of each reporting unit to its fair value on the first day of the fourth fiscal quarter or whenever the Company believes a triggering event requiring a more frequent assessment has occurred. The Company uses the income approach based on the present value of future cash flows to estimate fair value. The income approach is supported by guideline analyses (a market approach). These approaches incorporate several assumptions including future growth rates, discount rates, and market activity in assessing fair value and are reporting unit specific. The goodwill balance was \$5.7 billion as of September 27, 2019, of which \$1.1 billion was allocated to a reporting unit within the Transportation Solutions reportable segment. The fair value of this reporting unit exceeded its carrying amount as of the measurement date and, therefore, no impairment was recognized.

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We identified goodwill for this reporting unit as a critical audit matter because of the significant judgments made by management to estimate its fair value, especially considering future growth rates were based on an expectation of an increase in net sales in a product portfolio with limited historical operating results and limited available third-party industry reports. This required a high degree of auditor judgment and an increased extent of effort, including the need to involve our fair value specialists, when performing audit procedures to evaluate the reasonableness of management's estimates and assumptions related to forecasts of future revenue and operating margin and the selection of a discount rate.

How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures related to the forecasts of future revenue and operating margin (the "forecasts"), and the selection of a discount rate for a reporting unit within the Transportation Solutions reportable segment included the following, among others:

- We tested the effectiveness of controls over management's goodwill impairment evaluation, including those over the determination of the fair value, such as controls related to forecasts and management's selection of the discount rate.
- We evaluated management's ability to accurately forecast future revenue and operating margin by comparing actual results to management's historical forecasts.
- We evaluated the reasonableness of management's forecasts by comparing the forecasts to:
 - Historical operating results of the reporting unit.
 - Historical operating results of the Company's other reporting units.
 - Internal communications to management and the board of directors.
 - External communications made by management to analysts and investors.
 - Third-party industry reports for similar products.
- With the assistance of our fair value specialists, we evaluated the reasonableness of the (1) valuation methodology and (2) discount rate by:
 - Testing the source information underlying the determination of the discount rate and the mathematical accuracy of the calculation.
 - Developing a range of independent estimates and comparing those to the discount rate selected by management.

Income Taxes — Realizability of Deferred Tax Assets — Refer to Notes 2 and 15 to the financial statements

Critical Audit Matter Description

The Company recognizes deferred income taxes for temporary differences between the amount of assets and liabilities recognized for financial reporting and tax purposes. A valuation allowance is provided to offset deferred tax assets if, based upon the available evidence, it is more likely than not that some or all of the deferred tax assets will not be realized. Future realization of deferred tax assets depends on the existence of sufficient taxable income of the appropriate character prior to expiration. Sources of taxable income include future reversals of deferred tax assets and liabilities, expected future taxable income, taxable income in prior carryback years if permitted under the tax law, and tax planning strategies. Management has determined that it is more likely than not that sufficient taxable income will be generated in the future to realize a portion of its deferred tax assets, and therefore, a valuation allowance of \$5.0 billion has been recorded to offset the Company's gross deferred tax assets as of September 27, 2019 of \$7.7 billion.

We identified the realizability of deferred tax assets as a critical audit matter because of the Company's tax structure and the significant judgments and estimates made by management to determine that sufficient taxable income will be generated in the future prior to expiration to realize a portion of its deferred tax assets. This required a high degree of auditor judgment and an increased extent of effort, including the need to involve our income tax specialists, when performing audit procedures to evaluate the appropriateness of qualifying tax planning strategies and the reasonableness of management's estimates of taxable income prior to expiration.

How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures related to the determination that it is more likely than not that sufficient taxable income will be generated in the future to realize deferred tax assets included the following, among others:

- We tested the effectiveness of controls over management’s estimates of the realization of the deferred tax assets, including those over the estimates of taxable income, the approval of tax planning strategies and the determination of whether it is more likely than not that the deferred tax assets will be realized prior to expiration.
- We evaluated management’s ability to accurately estimate taxable income by comparing actual results to management’s historical estimates and evaluating whether there have been any changes that would impact management’s ability to continue accurately estimating taxable income.
- We tested the reasonableness of management’s estimates of taxable income by comparing the estimates to:
 - Historical taxable income.
 - Internal communications and the Company’s strategic plan approved by management and the board of directors.
 - Management’s history of carrying out its stated plans and its ability to carry out its plans considering contractual commitments, available financing, or debt covenants.
- We evaluated whether the estimates of future taxable income were consistent with evidence obtained in other areas of the audit.
- We evaluated whether the taxable income in prior carryback years was of the appropriate character and available under the tax law.
- With the assistance of our income tax specialists, we evaluated (1) the appropriateness of qualifying tax planning strategies, including that they were prudent, feasible and would more likely than not result in the realization of deferred tax assets and (2) management’s assessment that sufficient taxable income will be generated in the future to realize a portion of the deferred tax assets prior to expiration.

/s/ Deloitte & Touche LLP

Philadelphia, Pennsylvania
November 12, 2019

We have served as the Company’s auditor since 2007.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and the Board of Directors of TE Connectivity Ltd.

Opinion on Internal Control over Financial Reporting

We have audited the internal control over financial reporting of TE Connectivity Ltd. and subsidiaries (the “Company”) as of September 27, 2019, based on criteria established in *Internal Control—Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of September 27, 2019, based on criteria established in *Internal Control—Integrated Framework* (2013) issued by COSO.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the financial statements as of and for the fiscal year ended September 27, 2019, of the Company and our report dated November 12, 2019 expressed an unqualified opinion on those financial statements.

Basis for Opinion

The Company’s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management’s Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company’s internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control over Financial Reporting

A company’s internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Deloitte & Touche LLP

Philadelphia, Pennsylvania
November 12, 2019

TE CONNECTIVITY LTD.

CONSOLIDATED STATEMENTS OF OPERATIONS

Fiscal Years Ended September 27, 2019, September 28, 2018, and September 29, 2017

	Fiscal		
	2019	2018	2017
	(in millions, except per share data)		
Net sales	\$ 13,448	\$ 13,988	\$ 12,185
Cost of sales	9,054	9,243	8,002
Gross margin	4,394	4,745	4,183
Selling, general, and administrative expenses	1,490	1,594	1,543
Research, development, and engineering expenses	644	680	611
Acquisition and integration costs	27	14	6
Restructuring and other charges, net	255	126	147
Operating income	1,978	2,331	1,876
Interest income	19	15	16
Interest expense	(68)	(107)	(130)
Other income (expense), net	2	1	(42)
Income from continuing operations before income taxes	1,931	2,240	1,720
Income tax (expense) benefit	15	344	(180)
Income from continuing operations	1,946	2,584	1,540
Income (loss) from discontinued operations, net of income taxes	(102)	(19)	143
Net income	<u>\$ 1,844</u>	<u>\$ 2,565</u>	<u>\$ 1,683</u>
Basic earnings per share:			
Income from continuing operations	\$ 5.76	\$ 7.38	\$ 4.34
Income (loss) from discontinued operations	(0.30)	(0.05)	0.40
Net income	5.46	7.33	4.74
Diluted earnings per share:			
Income from continuing operations	\$ 5.72	\$ 7.32	\$ 4.30
Income (loss) from discontinued operations	(0.30)	(0.05)	0.40
Net income	5.42	7.27	4.70
Weighted-average number of shares outstanding:			
Basic	338	350	355
Diluted	340	353	358

See Notes to Consolidated Financial Statements.

TE CONNECTIVITY LTD.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Fiscal Years Ended September 27, 2019, September 28, 2018, and September 29, 2017

	Fiscal		
	2019	2018	2017
	(in millions)		
Net income	\$ 1,844	\$ 2,565	\$ 1,683
Other comprehensive income (loss):			
Currency translation	(48)	(117)	37
Adjustments to unrecognized pension and postretirement benefit costs, net of income taxes	(195)	83	330
Gains (losses) on cash flow hedges, net of income taxes	46	(74)	15
Other comprehensive income (loss)	(197)	(108)	382
Comprehensive income	<u>\$ 1,647</u>	<u>\$ 2,457</u>	<u>\$ 2,065</u>

See Notes to Consolidated Financial Statements.

TE CONNECTIVITY LTD.

CONSOLIDATED BALANCE SHEETS

As of September 27, 2019 and September 28, 2018

	Fiscal Year End	
	2019	2018
	(in millions, except share data)	
Assets		
Current assets:		
Cash and cash equivalents	\$ 927	\$ 848
Accounts receivable, net of allowance for doubtful accounts of \$25 and \$22, respectively	2,320	2,361
Inventories	1,836	1,857
Prepaid expenses and other current assets	471	661
Assets held for sale	—	472
Total current assets	5,554	6,199
Property, plant, and equipment, net	3,574	3,497
Goodwill	5,740	5,684
Intangible assets, net	1,596	1,704
Deferred income taxes	2,776	2,144
Other assets	454	1,158
Total assets	\$ 19,694	\$ 20,386
Liabilities and shareholders' equity		
Current liabilities:		
Short-term debt	\$ 570	\$ 963
Accounts payable	1,357	1,548
Accrued and other current liabilities	1,613	1,711
Liabilities held for sale	—	188
Total current liabilities	3,540	4,410
Long-term debt	3,395	3,037
Long-term pension and postretirement liabilities	1,367	1,102
Deferred income taxes	156	207
Income taxes	239	312
Other liabilities	427	487
Total liabilities	9,124	9,555
Commitments and contingencies (Note 12)		
Shareholders' equity:		
Common shares, CHF 0.57 par value, 350,951,381 shares authorized and issued, and 357,069,981 shares authorized and issued, respectively	154	157
Accumulated earnings	12,256	12,114
Treasury shares, at cost, 15,862,337 and 12,279,603 shares, respectively	(1,337)	(1,134)
Accumulated other comprehensive loss	(503)	(306)
Total shareholders' equity	10,570	10,831
Total liabilities and shareholders' equity	\$ 19,694	\$ 20,386

See Notes to Consolidated Financial Statements.

TE CONNECTIVITY LTD.

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

Fiscal Years Ended September 27, 2019, September 28, 2018, and September 29, 2017

	Common Shares		Treasury Shares		Contributed	Accumulated	Accumulated	Total
	Shares	Amount	Shares	Amount	Surplus	Earnings	Other Comprehensive Loss	Shareholders' Equity
	(in millions)							
Balance at fiscal year end 2016	383	\$ 168	(28)	\$ (1,624)	\$ 1,801	\$ 8,682	\$ (542)	\$ 8,485
Adoption of ASU No. 2016-09	—	—	—	—	—	165	—	165
Net income	—	—	—	—	—	1,683	—	1,683
Other comprehensive income	—	—	—	—	—	—	382	382
Share-based compensation expense	—	—	—	—	99	—	—	99
Dividends	—	—	—	—	(564)	—	—	(564)
Exercise of share options	—	—	3	117	—	—	—	117
Restricted share award vestings and other activity	—	—	2	195	(184)	(6)	—	5
Repurchase of common shares	—	—	(8)	(621)	—	—	—	(621)
Cancellation of treasury shares	(26)	(11)	26	1,512	(1,152)	(349)	—	—
Balance at fiscal year end 2017	<u>357</u>	<u>\$ 157</u>	<u>(5)</u>	<u>\$ (421)</u>	<u>\$ —</u>	<u>\$ 10,175</u>	<u>\$ (160)</u>	<u>\$ 9,751</u>
Adoption of ASU No. 2018-02	—	—	—	—	—	38	(38)	—
Net income	—	—	—	—	—	2,565	—	2,565
Other comprehensive loss	—	—	—	—	—	—	(108)	(108)
Share-based compensation expense	—	—	—	—	98	—	—	98
Dividends	—	—	—	—	—	(610)	—	(610)
Exercise of share options	—	—	1	100	—	—	—	100
Restricted share award vestings and other activity	—	—	2	153	(98)	(54)	—	1
Repurchase of common shares	—	—	(10)	(966)	—	—	—	(966)
Balance at fiscal year end 2018	<u>357</u>	<u>\$ 157</u>	<u>(12)</u>	<u>\$ (1,134)</u>	<u>\$ —</u>	<u>\$ 12,114</u>	<u>\$ (306)</u>	<u>\$ 10,831</u>
Adoption of ASU No. 2016-16	—	—	—	—	—	(443)	—	(443)
Net income	—	—	—	—	—	1,844	—	1,844
Other comprehensive loss	—	—	—	—	—	—	(197)	(197)
Share-based compensation expense	—	—	—	—	75	—	—	75
Dividends	—	—	—	—	—	(613)	—	(613)
Exercise of share options	—	—	1	85	—	—	—	85
Restricted share award vestings and other activity	—	—	1	154	(75)	(77)	—	2
Repurchase of common shares	—	—	(12)	(1,014)	—	—	—	(1,014)
Cancellation of treasury shares	(6)	(3)	6	572	—	(569)	—	—
Balance at fiscal year end 2019	<u>351</u>	<u>\$ 154</u>	<u>(16)</u>	<u>\$ (1,337)</u>	<u>\$ —</u>	<u>\$ 12,256</u>	<u>\$ (503)</u>	<u>\$ 10,570</u>

See Notes to Consolidated Financial Statements.

TE CONNECTIVITY LTD.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Fiscal Years Ended September 27, 2019, September 28, 2018, and September 29, 2017

	Fiscal		
	2019	2018	2017
	(in millions)		
Cash flows from operating activities:			
Net income	\$ 1,844	\$ 2,565	\$ 1,683
(Income) loss from discontinued operations, net of income taxes	102	19	(143)
Income from continuing operations	1,946	2,584	1,540
Adjustments to reconcile income from continuing operations to net cash provided by operating activities:			
Depreciation and amortization	690	667	611
Deferred income taxes	(218)	(791)	(142)
Provision for losses on accounts receivable and inventories	43	30	20
Share-based compensation expense	75	95	95
Other	51	5	25
Changes in assets and liabilities, net of the effects of acquisitions and divestitures:			
Accounts receivable, net	31	(269)	(204)
Inventories	64	(247)	(270)
Prepaid expenses and other current assets	144	(63)	(62)
Accounts payable	(178)	201	314
Accrued and other current liabilities	(15)	5	224
Income taxes	(135)	54	(1)
Other	(44)	30	123
Net cash provided by continuing operating activities	2,454	2,301	2,273
Net cash provided by (used in) discontinued operating activities	(32)	150	48
Net cash provided by operating activities	2,422	2,451	2,321
Cash flows from investing activities:			
Capital expenditures	(749)	(935)	(679)
Proceeds from sale of property, plant, and equipment	43	23	19
Acquisition of businesses, net of cash acquired	(283)	(153)	(250)
Proceeds from divestiture of discontinued operation, net of cash retained by sold operation	297	—	—
Other	2	(8)	1
Net cash used in continuing investing activities	(690)	(1,073)	(909)
Net cash used in discontinued investing activities	(2)	(21)	(23)
Net cash used in investing activities	(692)	(1,094)	(932)
Cash flows from financing activities:			
Net increase (decrease) in commercial paper	(51)	270	(330)
Proceeds from issuance of debt	746	119	589
Repayment of debt	(691)	(708)	—
Proceeds from exercise of share options	85	100	117
Repurchase of common shares	(1,091)	(879)	(614)
Payment of common share dividends to shareholders	(608)	(588)	(546)
Transfers (to) from discontinued operations	(34)	129	25
Other	(33)	(36)	(30)
Net cash used in continuing financing activities	(1,677)	(1,593)	(789)
Net cash provided by (used in) discontinued financing activities	34	(129)	(25)
Net cash used in financing activities	(1,643)	(1,722)	(814)
Effect of currency translation on cash	(8)	(5)	(4)
Net increase (decrease) in cash, cash equivalents, and restricted cash	79	(370)	571
Cash, cash equivalents, and restricted cash at beginning of fiscal year	848	1,218	647
Cash, cash equivalents, and restricted cash at end of fiscal year	\$ 927	\$ 848	\$ 1,218
Supplemental cash flow information:			
Interest paid on debt, net	\$ 75	\$ 127	\$ 128
Income taxes paid, net of refunds	338	393	323

See Notes to Consolidated Financial Statements.

TE CONNECTIVITY LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of Presentation

The Consolidated Financial Statements reflect the consolidated operations of TE Connectivity Ltd. and its subsidiaries and have been prepared in United States (“U.S.”) dollars in accordance with accounting principles generally accepted in the U.S. (“GAAP”).

Description of the Business

TE Connectivity Ltd. (“TE Connectivity” or the “Company,” which may be referred to as “we,” “us,” or “our”) is a global industrial technology leader creating a safer, sustainable, productive, and connected future. Our broad range of connectivity and sensor solutions, proven in the harshest environments, enable advancements in transportation, industrial applications, medical technology, energy, data communications, and the home.

We operate through three reportable segments:

- *Transportation Solutions*—The Transportation Solutions segment is a leader in connectivity and sensor technologies. Our products, which must withstand harsh conditions, are used in the automotive, commercial transportation, and sensors markets.
- *Industrial Solutions*—The Industrial Solutions segment is a leading supplier of products that connect and distribute power, data, and signals. Our products are used in the industrial equipment; aerospace, defense, oil, and gas; and energy markets.
- *Communications Solutions*—The Communications Solutions segment is a leading supplier of electronic components for the data and devices and the appliances markets.

Use of Estimates

The preparation of the Consolidated Financial Statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported amounts of revenues and expenses. Actual results could differ from these estimates.

Fiscal Year

We have a 52- or 53-week fiscal year that ends on the last Friday of September. Fiscal 2019, 2018, and 2017 were 52 weeks in length and ended on September 27, 2019, September 28, 2018, and September 29, 2017, respectively. For fiscal years in which there are 53 weeks, the fourth quarter reporting period includes 14 weeks, with the next such occurrence taking place in fiscal 2022.

2. Summary of Significant Accounting Policies

Principles of Consolidation

We consolidate entities in which we own or control more than 50% of the voting shares or otherwise control through similar rights. All intercompany transactions have been eliminated. The results of companies acquired or disposed of are included on the Consolidated Financial Statements from the effective date of acquisition or up to the date of disposal.

Revenue Recognition

We account for revenue in accordance with Accounting Standards Codification (“ASC”) 606, *Revenue from Contracts with Customers*, which introduced a single, comprehensive, five-step revenue recognition model. Our revenues are generated principally from the sale of our products. Revenue is recognized as performance obligations under the terms of a contract, such as a purchase order with a customer, are satisfied; generally this occurs with the transfer of control. We transfer control and recognize revenue when we ship product to our customers, the customers accept and have legal title for the

TE CONNECTIVITY LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

product, and we have a right to payment for such product. Revenue is measured as the amount of consideration that we expect to receive in exchange for those products and excludes taxes assessed by governmental authorities and collected from customers concurrent with the sale of products. Shipping and handling costs are treated as fulfillment costs and are included in cost of sales. Since we typically invoice our customers when we satisfy our performance obligations, we do not have material contract assets or contract liabilities. Our credit terms are customary and do not contain significant financing components that extend beyond one year of fulfillment of performance obligations. We apply the practical expedient of ASC 606 with respect to financing components and do not evaluate contracts in which payment is due within one year of satisfaction of the related performance obligation. Since our performance obligations to deliver products are part of contracts that generally have original durations of one year or less, we have elected to use the optional exemption to not disclose the aggregate amount of transaction prices associated with unsatisfied or partially satisfied performance obligations as of fiscal year end 2019. See Note 20 for net sales disaggregated by industry end market and geographic region which is summarized by segment and that we consider meaningful to depict the nature, amount, timing, and uncertainty of revenue and cash flows affected by economic factors.

We generally warrant that our products will conform to our, or mutually agreed to, specifications and that our products will be free from material defects in materials and workmanship for a limited time. We limit our warranty to the replacement or repair of defective parts, or a refund or credit of the price of the defective product. We do not account for these warranties as separate performance obligations.

Although products are generally sold at fixed prices, certain distributors and customers receive incentives or awards, such as sales rebates, return allowances, scrap allowances, and other rights, which are accounted for as variable consideration. We estimate these amounts in the same period revenue is recognized based on the expected value to be provided to customers and reduce revenue accordingly. Our estimates of variable consideration and ultimate determination of the estimated amounts to include in the transaction price are based primarily on our assessment of anticipated performance and historical and forecasted information that is reasonably available to us.

Inventories

Inventories are recorded at the lower of cost or net realizable value using the first-in, first-out cost method.

Property, Plant, and Equipment, Net

Property, plant, and equipment is recorded at cost less accumulated depreciation. Maintenance and repair expenditures are charged to expense when incurred. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets, which are 10 to 20 years for land improvements, 5 to 40 years for buildings and improvements, and 1 to 15 years for machinery and equipment.

We periodically evaluate, when events and circumstances warrant, the net realizable value of property, plant, and equipment and other long-lived assets, relying on several factors including operating results, business plans, economic projections, and anticipated future cash flows. When indicators of potential impairment are present, the carrying values of the asset group are evaluated in relation to the operating performance and estimated future undiscounted cash flows of the underlying asset group. Impairment of the carrying value is recognized whenever anticipated future undiscounted cash flow estimates are less than the carrying value of the asset. Fair value estimates are based on assumptions concerning the amount and timing of estimated future cash flows and discount rates, reflecting varying degrees of perceived risk.

Goodwill and Other Intangible Assets

Intangible assets include both indeterminable-lived residual goodwill and determinable-lived identifiable intangible assets. Intangible assets with determinable lives primarily include intellectual property, consisting of patents, trademarks, and unpatented technology, and customer relationships. Recoverability estimates range from 1 to 50 years and costs are generally amortized on a straight-line basis. Evaluations of the remaining useful lives of determinable-lived intangible assets are performed on a periodic basis and when events and circumstances warrant.

TE CONNECTIVITY LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

At fiscal year end 2019, we had five reporting units, all of which contained goodwill. There were two reporting units in both the Transportation Solutions and Industrial Solutions segments and one reporting unit in the Communications Solutions segment. When changes occur in the composition of one or more reporting units, goodwill is reassigned to the reporting units affected based on their relative fair values.

Goodwill impairment is evaluated by comparing the carrying value of each reporting unit to its fair value on the first day of the fourth fiscal quarter of each year or whenever we believe a triggering event requiring a more frequent assessment has occurred. In assessing the existence of a triggering event, management relies on several reporting unit-specific factors including operating results, business plans, economic projections, anticipated future cash flows, transactions, and market place data. There are inherent uncertainties related to these factors and management's judgment in applying these factors to the impairment analysis.

When testing for goodwill impairment, we perform a step I goodwill impairment test to identify potential impairment by comparing the fair value of a reporting unit with its carrying amount. If the carrying amount of a reporting unit exceeds its fair value, goodwill may be impaired and a step II goodwill impairment test is performed to measure the amount of impairment, if any. In the step II goodwill impairment test, we compare the implied fair value of reporting unit goodwill with the carrying amount of that goodwill. If the carrying amount of reporting unit goodwill exceeds the implied fair value of that goodwill, an impairment loss is recognized in an amount equal to the excess. The implied fair value of goodwill is determined in a manner consistent with how goodwill is recognized in a business combination. We allocate the fair value of a reporting unit to the assets and liabilities of that unit, including intangible assets, as if the reporting unit had been acquired in a business combination. Any excess of the fair value of a reporting unit over the amounts assigned to its assets and liabilities is the implied fair value of goodwill.

Fair value estimates used in the step I goodwill impairment tests are calculated using an income approach based on the present value of future cash flows of each reporting unit. The income approach has been supported by guideline analyses (a market approach). These approaches incorporate several assumptions including future growth rates, discount rates, income tax rates, and market activity in assessing fair value and are reporting unit specific. Changes in economic and operating conditions impacting these assumptions could result in goodwill impairments in future periods.

Research and Development

Research and development expenditures are expensed when incurred and are included in research, development, and engineering expenses on the Consolidated Statements of Operations. Research and development expenses include salaries, direct costs incurred, and building and overhead expenses. The amounts expensed in fiscal 2019, 2018, and 2017 were \$572 million, \$606 million, and \$548 million, respectively.

Income Taxes

Income taxes are computed in accordance with the provisions of ASC 740, *Income Taxes*. Deferred tax liabilities and assets are recognized for the expected future tax consequences of events that have been reflected on the Consolidated Financial Statements. Deferred tax liabilities and assets are determined based on the differences between the book and tax bases of particular assets and liabilities and operating loss carryforwards using tax rates in effect for the years in which the differences are expected to reverse. A valuation allowance is provided to offset deferred tax assets if, based upon the available evidence, it is more likely than not that some or all of the deferred tax assets will not be realized.

The calculation of our tax liabilities includes estimates for uncertainties in the application of complex tax regulations across multiple global jurisdictions where we conduct our operations. Under the uncertain tax position provisions of ASC 740, we recognize liabilities for tax and related interest for issues in tax jurisdictions based on our estimate of whether, and the extent to which, additional taxes and related interest will be due. These tax liabilities and related interest are reflected net of the impact of related tax loss carryforwards, as such tax loss carryforwards will be applied against these tax liabilities and will reduce the amount of cash tax payments due upon the eventual settlement with the tax authorities. These estimates may change due to changing facts and circumstances. Due to the complexity of these uncertainties, the ultimate resolution may result in a settlement that differs from our current estimate of the tax liabilities and related interest.

TE CONNECTIVITY LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Financial Instruments

Our financial instruments consist primarily of cash and cash equivalents, accounts receivable, accounts payable, debt, and derivative financial instruments.

We account for derivative financial instrument contracts on the Consolidated Balance Sheets at fair value. For instruments not designated as hedges under ASC 815, *Derivatives and Hedging*, the changes in the instruments' fair value are recognized currently in earnings. For instruments designated as cash flow hedges, the effective portion of changes in the fair value of a derivative is recorded in other comprehensive income (loss) and reclassified into earnings in the same period or periods during which the underlying hedged item affects earnings. Amounts excluded from the hedging relationship are recognized currently in earnings. Changes in the fair value of instruments designated as fair value hedges affect the carrying value of the asset or liability hedged, with changes in both the derivative instrument and the hedged asset or liability being recognized currently in earnings.

We determine the fair value of our financial instruments by using methods and assumptions that are based on market conditions and risks existing at each balance sheet date. Standard market conventions are used to determine the fair value of financial instruments, including derivatives.

The cash flows related to derivative financial instruments are reported in the operating activities section of the Consolidated Statements of Cash Flows.

Our derivative financial instruments present certain market and counterparty risks. Concentration of counterparty risk is mitigated, however, by our use of financial institutions worldwide, substantially all of which have long-term Standard & Poor's, Moody's, and/or Fitch credit ratings of A/A2 or higher. In addition, we utilize only conventional derivative financial instruments. We are exposed to potential losses if a counterparty fails to perform according to the terms of its agreement. With respect to counterparty net asset positions recognized at fiscal year end 2019, we have assessed the likelihood of counterparty default as remote. We currently provide guarantees from a wholly-owned subsidiary to the counterparties to our commodity swap derivatives and exchange cash collateral with the counterparties to certain of our cross-currency swap contracts. The likelihood of performance on the guarantees has been assessed as remote. For all other derivative financial instruments, we are not required to provide, nor do we require counterparties to provide, collateral or other security.

Fair Value Measurements

ASC 820, *Fair Value Measurements and Disclosures*, specifies a fair value hierarchy based upon the observable inputs utilized in valuation of certain assets and liabilities. Observable inputs (highest level) reflect market data obtained from independent sources, while unobservable inputs (lowest level) reflect internally developed market assumptions. Fair value measurements are classified under the following hierarchy:

- *Level 1*—Quoted prices in active markets for identical assets and liabilities.
- *Level 2*—Quoted prices in active markets for similar assets and liabilities, or other inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the asset or liability.
- *Level 3*—Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities. This includes certain pricing models, discounted cash flows methodologies, and similar techniques that use significant unobservable inputs.

Derivative financial instruments measured at fair value on a recurring basis are generally valued using level 2 inputs.

TE CONNECTIVITY LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Financial instruments other than derivative instruments include cash and cash equivalents, accounts receivable, accounts payable, and debt. These instruments are recorded on the Consolidated Balance Sheets at book value. For cash and cash equivalents, accounts receivable, and accounts payable, we believe book value approximates fair value due to the short-term nature of these instruments. See Note 11 for disclosure of the fair value of debt. The following is a description of the valuation methodologies used for the respective financial instruments:

- *Cash and cash equivalents*—Cash and cash equivalents are valued at book value, which we consider to be equivalent to unadjusted quoted prices (level 1).
- *Accounts receivable*—Accounts receivable are valued based on the net value expected to be realized. The net realizable value generally represents an observable contractual agreement (level 2).
- *Accounts payable*—Accounts payable are valued based on the net value expected to be paid, generally supported by an observable contractual agreement (level 2).
- *Debt*—The fair value of debt, including both current and non-current maturities, is derived from quoted market prices or other pricing determinations based on the results of market approach valuation models using observable market data such as recently reported trades, bid and offer information, and benchmark securities (level 2).

Pension

The funded status of our defined benefit pension plans is recognized on the Consolidated Balance Sheets and is measured as the difference between the fair value of plan assets and the projected benefit obligation at the measurement date. The projected benefit obligation represents the actuarial present value of benefits projected to be paid upon retirement factoring in estimated future compensation levels. The fair value of plan assets represents the current market value of cumulative company and participant contributions made to irrevocable trust funds, held for the sole benefit of participants, which are invested by the trustee of the funds. The benefits under our defined benefit pension plans are based on various factors, such as years of service and compensation.

Net periodic pension benefit cost is based on the utilization of the projected unit credit method of calculation and is charged to earnings on a systematic basis over the expected average remaining service lives of current participants, or, for inactive plans, over the remaining life expectancy of participants.

The measurement of benefit obligations and net periodic benefit cost is based on estimates and assumptions determined by our management. These valuations reflect the terms of the plans and use participant-specific information such as compensation, age, and years of service, as well as certain assumptions, including estimates of discount rates, expected return on plan assets, rate of compensation increases, interest crediting rates, and mortality rates.

Share-Based Compensation

We determine the fair value of share awards on the date of grant. Share options are valued using the Black-Scholes-Merton valuation model; restricted share awards and performance awards are valued using our end-of-day share price on the date of grant. The fair value is expensed ratably over the expected service period, with an allowance made for estimated forfeitures based on historical employee activity. Estimates regarding the attainment of performance criteria are reviewed periodically; the cumulative impact of a change in estimate regarding the attainment of performance criteria is recorded in the period in which that change is made.

Earnings Per Share

Basic earnings per share is computed by dividing net income by the basic weighted-average number of common shares outstanding. Diluted earnings per share is computed by dividing net income by the weighted-average number of common shares outstanding adjusted for the potentially dilutive impact of share-based compensation arrangements.

TE CONNECTIVITY LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Currency Translation

For our non-U.S. dollar functional currency subsidiaries, assets and liabilities are translated into U.S. dollars using fiscal year end exchange rates. Sales and expenses are translated at average monthly exchange rates. Foreign currency translation gains and losses are included as a component of accumulated other comprehensive income (loss) within equity. Gains and losses resulting from foreign currency transactions are included in earnings.

Restructuring Charges

Restructuring activities involve employee-related termination costs, facility exit costs, and asset impairments resulting from reductions-in-force, migration of facilities or product lines from higher-cost to lower-cost countries, or consolidation of facilities within countries. We recognize termination costs based on requirements established by severance policy, government law, or previous actions. Facility exit costs generally reflect the cost to terminate a facility lease before the end of its term (measured at fair value at the time we cease using the facility) or costs that will continue to be incurred under the facility lease without future economic benefit to us. Restructuring activities often result in the disposal or abandonment of assets that require an acceleration of depreciation or impairment reflecting the excess of the assets' carrying values over fair value.

The recognition of restructuring costs require that we make certain judgments and estimates regarding the nature, timing, and amount of costs associated with the planned exit activity. To the extent our actual results differ from our estimates and assumptions, we may be required to revise the estimated liabilities, requiring the recognition of additional restructuring costs or the reduction of liabilities already recognized. At the end of each reporting period, we evaluate the remaining accrued balances to ensure these balances are properly stated and the utilization of the reserves are for their intended purpose in accordance with developed exit plans.

Contingent Liabilities

We record a loss contingency when the available information indicates it is probable that we have incurred a liability and the amount of the loss is reasonably estimable. When a range of possible losses with equal likelihood exists, we record the low end of the range. The likelihood of a loss with respect to a particular contingency is often difficult to predict, and determining a meaningful estimate of the loss or a range of loss may not be practicable based on information available. In addition, it is not uncommon for such matters to be resolved over many years, during which time relevant developments and new information must continuously be evaluated to determine whether a loss is probable and a reasonable estimate of that loss can be made. When a loss is probable but a reasonable estimate cannot be made, or when a loss is at least reasonably possible, disclosure is provided.

Recently Issued Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2016-02 which codified ASC 842, *Leases*. This guidance, as subsequently amended, requires lessees to recognize a lease liability and a right-of-use asset for most leases and is effective for us in the first quarter of fiscal 2020. In fiscal 2019, we substantially completed the process of updating policies, internal controls, financial statement disclosures, and systems to incorporate the impact of the new standard in our financial reporting processes. In fiscal 2020, we are adopting the standard using the optional transition method permitted by ASU No. 2018-11, which allows for application of the standard at the adoption date and no restatement of comparative periods. We plan to elect the package of practical expedients permitted under the transition guidance within the new standard, which among other things, allows for the carry forward of historical lease classification of existing and expired leases. We expect to record right-of-use assets and related lease liabilities of approximately \$530 million on our Consolidated Balance Sheet. Adoption will not have a material impact on our results of operations or cash flows.

TE CONNECTIVITY LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Recently Adopted Accounting Pronouncements

In August 2017, the FASB issued ASU No. 2017-12, an update to ASC 815, *Derivatives and Hedging*. The update improves and simplifies hedge accounting and related disclosures. We elected to early adopt this update, which did not have a material impact on our Consolidated Financial Statements, in fiscal 2019.

In October 2016, the FASB issued ASU No. 2016-16, an update to ASC 740, *Income Taxes*. This guidance requires the recognition of the income tax consequences of intra-entity transfers of assets other than inventory in the period in which the transfer occurs. The update was adopted on a modified retrospective basis in fiscal 2019 and resulted in a \$443 million cumulative-effect adjustment to beginning accumulated earnings, which represented the net reversal of all balances associated with deferred tax impacts of intra-entity transfers of assets other than inventory. This included a decrease in other assets of \$798 million, an increase in deferred tax assets of \$418 million, and a decrease in prepaid expenses and other current assets of \$63 million on the Consolidated Balance Sheet.

In May 2014, the FASB issued ASU No. 2014-09 which codified ASC 606, *Revenue from Contracts with Customers*. This guidance supersedes ASC 605, *Revenue Recognition*, and introduces a single, comprehensive, five-step revenue recognition model. ASC 606 also enhances disclosures related to revenue recognition. We adopted ASC 606, as amended, in fiscal 2019 using a modified retrospective approach. Prior period amounts have not been adjusted and continue to be reported under the accounting standards in effect for those periods. Transition impacts, which relate primarily to incentive compensation arrangements, were not material to our results of operations or financial position. Because the impact of adoption was immaterial, we have not recorded a cumulative-effect adjustment to beginning accumulated earnings.

3. Restructuring and Other Charges, Net

Net restructuring and other charges consisted of the following:

	Fiscal		
	2019	2018	2017
	(in millions)		
Restructuring charges, net	\$ 255	\$ 140	\$ 146
Gain on divestiture	—	(2)	—
Other charges (credits), net	—	(12)	1
Restructuring and other charges, net	<u>\$ 255</u>	<u>\$ 126</u>	<u>\$ 147</u>

Net restructuring charges by segment were as follows:

	Fiscal		
	2019	2018	2017
	(in millions)		
Transportation Solutions	\$ 144	\$ 42	\$ 69
Industrial Solutions	63	83	73
Communications Solutions	48	15	4
Restructuring charges, net	<u>\$ 255</u>	<u>\$ 140</u>	<u>\$ 146</u>

TE CONNECTIVITY LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Activity in our restructuring reserves was as follows:

	Balance at Beginning of Fiscal Year	Charges	Changes in Estimate	Cash Payments (in millions)	Non-Cash Items	Currency Translation	Balance at End of Fiscal Year
Fiscal 2019 Activity:							
Fiscal 2019 Actions:							
Employee severance	\$ —	\$ 252	\$ (3)	\$ (55)	\$ (3)	\$ (3)	\$ 188
Facility and other exit costs	—	2	—	(1)	—	—	1
Property, plant, and equipment	—	3	—	—	(3)	—	—
Total	—	257	(3)	(56)	(6)	(3)	189
Fiscal 2018 Actions:							
Employee severance	114	3	(5)	(57)	—	(3)	52
Facility and other exit costs	4	4	(2)	(5)	—	—	1
Property, plant, and equipment	—	2	(2)	—	—	—	—
Total	118	9	(9)	(62)	—	(3)	53
Fiscal 2017 Actions:							
Employee severance	36	2	(4)	(19)	—	(1)	14
Pre-Fiscal 2017 Actions:							
Employee severance	13	4	(3)	(6)	—	(1)	7
Facility and other exit costs	—	4	—	(3)	—	—	1
Property, plant, and equipment	—	1	(3)	—	2	—	—
Total	13	9	(6)	(9)	2	(1)	8
Total fiscal 2019 activity	\$ 167	\$ 277	\$ (22)	\$ (146)	\$ (4)	\$ (8)	\$ 264
Fiscal 2018 Activity:							
Fiscal 2018 Actions:							
Employee severance	\$ —	\$ 130	\$ —	\$ (16)	\$ —	\$ —	\$ 114
Facility and other exit costs	—	6	—	(2)	—	—	4
Property, plant, and equipment	—	6	—	—	(6)	—	—
Total	—	142	—	(18)	(6)	—	118
Fiscal 2017 Actions:							
Employee severance	102	5	(10)	(60)	—	(1)	36
Facility and other exit costs	1	2	—	(3)	—	—	—
Property, plant, and equipment	—	1	(2)	2	(1)	—	—
Total	103	8	(12)	(61)	(1)	(1)	36
Pre-Fiscal 2017 Actions:							
Employee severance	35	7	(9)	(19)	—	(1)	13
Facility and other exit costs	—	6	—	(5)	—	(1)	—
Property, plant, and equipment	—	1	(3)	3	(1)	—	—
Total	35	14	(12)	(21)	(1)	(2)	13
Total fiscal 2018 activity	\$ 138	\$ 164	\$ (24)	\$ (100)	\$ (8)	\$ (3)	\$ 167
Fiscal 2017 Activity:							
Fiscal 2017 Actions:							
Employee severance	\$ —	\$ 141	\$ (5)	\$ (39)	\$ —	\$ 5	\$ 102
Facility and other exit costs	—	2	—	(1)	—	—	1
Property, plant, and equipment	—	9	—	—	(9)	—	—
Total	—	152	(5)	(40)	(9)	5	103
Pre-Fiscal 2017 Actions:							
Employee severance	76	8	(13)	(33)	—	(3)	35
Facility and other exit costs	1	4	—	(5)	—	—	—
Total	77	12	(13)	(38)	—	(3)	35
Total fiscal 2017 activity	\$ 77	\$ 164	\$ (18)	\$ (78)	\$ (9)	\$ 2	\$ 138

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Fiscal 2019 Actions

During fiscal 2019, we initiated a restructuring program associated with footprint consolidation and structural improvements impacting all segments. In connection with this program, during fiscal 2019, we recorded net restructuring charges of \$254 million. We expect to complete all restructuring actions commenced during fiscal 2019 by the end of fiscal 2021 and to incur additional charges of approximately \$35 million related primarily to employee severance and facility exit costs in the Transportation Solutions and Industrial Solutions segments.

The following table summarizes expected, incurred, and remaining charges for the fiscal 2019 program by segment:

	Total Expected Charges	Cumulative Charges Incurred	Remaining Expected Charges
	(in millions)		
Transportation Solutions	\$ 160	\$ 144	\$ 16
Industrial Solutions	80	66	14
Communications Solutions	49	44	5
Total	<u>\$ 289</u>	<u>\$ 254</u>	<u>\$ 35</u>

Fiscal 2018 Actions

During fiscal 2018, we initiated a restructuring program associated with footprint consolidation and structural improvements primarily impacting the Industrial Solutions and Transportation Solutions segments. In connection with this program, during fiscal 2018, we recorded restructuring charges of \$142 million. We expect to complete all restructuring actions commenced during fiscal 2018 by the end of fiscal 2020 and anticipate that any additional charges will be insignificant.

Fiscal 2017 Actions

During fiscal 2017, we initiated a restructuring program associated with footprint consolidation related to recent acquisitions and structural improvements impacting all segments. In connection with this program, during fiscal 2019, 2018, and 2017, we recorded net restructuring credits of \$2 million, credits of \$4 million, and charges of \$147 million, respectively. We anticipate that any additional charges will be insignificant for restructuring actions commenced during fiscal 2017.

Pre-Fiscal 2017 Actions

During fiscal 2019, 2018, and 2017, we recorded net restructuring charges of \$3 million, charges of \$2 million, and credits of \$1 million, respectively. We anticipate that any additional charges will be insignificant for restructuring actions commenced prior to fiscal 2017.

Total Restructuring Reserves

Restructuring reserves included on the Consolidated Balance Sheets were as follows:

	Fiscal Year End	
	2019	2018
	(in millions)	
Accrued and other current liabilities	\$ 245	\$ 141
Other liabilities	19	26
Restructuring reserves	<u>\$ 264</u>	<u>\$ 167</u>

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

4. Discontinued Operations

In fiscal 2019, we sold our Subsea Communications (“SubCom”) business for net cash proceeds of \$297 million and incurred a pre-tax loss on sale of \$86 million, related primarily to the recognition of cumulative translation adjustment losses of \$67 million and the guarantee liabilities discussed below. The definitive agreement provided that, if the purchaser sells the business within two years of the closing date, we will be entitled to 20% of the net proceeds of that future sale, as defined in the agreement, in excess of \$325 million. The sale of the SubCom business, which was previously included in our Communications Solutions segment, represents our exit from the telecommunications market and was significant to our sales and profitability, both to the Communications Solutions segment and to the consolidated company. We concluded that the divestiture was a strategic shift that had a major effect on our operations and financial results. As a result, the SubCom business met the held for sale and discontinued operations criteria and has been reported as such in all periods presented on our Consolidated Financial Statements.

Upon entering into the definitive agreement, which we consider a level 2 observable input in the fair value hierarchy, we assessed the carrying value of the SubCom business and determined that it was in excess of its fair value. In fiscal 2018, we recorded a pre-tax impairment charge of \$19 million, which was included in income (loss) from discontinued operations on the Consolidated Statement of Operations, to write the carrying value of the business down to its estimated fair value less costs to sell.

In connection with the sale, we contractually agreed to continue to honor performance guarantees and letters of credit related to the SubCom business’ projects that existed as of the date of sale. These guarantees had a combined value of approximately \$1.55 billion as of fiscal year end 2019 and are expected to expire at various dates through fiscal 2025; however, the majority are expected to expire by fiscal year end 2020. At the time of sale, we determined that the fair value of these guarantees was \$12 million, which we recognized by a charge to pre-tax loss on sale. Also, under the terms of the definitive agreement, we are required to issue up to \$300 million of new performance guarantees, subject to certain limitations, for projects entered into by the SubCom business following the sale for a period of up to three years. At fiscal year end 2019, there were no such new performance guarantees outstanding. We have contractual recourse against the SubCom business if we are required to perform on any SubCom guarantees; however, based on historical experience, we do not anticipate having to perform.

The following table presents the summarized components of income (loss) from discontinued operations, net of income taxes, for the SubCom business and prior divestitures:

	Fiscal		
	2019	2018	2017
	(in millions)		
Net sales	\$ 41	\$ 702	\$ 928
Cost of sales	50	602	653
Gross margin	(9)	100	275
Selling, general, and administrative expenses	11	48	50
Research, development, and engineering expenses	3	39	40
Restructuring and other charges (credits), net	3	30 ⁽¹⁾	(3)
Operating income (loss)	(26)	(17)	188
Non-operating income, net	—	—	22 ⁽²⁾
Pre-tax income (loss) from discontinued operations	(26)	(17)	210
Pre-tax gain (loss) on sale of discontinued operations	(86)	(2)	3
Income tax (expense) benefit	10	—	(70)
Income (loss) from discontinued operations, net of income taxes	<u>\$ (102)</u>	<u>\$ (19)</u>	<u>\$ 143</u>

(1) Included a \$19 million impairment charge recorded in connection with the sale of our SubCom business.

(2) Included a \$19 million credit related to the SubCom business’ curtailment of a postretirement benefit plan.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

The following table presents balance sheet information for assets and liabilities held for sale at fiscal year end 2018; there were no such balances at fiscal year end 2019:

	Fiscal Year End 2018
	(in millions)
Accounts receivable, net	\$ 72
Inventories	130
Other current assets	32
Property, plant, and equipment, net ⁽¹⁾	221
Other assets	17
Total assets held for sale	<u>\$ 472</u>
Accounts payable	\$ 63
Accrued and other current liabilities	26
Deferred revenue	60
Other liabilities	39
Total liabilities held for sale	<u>\$ 188</u>

- (1) Included a reduction of \$19 million related to the impairment charge recorded in connection with the sale of our SubCom business.

5. Acquisitions

During fiscal 2019, we acquired three businesses for a combined cash purchase price of \$296 million, net of cash acquired. The acquisitions were reported as part of our Transportation Solutions segment from the date of acquisition.

We acquired two businesses during fiscal 2018 for a combined cash purchase price of \$153 million, net of cash acquired. In fiscal 2019, we received \$13 million as a result of a customary net working capital settlement for one of the acquisitions. The acquisitions were reported as part of our Industrial Solutions segment from the date of acquisition.

During fiscal 2017, we acquired two businesses for a combined cash purchase price of \$250 million, net of cash acquired. The acquisitions were reported as part of our Transportation Solutions and Industrial Solutions segments from the date of acquisition.

Pending Acquisition

During fiscal 2019, we entered into a business combination agreement and commenced a voluntary public tender offer for all outstanding shares of First Sensor AG (“First Sensor”), a provider of sensing solutions based in Germany. The offer was accepted for approximately 72% of First Sensor’s shares. The transaction, including the assumption of First Sensor’s outstanding net debt and minority interest, is valued at approximately €307 million. Completion of the offer will be subject to customary closing conditions, including regulatory approvals. We expect to complete the transaction in fiscal 2020.

6. Inventories

Inventories consisted of the following:

	Fiscal Year End	
	2019	2018
	(in millions)	
Raw materials	\$ 260	\$ 276
Work in progress	739	656
Finished goods	837	925
Inventories	<u>\$ 1,836</u>	<u>\$ 1,857</u>

TE CONNECTIVITY LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

7. Property, Plant, and Equipment, Net

Net property, plant, and equipment consisted of the following:

	Fiscal Year End	
	2019	2018
	(in millions)	
Property, plant, and equipment, gross:		
Land and improvements	\$ 152	\$ 171
Buildings and improvements	1,393	1,379
Machinery and equipment	7,298	7,124
Construction in process	637	724
	<u>9,480</u>	<u>9,398</u>
Accumulated depreciation	<u>(5,906)</u>	<u>(5,901)</u>
Property, plant, and equipment, net	<u>\$ 3,574</u>	<u>\$ 3,497</u>

Depreciation expense was \$510 million, \$487 million, and \$442 million in fiscal 2019, 2018, and 2017, respectively.

8. Goodwill

The changes in the carrying amount of goodwill by segment were as follows:

	Transportation Solutions	Industrial Solutions	Communications Solutions	Total
	(in millions)			
Balance at fiscal year end 2017 ⁽¹⁾	\$ 2,011	\$ 3,047	\$ 593	\$ 5,651
Acquisitions	—	80	—	80
Purchase price adjustments	—	(2)	—	(2)
Currency translation	(18)	(21)	(6)	(45)
Balance at fiscal year end 2018 ⁽¹⁾	<u>1,993</u>	<u>3,104</u>	<u>587</u>	<u>5,684</u>
Acquisitions	167	—	—	167
Purchase price adjustments	—	(12)	—	(12)
Currency translation	(36)	(53)	(10)	(99)
Balance at fiscal year end 2019 ⁽¹⁾	<u>\$ 2,124</u>	<u>\$ 3,039</u>	<u>\$ 577</u>	<u>\$ 5,740</u>

- (1) At fiscal year end 2019, 2018, and 2017, accumulated impairment losses for the Transportation Solutions, Industrial Solutions, and Communications Solutions segments were \$2,191 million, \$669 million, and \$489 million, respectively.

We recognized goodwill in fiscal 2019 and 2018 in connection with recent acquisitions. See Note 5 for additional information regarding acquisitions.

We completed our annual goodwill impairment test in the fourth quarter of fiscal 2019 and determined that no impairment existed.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

9. Intangible Assets, Net

Intangible assets consisted of the following:

	Fiscal Year End					
	2019			2018		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
	(in millions)					
Customer relationships	\$ 1,513	\$ (459)	\$ 1,054	\$ 1,468	\$ (389)	\$ 1,079
Intellectual property	1,260	(734)	526	1,261	(653)	608
Other	33	(17)	16	33	(16)	17
Total	<u>\$ 2,806</u>	<u>\$ (1,210)</u>	<u>\$ 1,596</u>	<u>\$ 2,762</u>	<u>\$ (1,058)</u>	<u>\$ 1,704</u>

Intangible asset amortization expense was \$180 million, \$180 million, and \$169 million for fiscal 2019, 2018, and 2017, respectively. At fiscal year end 2019, the aggregate amortization expense on intangible assets is expected to be as follows:

	(in millions)
Fiscal 2020	\$ 179
Fiscal 2021	176
Fiscal 2022	176
Fiscal 2023	175
Fiscal 2024	145
Thereafter	745
Total	<u>\$ 1,596</u>

10. Accrued and Other Current Liabilities

Accrued and other current liabilities consisted of the following:

	Fiscal Year End	
	2019	2018
	(in millions)	
Accrued payroll and employee benefits	\$ 455	\$ 565
Dividends payable to shareholders	308	303
Restructuring reserves	245	141
Income taxes payable	94	109
Deferred revenue	36	27
Interest payable	31	34
Share repurchase program payable	18	94
Other	426	438
Accrued and other current liabilities	<u>\$ 1,613</u>	<u>\$ 1,711</u>

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

11. Debt

Debt was as follows:

	Fiscal Year End	
	2019	2018
	(in millions)	
Principal debt:		
Commercial paper, at a weighted-average interest rate of 2.20% and 2.35%, respectively	\$ 219	\$ 270
2.375% senior notes due 2018	—	325
2.35% senior notes due 2019	—	250
Floating rate senior notes due 2020 ⁽¹⁾	350	—
4.875% senior notes due 2021	250	250
Euro-denominated fixed-to-floating rate senior notes due 2021 ⁽²⁾	383	—
3.50% senior notes due 2022	500	500
1.10% euro-denominated senior notes due 2023	602	639
3.45% senior notes due 2024	350	350
3.70% senior notes due 2026	350	350
3.125% senior notes due 2027	400	400
7.125% senior notes due 2037	477	477
Other	94	210
	<u>3,975</u>	<u>4,021</u>
Unamortized discounts, premiums, and debt issuance costs, net	(10)	(21)
Total debt	<u>\$ 3,965</u>	<u>\$ 4,000</u>

- (1) The floating rate senior notes due 2020 bear interest at a rate of three-month London Interbank Offered Rate (“LIBOR”) plus 0.45% per year.
- (2) The euro-denominated fixed-to-floating rate senior notes due 2021 bear interest at a rate of 0% until June 2020 and then at a rate of three-month Euro Interbank Offered Rate (“EURIBOR”) plus 0.30% per year until maturity.

During fiscal 2019, Tyco Electronics Group S.A. (“TEGSA”), our 100%-owned subsidiary, issued €350 million aggregate principal amount of fixed-to-floating rate senior notes due June 2021. In June 2020, we may, at our option, redeem the fixed-to-floating rate senior notes, as a whole, at 100% of the principal amount. Also, during fiscal 2019, TEGSA issued \$350 million aggregate principal amount of floating rate senior notes due June 2020. The fixed-to-floating rate senior notes and floating rate senior notes are TEGSA’s unsecured senior obligations and rank equally in right of payment with all existing and any future senior indebtedness of TEGSA and senior to any subordinated indebtedness that TEGSA may incur.

TEGSA has a five-year unsecured senior revolving credit facility (“Credit Facility”) with total commitments of \$1.5 billion. The Credit Facility was amended in November 2018 primarily to extend the maturity date from December 2020 to November 2023. The amended Credit Facility contains provisions that allow for incremental commitments of up to \$500 million, an option to temporarily increase the financial ratio covenant following a qualified acquisition, and borrowings in designated currencies. TEGSA had no borrowings under the Credit Facility at fiscal year end 2019 or 2018.

Borrowings under the Credit Facility bear interest at a rate per annum equal to, at the option of TEGSA, (1) LIBOR plus an applicable margin based upon the senior, unsecured, long-term debt rating of TEGSA, or (2) an alternate base rate equal to the highest of (i) Bank of America, N.A.’s base rate, (ii) the federal funds effective rate plus 1/2 of 1%, and (iii) one-month LIBOR plus 1%, plus, in each case, an applicable margin based upon the senior, unsecured, long-term debt rating of TEGSA. TEGSA is required to pay an annual facility fee ranging from 5.0 to 12.5 basis points based upon the amount of the lenders’ commitments under the Credit Facility and the applicable credit ratings of TEGSA.

TE CONNECTIVITY LTD.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)**

The Credit Facility contains a financial ratio covenant providing that if, as of the last day of each fiscal quarter, our ratio of Consolidated Total Debt to Consolidated EBITDA (as defined in the Credit Facility) for the then most recently concluded period of four consecutive fiscal quarters exceeds 3.75 to 1.0, an Event of Default (as defined in the Credit Facility) is triggered. The Credit Facility and our other debt agreements contain other customary covenants.

Periodically, TEGSA issues commercial paper to U.S. institutional accredited investors and qualified institutional buyers in accordance with available exemptions from the registration requirements of the Securities Act of 1933 as part of our ongoing effort to maintain financial flexibility and to potentially decrease the cost of borrowings. Borrowings under the commercial paper program are backed by the Credit Facility.

TEGSA's payment obligations under its senior notes, commercial paper, and Credit Facility are fully and unconditionally guaranteed by its parent, TE Connectivity Ltd.

At fiscal year end 2019, principal payments required for debt are as follows:

	(in millions)
Fiscal 2020	\$ 571
Fiscal 2021	633
Fiscal 2022	500
Fiscal 2023	602
Fiscal 2024	350
Thereafter	1,319
Total	<u>\$ 3,975</u>

The fair value of our debt, based on indicative valuations, was approximately \$4,278 million and \$4,149 million at fiscal year end 2019 and 2018, respectively.

12. Commitments and Contingencies***Legal Proceedings***

In the normal course of business, we are subject to various legal proceedings and claims, including patent infringement claims, product liability matters, employment disputes, disputes on agreements, other commercial disputes, environmental matters, antitrust claims, and tax matters, including non-income tax matters such as value added tax, sales and use tax, real estate tax, and transfer tax. Although it is not feasible to predict the outcome of these proceedings, based upon our experience, current information, and applicable law, we do not expect that the outcome of these proceedings, either individually or in the aggregate, will have a material effect on our results of operations, financial position, or cash flows.

Environmental Matters

We are involved in various stages of investigation and cleanup related to environmental remediation matters at a number of sites. The ultimate cost of site cleanup is difficult to predict given the uncertainties regarding the extent of the required cleanup, the interpretation of applicable laws and regulations, and alternative cleanup methods. As of fiscal year end 2019, we concluded that we would incur investigation and remediation costs at these sites in the reasonably possible range of \$15 million to \$43 million, and we accrued \$18 million as the probable loss, which was the best estimate within this range. We believe that any potential payment of such estimated amounts will not have a material adverse effect on our results of operations, financial position, or cash flows.

TE CONNECTIVITY LTD.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)*****Leases***

We have facility, land, vehicle, and equipment leases that expire at various dates. Rental expense under these operating leases was \$162 million, \$141 million, and \$147 million for fiscal 2019, 2018, and 2017, respectively. At fiscal year end 2019, future minimum lease payments under non-cancelable operating lease obligations were as follows:

	(in millions)
Fiscal 2020	\$ 117
Fiscal 2021	102
Fiscal 2022	81
Fiscal 2023	67
Fiscal 2024	55
Thereafter	118
Total	<u>\$ 540</u>

See “Recently Issued Accounting Pronouncements” in Note 2 for information regarding our adoption of ASC 842, *Leases*, in fiscal 2020.

Guarantees

In disposing of assets or businesses, we often provide representations, warranties, and/or indemnities to cover various risks including unknown damage to assets, environmental risks involved in the sale of real estate, liability for investigation and remediation of environmental contamination at waste disposal sites and manufacturing facilities, and unidentified tax liabilities and legal fees related to periods prior to disposition. We do not expect that these uncertainties will have a material adverse effect on our results of operations, financial position, or cash flows.

At fiscal year end 2019, we had outstanding letters of credit, letters of guarantee, and surety bonds of \$309 million.

We sold our SubCom business during fiscal 2019. In connection with the sale, we contractually agreed to honor certain performance guarantees and letters of credit related to the SubCom business. See Note 4 for additional information regarding these guarantees and the divestiture of the SubCom business.

13. Financial Instruments and Fair Value Measurements

We use derivative and non-derivative financial instruments to manage certain exposures to foreign currency, interest rate, investment, and commodity risks.

The effects of derivative instruments on the Consolidated Statements of Operations were immaterial for fiscal 2019, 2018, and 2017.

Foreign Currency Exchange Rate Risk

As part of managing the exposure to changes in foreign currency exchange rates, we utilize cross-currency swap contracts and foreign currency forward contracts, a portion of which are designated as cash flow hedges. The objective of these contracts is to minimize impacts to cash flows and profitability due to changes in foreign currency exchange rates on intercompany and other cash transactions. We expect that significantly all of the balance in accumulated other comprehensive income (loss) associated with the cash flow hedge-designated instruments addressing foreign exchange risks will be reclassified into the Consolidated Statement of Operations within the next twelve months.

During fiscal 2015, we entered into cross-currency swap contracts with an aggregate notional value of €1,000 million to reduce our exposure to foreign currency exchange rate risk associated with certain intercompany loans. Under the terms of these contracts, which have been designated as cash flow hedges, we make interest payments in euros at 3.50% per annum and receive interest in U.S. dollars at a weighted-average rate of 5.33% per annum. Upon the maturity of these

TE CONNECTIVITY LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

contracts in fiscal 2022, we will pay the notional value of the contracts in euros and receive U.S. dollars from our counterparties. In connection with the cross-currency swap contracts, both counterparties to each contract are required to provide cash collateral.

At fiscal year end 2019, these cross-currency swap contracts were in an asset position of \$19 million and were recorded in other assets on the Consolidated Balance Sheet. The cross-currency swap contracts were in a liability position of \$100 million and were recorded in other liabilities on the Consolidated Balance Sheet at fiscal year end 2018. At fiscal year end 2019 and 2018, collateral received from or paid to our counterparties approximated the derivative positions and was recorded in accrued and other current liabilities (when the contracts are in an asset position) or prepaid expenses and other current assets (when the contracts are in a liability position) on the Consolidated Balance Sheets. The impacts of these cross-currency swap contracts were as follows:

	Fiscal		
	2019	2018	2017
	(in millions)		
Gains (losses) recorded in other comprehensive income (loss)	\$ 53	\$ (25)	\$ (20)
Gains (losses) excluded from the hedging relationship ⁽¹⁾	66	21	(58)

- (1) Gains and losses excluded from the hedging relationship are recognized prospectively in selling, general, and administrative expenses and are offset by losses and gains generated as a result of re-measuring certain intercompany loans to the U.S. dollar.

Hedge of Net Investment

We hedge our net investment in certain foreign operations using intercompany loans and external borrowings denominated in the same currencies. The aggregate notional value of these hedges was \$3,374 million and \$4,064 million at fiscal year end 2019 and 2018, respectively.

During fiscal 2019, we expanded our cross-currency swap program to hedge our net investment in certain foreign operations. The aggregate notional value of the fiscal 2019 contracts was \$1,844 million at fiscal year end 2019. Under the terms of these contracts, we receive interest in U.S. dollars at a weighted-average rate of 2.9% per annum and pay no interest. Upon the maturity of these contracts at various dates through fiscal 2023, we will pay the notional value of the contracts in the designated foreign currency and receive U.S. dollars from our counterparties. We are not required to provide collateral for these contracts.

The impacts of our hedge of net investment programs were as follows:

	Fiscal		
	2019	2018	2017
	(in millions)		
Foreign currency exchange gains (losses) on intercompany loans and external borrowings ⁽¹⁾	\$ 162	\$ 36	\$ (74)
Gain on cross-currency swap contracts designated as hedges of net investment ⁽²⁾	74	—	—

- (1) Foreign currency exchange gains and losses on intercompany loans and external borrowings are recorded as currency translation, a component of accumulated other comprehensive income (loss), and are offset by changes attributable to the translation of the net investment.
- (2) Gains and losses on cross-currency swap contracts designated as hedges of net investment are recorded as currency translation.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Interest Rate and Investment Risk Management

We issue debt, as needed, to fund our operations and capital requirements. Such borrowings can result in interest rate exposure. To manage the interest rate exposure, we use interest rate swap contracts to convert a portion of fixed rate debt into variable rate debt. We may use forward starting interest rate swap contracts to manage interest rate exposure in periods prior to the anticipated issuance of fixed rate debt. We also utilize investment swap contracts to manage earnings exposure on certain nonqualified deferred compensation liabilities.

Commodity Hedges

As part of managing the exposure to certain commodity price fluctuations, we utilize commodity swap contracts designated as cash flow hedges. The objective of these contracts is to minimize impacts to cash flows and profitability due to changes in prices of commodities used in production.

At fiscal year end 2019 and 2018, our commodity hedges had notional values of \$316 million and \$401 million, respectively. We expect that significantly all of the balance in accumulated other comprehensive income (loss) associated with the commodity hedges will be reclassified into the Consolidated Statement of Operations within the next twelve months.

Fair Value Measurements

Financial instruments recorded at fair value on a recurring basis, which consist of derivative instruments and marketable securities, were immaterial at fiscal year end 2019 and 2018.

14. Retirement Plans

Defined Benefit Pension Plans

We have several contributory and noncontributory defined benefit retirement plans covering certain of our non-U.S. and U.S. employees, designed in accordance with local customs and practice.

The net periodic pension benefit cost for all non-U.S. and U.S. defined benefit pension plans was as follows:

	Non-U.S. Plans			U.S. Plans		
	Fiscal			Fiscal		
	2019	2018	2017	2019	2018	2017
	(\$ in millions)					
Operating expense:						
Service cost	\$ 47	\$ 46	\$ 50	\$ 13	\$ 14	\$ 12
Other (income) expense:						
Interest cost	42	42	35	46	43	43
Expected return on plan assets	(64)	(69)	(68)	(58)	(59)	(53)
Amortization of net actuarial loss	24	24	41	17	22	40
Amortization of prior service credit and other	(8)	(6)	(4)	—	—	—
Net periodic pension benefit cost	<u>\$ 41</u>	<u>\$ 37</u>	<u>\$ 54</u>	<u>\$ 18</u>	<u>\$ 20</u>	<u>\$ 42</u>
<i>Weighted-average assumptions used to determine net pension benefit cost during the fiscal year:</i>						
Discount rate	1.94 %	1.87 %	1.44 %	4.35 %	3.77 %	3.58 %
Expected return on plan assets	4.65 %	4.92 %	5.21 %	6.57 %	6.45 %	5.93 %
Rate of compensation increase	2.57 %	2.53 %	2.52 %	— %	— %	— %

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

The following table represents the changes in benefit obligation and plan assets and the net amount recognized on the Consolidated Balance Sheets for all non-U.S. and U.S. defined benefit pension plans:

	Non-U.S. Plans		U.S. Plans	
	Fiscal		Fiscal	
	2019	2018	2019	2018
(\$ in millions)				
Change in benefit obligation:				
Benefit obligation at beginning of fiscal year	\$ 2,220	\$ 2,292	\$ 1,093	\$ 1,191
Service cost	47	46	13	14
Interest cost	42	42	46	43
Actuarial (gains) losses	347	(22)	125	(69)
Benefits and administrative expenses paid	(82)	(77)	(82)	(86)
Currency translation	(92)	(43)	—	—
Other	1	(18)	—	—
Benefit obligation at end of fiscal year	2,483	2,220	1,195	1,093
Change in plan assets:				
Fair value of plan assets at beginning of fiscal year	1,390	1,402	917	963
Actual return on plan assets	186	51	100	37
Employer contributions	43	51	2	3
Benefits and administrative expenses paid	(82)	(77)	(82)	(86)
Currency translation	(42)	(30)	—	—
Other	(6)	(7)	—	—
Fair value of plan assets at end of fiscal year	1,489	1,390	937	917
Funded status	\$ (994)	\$ (830)	\$ (258)	\$ (176)
Amounts recognized on the Consolidated Balance Sheets:				
Other assets	\$ 128	\$ 107	\$ —	\$ —
Accrued and other current liabilities	(25)	(23)	(5)	(5)
Long-term pension and postretirement liabilities	(1,097)	(914)	(253)	(171)
Net amount recognized	\$ (994)	\$ (830)	\$ (258)	\$ (176)
Pre-tax amounts included in accumulated other comprehensive income (loss) which have not yet been recognized in net periodic pension benefit cost:				
Net actuarial loss	\$ (656)	\$ (476)	\$ (290)	\$ (224)
Prior service (cost) credit	43	58	(2)	(2)
Total	\$ (613)	\$ (418)	\$ (292)	\$ (226)
Weighted-average assumptions used to determine pension benefit obligation at fiscal year end:				
Discount rate	1.01 %	1.94 %	3.14 %	4.35 %
Rate of compensation increase	2.53 %	2.57 %	— %	— %

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

The pre-tax amounts recognized in accumulated other comprehensive income (loss) for all non-U.S. and U.S. defined benefit pension plans were as follows:

	Non-U.S. Plans		U.S. Plans	
	Fiscal		Fiscal	
	2019	2018	2019	2018
	(in millions)			
Current year net actuarial (gain) loss recorded in accumulated other comprehensive income (loss)	\$ (204)	\$ 13	\$ (83)	\$ 46
Amortization of net actuarial loss	24	24	17	22
Current year prior service cost (credit) recorded in accumulated other comprehensive income (loss)	(8)	5	—	—
Amortization of prior service cost (credit)	(7)	(6)	—	—
	<u>\$ (195)</u>	<u>\$ 36</u>	<u>\$ (66)</u>	<u>\$ 68</u>

In fiscal 2019, unrecognized actuarial losses recorded in accumulated other comprehensive income (loss) were primarily the result of lower discount rates, partially offset by favorable asset performance for both non-U.S. and U.S. defined benefit pension plans as compared to fiscal 2018. In fiscal 2018, unrecognized actuarial gains recorded in accumulated other comprehensive income (loss) were primarily the result of higher discount rates and favorable asset performance for both non-U.S. and U.S. defined benefit pension plans as compared to fiscal 2017.

The estimated amortization of actuarial losses from accumulated other comprehensive income (loss) into net periodic pension benefit cost for non-U.S. and U.S. defined benefit pension plans in fiscal 2020 is expected to be \$40 million and \$9 million, respectively. The estimated amortization of prior service credit from accumulated other comprehensive income (loss) into net periodic pension benefit cost for non-U.S. defined benefit pension plans in fiscal 2020 is expected to be \$6 million.

In determining the expected return on plan assets, we consider the relative weighting of plan assets by class and individual asset class performance expectations.

The investment strategies for non-U.S. and U.S. pension plans are governed locally. Our investment strategy for our pension plans is to manage the plans on a going concern basis. Current investment policy is to achieve a reasonable return on assets, subject to a prudent level of portfolio risk, for the purpose of enhancing the security of benefits for participants. Projected returns are based primarily on pro forma asset allocation, expected long-term returns, and forward-looking estimates of active portfolio and investment management.

At fiscal year end 2019, the long-term target asset allocation in our U.S. plans' master trust is 5% return-seeking assets and 95% liability-hedging assets. Return-seeking assets, including non-U.S. and U.S. equity securities, are assets intended to generate returns in excess of pension liability growth. Liability-hedging assets, including government and corporate bonds, are assets intended to have characteristics similar to pension liabilities and are used to better match asset cash flows with expected obligation cash flows. Asset re-allocation to meet that target is occurring over a multi-year period based on the funded status. We expect to reach our target allocation when the funded status of the plans exceeds 115%. Based on the funded status of the plans as of fiscal year end 2019, our target asset allocation is 67% return-seeking and 33% liability-hedging.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Target weighted-average asset allocation and weighted-average asset allocation for non-U.S. and U.S. pension plans were as follows:

	Non-U.S. Plans			U.S. Plans		
	Target	Fiscal Year End 2019	Fiscal Year End 2018	Target	Fiscal Year End 2019	Fiscal Year End 2018
Asset category:						
Equity securities	25 %	26 %	29 %	67 %	41 %	53 %
Fixed income	55	53	49	33	59	47
Insurance contracts and other investments	17	18	20	—	—	—
Real estate investments	3	3	2	—	—	—
Total	<u>100 %</u>	<u>100 %</u>	<u>100 %</u>	<u>100 %</u>	<u>100 %</u>	<u>100 %</u>

Our common shares are not a direct investment of our pension funds; however, the pension funds may indirectly include our shares. The aggregate amount of our common shares would not be considered material relative to the total pension fund assets.

Our funding policy is to make contributions in accordance with the laws and customs of the various countries in which we operate as well as to make discretionary voluntary contributions from time to time. We expect to make the minimum required contributions of \$42 million and \$26 million to our non-U.S. and U.S. pension plans, respectively, in fiscal 2020. We may also make voluntary contributions at our discretion.

At fiscal year end 2019, benefit payments, which reflect future expected service, as appropriate, are expected to be paid as follows:

	Non-U.S. Plans	U.S. Plans
	(in millions)	
Fiscal 2020	\$ 82	\$ 77
Fiscal 2021	77	74
Fiscal 2022	81	74
Fiscal 2023	85	74
Fiscal 2024	86	74
Fiscal 2025-2029	490	361

Presented below is the accumulated benefit obligation for all non-U.S. and U.S. pension plans as well as additional information related to plans with an accumulated benefit obligation in excess of plan assets and plans with a projected benefit obligation in excess of plan assets.

	Non-U.S. Plans		U.S. Plans	
	Fiscal Year End 2019	Fiscal Year End 2018	Fiscal Year End 2019	Fiscal Year End 2018
	(in millions)			
Accumulated benefit obligation	\$ 2,340	\$ 2,099	\$ 1,195	\$ 1,093
Pension plans with accumulated benefit obligations in excess of plan assets:				
Accumulated benefit obligation	1,304	1,400	1,195	1,093
Fair value of plan assets	316	580	937	917
Pension plans with projected benefit obligations in excess of plan assets:				
Projected benefit obligation	1,453	1,560	1,195	1,093
Fair value of plan assets	331	623	937	917

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

We value our pension assets based on the fair value hierarchy of ASC 820, *Fair Value Measurements and Disclosures*. Details of the fair value hierarchy are described in Note 2. The following table presents our defined benefit pension plans' asset categories and their associated fair value within the fair value hierarchy:

	Fiscal Year End 2019							
	Non-U.S. Plans				U.S. Plans			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
	(in millions)							
Equity:								
Commingled equity funds ⁽¹⁾	\$ —	\$ 339	\$ —	\$ 339	\$ —	\$ 385	\$ —	\$ 385
Fixed income:								
Government bonds ⁽²⁾	—	315	—	315	—	—	—	—
Corporate bonds ⁽³⁾	—	137	—	137	—	—	—	—
Commingled bond funds ⁽⁴⁾	—	359	—	359	—	540	—	540
Other ⁽⁵⁾	—	162	157	319	—	11	—	11
Subtotal	\$ —	\$ 1,312	\$ 157	1,469	\$ —	\$ 936	\$ —	936
Items to reconcile to fair value of plan assets ⁽⁶⁾				20				1
Fair value of plan assets				\$ 1,489				\$ 937
	Fiscal Year End 2018							
	Non-U.S. Plans				U.S. Plans			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
	(in millions)							
Equity:								
Non-U.S. equity securities ⁽⁷⁾	\$ —	\$ —	\$ —	\$ —	\$ 220	\$ —	\$ —	\$ 220
U.S. equity securities ⁽⁷⁾	—	—	—	—	265	—	—	265
Commingled equity funds ⁽¹⁾	—	397	—	397	—	—	—	—
Fixed income:								
Government bonds ⁽²⁾	—	213	—	213	—	45	—	45
Corporate bonds ⁽³⁾	—	6	—	6	—	283	—	283
Commingled bond funds ⁽⁴⁾	—	464	—	464	—	87	—	87
Other ⁽⁵⁾	—	184	120	304	—	11	—	11
Subtotal	\$ —	\$ 1,264	\$ 120	1,384	\$ 485	\$ 426	\$ —	911
Items to reconcile to fair value of plan assets ⁽⁶⁾				6				6
Fair value of plan assets				\$ 1,390				\$ 917

- (1) Commingled equity funds are pooled investments in multiple equity-type securities. Fair value is calculated as the closing price of the underlying investments, an observable market condition, divided by the number of shares of the fund outstanding.
- (2) Government bonds are marked to fair value based on quoted market prices or market approach valuation models using observable market data such as quotes, spreads, and data points for yield curves.
- (3) Corporate bonds are marked to fair value based on quoted market prices or market approach valuation models using observable market data such as quotes, spreads, and data points for yield curves.
- (4) Commingled bond funds are pooled investments in multiple debt-type securities. Fair value is calculated as the closing price of the underlying investments, an observable market condition, divided by the number of shares of the fund outstanding.
- (5) Other investments are composed of insurance contracts, derivatives, short-term investments, structured products such as collateralized obligations and mortgage- and asset-backed securities, real estate investments, and hedge funds. Insurance contracts are valued using cash surrender value, or face value of the contract if a cash surrender value is unavailable (level 2), as these values represent the amount that the plan would receive on termination of the underlying contract. Derivatives, short-term investments, and structured products are marked to fair value using models that are supported by observable market-based data (level 2). Real estate investments include investments in commingled real estate funds and are valued at net asset value which is calculated using unobservable inputs that are supported by little or no market activity (level 3). Hedge funds are valued at their net asset value which is calculated using unobservable inputs that are supported by little or no market activity (level 3).

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

- (6) Items to reconcile to fair value of plan assets include amounts receivable for securities sold, amounts payable for securities purchased, and any cash balances, considered to be carried at book value, that are held in the plans.
- (7) Non-U.S. and U.S. equity securities are valued at the closing price reported on the stock exchange on which the individual securities are traded.

Changes in Level 3 assets in non-U.S. plans were primarily the result of purchases in fiscal 2019 and 2018.

Defined Contribution Retirement Plans

We maintain several defined contribution retirement plans, the most significant of which is located in the U.S. These plans include 401(k) matching programs, as well as qualified and nonqualified profit sharing and share bonus retirement plans. Expense for the defined contribution plans is computed as a percentage of participants' compensation and was \$63 million, \$62 million, and \$60 million for fiscal 2019, 2018, and 2017, respectively.

Deferred Compensation Plans

We maintain nonqualified deferred compensation plans, which permit eligible employees to defer a portion of their compensation. A record keeping account is set up for each participant and the participant chooses from a variety of measurement funds for the deemed investment of their accounts. The measurement funds correspond to several funds in our 401(k) plans and the account balance fluctuates with the investment returns on those funds. At fiscal year end 2019 and 2018, total deferred compensation liabilities were \$203 million and \$189 million, respectively, and were recorded primarily in other liabilities on the Consolidated Balance Sheets. See Note 13 for additional information regarding our risk management strategy related to deferred compensation liabilities.

Postretirement Benefit Plans

In addition to providing pension and 401(k) benefits, we also provide certain health care coverage continuation for qualifying retirees from the date of retirement to age 65. The accumulated postretirement benefit obligation was \$18 million at fiscal year end 2019 and 2018, and the underfunded status of the postretirement benefit plans was included primarily in long-term pension and postretirement liabilities on the Consolidated Balance Sheets. Activity during fiscal 2019, 2018, and 2017 was not significant.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

15. Income Taxes

Income Tax Expense (Benefit)

Significant components of the income tax expense (benefit) were as follows:

	Fiscal		
	2019	2018	2017
	(in millions)		
Current income tax expense (benefit):			
U.S.:			
Federal	\$ (28)	\$ 20	\$ (9)
State	2	21	9
Non-U.S.	229	406	322
	<u>203</u>	<u>447</u>	<u>322</u>
Deferred income tax expense (benefit):			
U.S.:			
Federal	(25)	499	(119)
State	(8)	(30)	(15)
Non-U.S.	(185)	(1,260)	(8)
	<u>(218)</u>	<u>(791)</u>	<u>(142)</u>
Income tax expense (benefit)	<u>\$ (15)</u>	<u>\$ (344)</u>	<u>\$ 180</u>

The U.S. and non-U.S. components of income from continuing operations before income taxes were as follows:

	Fiscal		
	2019	2018	2017
	(in millions)		
U.S.	\$ (216)	\$ (245)	\$ (273)
Non-U.S.	2,147	2,485	1,993
Income from continuing operations before income taxes	<u>\$ 1,931</u>	<u>\$ 2,240</u>	<u>\$ 1,720</u>

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

The reconciliation between U.S. federal income taxes at the statutory rate and income tax expense (benefit) was as follows:

	Fiscal		
	2019	2018	2017
	(in millions)		
Notional U.S. federal income tax expense at the statutory rate ⁽¹⁾	\$ 406	\$ 551	\$ 602
Adjustments to reconcile to the income tax expense (benefit):			
U.S. state income tax benefit, net	(5)	(7)	(4)
Tax law changes	15	638	7
Tax credits	(22)	(8)	(8)
Non-U.S. net earnings ⁽²⁾	(166)	(213)	(355)
Change in accrued income tax liabilities	(61)	13	24
Valuation allowance	(163)	33	(1)
Legal entity restructuring and intercompany transactions	3	(1,329)	(40)
Excess tax benefits from share-based payments	(8)	(24)	(40)
Other	(14)	2	(5)
Income tax expense (benefit)	<u>\$ (15)</u>	<u>\$ (344)</u>	<u>\$ 180</u>

(1) The U.S. federal statutory rate was 21% for fiscal 2019, 24.58% for fiscal 2018, and 35% for fiscal 2017.

(2) Excludes items which are separately presented.

The income tax benefit for fiscal 2019 included a \$216 million income tax benefit related to the tax impacts of certain measures of the Switzerland Federal Act on Tax Reform and AHV Financing (“Swiss Tax Reform”), a \$90 million income tax benefit related to the effective settlement of a tax audit in a non-U.S. jurisdiction, and \$15 million of income tax expense associated with the tax impacts of certain legal entity restructurings and intercompany transactions. See “Swiss Tax Reform” below for additional information regarding Swiss Tax Reform.

The income tax benefit for fiscal 2018 included a \$1,222 million net income tax benefit associated with the tax impacts of certain legal entity restructurings and intercompany transactions that occurred in the quarter ended September 28, 2018. The net income tax benefit of \$1,222 million related primarily to the recognition of certain non-U.S. loss carryforwards and basis differences in subsidiaries expected to be utilized against future taxable income, partially offset by a \$46 million increase in the valuation allowance for certain U.S. federal tax credit carryforwards. The income tax benefit for fiscal 2018 also included \$567 million of income tax expense related to the tax impacts of the Tax Cuts and Jobs Act (the “Act”) and a \$61 million net income tax benefit related to the tax impacts of certain legal entity restructurings that occurred in the quarter ended December 29, 2017. See “Tax Cuts and Jobs Act” below for additional information regarding the Act.

The income tax expense for fiscal 2017 included a \$52 million income tax benefit associated with the tax impacts of certain intercompany transactions and the corresponding reduction in the valuation allowance for U.S. tax loss carryforwards, a \$40 million income tax benefit related to share-based payments and the adoption of ASU No. 2016-09, and a \$14 million income tax benefit associated with pre-separation tax matters.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Deferred Tax Assets and Liabilities

Deferred income taxes result from temporary differences between the amount of assets and liabilities recognized for financial reporting and tax purposes. The components of the net deferred income tax asset were as follows:

	Fiscal Year End	
	2019	2018
	(in millions)	
Deferred tax assets:		
Accrued liabilities and reserves	\$ 245	\$ 255
Tax loss and credit carryforwards	6,041	3,237
Inventories	43	58
Intangible assets	964	—
Pension and postretirement benefits	248	179
Deferred revenue	4	5
Interest	134	30
Unrecognized income tax benefits	7	8
Basis difference in subsidiaries	—	946
Other	8	13
Gross deferred tax assets	7,694	4,731
Valuation allowance	(4,970)	(2,191)
Deferred tax assets, net of valuation allowance	2,724	2,540
Deferred tax liabilities:		
Intangible assets	—	(552)
Property, plant, and equipment	(57)	(13)
Other	(47)	(38)
Total deferred tax liabilities	(104)	(603)
Net deferred tax assets	<u>\$ 2,620</u>	<u>\$ 1,937</u>

Our tax loss and credit carryforwards (tax effected) at fiscal year end 2019 were as follows:

	Expiration Period			
	Through Fiscal 2024	Through Fiscal 2039	No Expiration	Total
	(in millions)			
U.S. Federal:				
Net operating loss carryforwards	\$ 128	\$ 359	\$ 41	\$ 528
Tax credit carryforwards	42	123	—	165
Capital loss carryforwards	1	—	—	1
U.S. State:				
Net operating loss carryforwards	50	39	—	89
Tax credit carryforwards	8	13	3	24
Non-U.S.:				
Net operating loss carryforwards	12	3,437	1,756	5,205
Tax credit carryforwards	—	—	1	1
Capital loss carryforwards	—	2	26	28
Total tax loss and credit carryforwards	<u>\$ 241</u>	<u>\$ 3,973</u>	<u>\$ 1,827</u>	<u>\$ 6,041</u>

The valuation allowance for deferred tax assets of \$4,970 million and \$2,191 million at fiscal year end 2019 and 2018, respectively, related principally to the uncertainty of the utilization of certain deferred tax assets, primarily tax loss, capital loss, and credit carryforwards in various jurisdictions. During fiscal 2019, tax loss and carryforwards increased

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

primarily as a result of a \$2,891 million (tax effected) net write-down of investments in subsidiaries in certain jurisdictions, offset by a corresponding increase to the valuation allowance. We believe that we will generate sufficient future taxable income to realize the income tax benefits related to the remaining net deferred tax assets on the Consolidated Balance Sheet.

We have provided income taxes for earnings that are currently distributed as well as the taxes associated with several subsidiaries' earnings that are expected to be distributed in the future. No additional provision has been made for Swiss or non-Swiss income taxes on the undistributed earnings of subsidiaries or for unrecognized deferred tax liabilities for temporary differences related to basis differences in investments in subsidiaries, as such earnings are expected to be permanently reinvested, the investments are essentially permanent in duration, or we have concluded that no additional tax liability will arise as a result of the distribution of such earnings. As of fiscal year end 2019, certain subsidiaries had approximately \$26 billion of cumulative undistributed earnings that have been retained indefinitely and reinvested in our global manufacturing operations, including working capital; property, plant, and equipment; intangible assets; and research and development activities. A liability could arise if our intention to permanently reinvest such earnings were to change and amounts are distributed by such subsidiaries or if such subsidiaries are ultimately disposed. It is not practicable to estimate the additional income taxes related to permanently reinvested earnings or the basis differences related to investments in subsidiaries. As of fiscal year end 2019, we had approximately \$9.1 billion of cash, cash equivalents, and intercompany deposits, principally in our subsidiaries, that we have the ability to distribute to TEGSA, our Luxembourg subsidiary, which is the obligor of substantially all of our debt, and to TE Connectivity Ltd., our Swiss parent company, but we consider to be permanently reinvested. We estimate that up to \$1.0 billion of tax expense would be recognized on the Consolidated Financial Statements if our intention to permanently reinvest these amounts were to change. Our current plans do not demonstrate a need to repatriate cash, cash equivalents, and intercompany deposits that are designated as permanently reinvested in order to fund our operations, including investing and financing activities.

Uncertain Tax Positions

As of fiscal year end 2019, we had total unrecognized income tax benefits of \$542 million. If recognized in future years, \$397 million of these currently unrecognized income tax benefits would impact income tax expense (benefit) and the effective tax rate. As of fiscal year end 2018, we had total unrecognized income tax benefits of \$566 million. If recognized in future years, \$467 million of these currently unrecognized income tax benefits would impact income tax expense (benefit) and the effective tax rate. The following table summarizes the activity related to unrecognized income tax benefits:

	Fiscal		
	2019	2018	2017
	(in millions)		
Balance at beginning of fiscal year	\$ 566	\$ 501	\$ 490
Additions related to prior years tax positions	13	14	40
Reductions related to prior years tax positions	(101)	(11)	(9)
Additions related to current year tax positions	98	105	70
Settlements	(2)	(7)	(4)
Reductions due to lapse of applicable statute of limitations	(32)	(36)	(86)
Balance at end of fiscal year	<u>\$ 542</u>	<u>\$ 566</u>	<u>\$ 501</u>

We record accrued interest and penalties related to uncertain tax positions as part of income tax expense (benefit). As of fiscal year end 2019 and 2018, we had \$42 million and \$60 million, respectively, of accrued interest and penalties related to uncertain tax positions on the Consolidated Balance Sheets, recorded primarily in income taxes. During fiscal 2019, 2018, and 2017, we recognized income tax benefits of \$14 million, expense of \$5 million, and benefits of \$5 million, respectively, related to interest and penalties on the Consolidated Statements of Operations.

We file income tax returns on a unitary, consolidated, or stand-alone basis in multiple state and local jurisdictions, which generally have statutes of limitations ranging from 3 to 4 years. Various state and local income tax returns are currently in the process of examination or administrative appeal.

TE CONNECTIVITY LTD.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)**

Our non-U.S. subsidiaries file income tax returns in the countries in which they have operations. Generally, these countries have statutes of limitations ranging from 3 to 10 years. Various non-U.S. subsidiary income tax returns are currently in the process of examination by taxing authorities.

As of fiscal year end 2019, under applicable statutes, the following tax years remained subject to examination in the major tax jurisdictions indicated:

Jurisdiction	Open Years
Brazil	2014 through 2019
China	2009 through 2019
Czech Republic	2016 through 2019
France	2016 through 2019
Germany	2017 through 2019
Hong Kong	2013 through 2019
Ireland	2014 through 2019
Italy	2014 through 2019
Japan	2013 through 2019
Luxembourg	2014 through 2019
Mexico	2014 through 2019
Singapore	2014 through 2019
South Korea	2014 through 2019
Spain	2015 through 2019
Switzerland	2014 through 2019
Thailand	2017 through 2019
United Kingdom	2017 through 2019
U.S.—federal	2016 through 2019

In most jurisdictions, taxing authorities retain the ability to review prior tax years and to adjust any net operating loss and tax credit carryforwards from these years that are utilized in a subsequent period.

Although it is difficult to predict the timing or results of our worldwide examinations, we estimate that approximately \$100 million of unrecognized income tax benefits, excluding the impact relating to accrued interest and penalties, could be resolved within the next twelve months.

We are not aware of any other matters that would result in significant changes to the amount of unrecognized income tax benefits reflected on the Consolidated Balance Sheet as of fiscal year end 2019.

Other Income Tax Matters***Swiss Tax Reform***

Swiss Parliament approved the Federal Act on Tax Reform and AHV Financing in September 2018, and it was approved by public vote on May 19, 2019. Swiss Tax Reform eliminates certain preferential tax items and implements new tax rates at both the federal and cantonal levels.

Subsequent to the public approval of Swiss Tax Reform, on May 24, 2019, the federal tax authority issued guidance abolishing certain interest deductions effective January 1, 2020. The federal provisions of Swiss Tax Reform were enacted into law in the quarter ended September 27, 2019. Based on our forecast of taxable income and the abolishment of certain interest deductions, we believe it is more likely than not that additional deferred tax assets for tax loss carryforwards in Switzerland will be realized in the future. As a result, during fiscal 2019, we recorded a \$216 million income tax benefit related primarily to the reduction to the valuation allowance for deferred tax assets.

In October 2019, the canton of Schaffhausen enacted Swiss Tax Reform into law. We are currently assessing the impacts of the cantonal implementation, including reductions in tax rates.

TE CONNECTIVITY LTD.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)*****Tax Cuts and Jobs Act***

The Tax Cuts and Jobs Act, which was enacted in December 2017, included numerous significant changes to existing tax law, including a permanent reduction in the U.S. federal corporate income tax rate to 21%, effective January 1, 2018; further limitations on the deductibility of interest expense and certain executive compensation; repeal of the corporate Alternative Minimum Tax; and imposition of a territorial tax system with a one-time repatriation tax on deemed repatriated earnings of foreign subsidiaries. In the period of enactment, we revalued our U.S. federal deferred tax assets and liabilities at the 21% tax rate and recorded income tax expense of \$567 million primarily in connection with the write-down of our U.S. federal deferred tax asset for net operating loss and interest carryforwards to the lower tax rate. Included in the expense of \$567 million was an income tax benefit of \$34 million related to the reduction in the existing valuation allowance recorded against certain U.S. federal tax credit carryforwards.

Tax Sharing Agreement

Under a Tax Sharing Agreement entered into upon our separation from Tyco International plc (“Tyco International”) in fiscal 2007, we, Tyco International, and Covidien plc (“Covidien”) share 31%, 27%, and 42%, respectively, of income tax liabilities that arise from adjustments made by tax authorities to the collective income tax returns for periods prior to and including June 29, 2007. Pursuant to the Tax Sharing Agreement, we entered into certain guarantee commitments and indemnifications with Tyco International and Covidien. We have substantially settled all U.S. federal income tax matters with the IRS for periods covered under the Tax Sharing Agreement. Certain shared U.S. state and non-U.S. income tax matters remain open. We do not expect these matters will have a material effect on our results of operations, financial position, or cash flows. As a result of subsequent transactions, Tyco International and Covidien now operate as part of Johnson Controls International plc and Medtronic plc, respectively.

16. Earnings Per Share

The weighted-average number of shares outstanding used in the computations of basic and diluted earnings per share were as follows:

	Fiscal		
	2019	2018	2017
	(in millions)		
Basic	338	350	355
Dilutive impact of share-based compensation arrangements	2	3	3
Diluted	<u>340</u>	<u>353</u>	<u>358</u>

The following share options were not included in the computation of diluted earnings per share because the instruments’ underlying exercise prices were greater than the average market prices of our common shares and inclusion would be antidilutive:

	Fiscal		
	2019	2018	2017
	(in millions)		
Antidilutive share options	1	1	1

17. Shareholders’ Equity***Common Shares***

We are organized under the laws of Switzerland. The rights of holders of our shares are governed by Swiss law, our Swiss articles of association, and our Swiss organizational regulations. Accordingly, the par value of our common shares is stated in Swiss francs (“CHF”). We continue to use the U.S. dollar, however, as our reporting currency on the Consolidated Financial Statements.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Subject to certain conditions specified in our articles of association, we are authorized to increase our conditional share capital by issuing new shares in aggregate not exceeding 50% of our authorized shares. In March 2018, our shareholders reapproved and extended through March 14, 2020, our board of directors' authorization to issue additional new shares, subject to certain conditions specified in the articles of association, in aggregate not exceeding 50% of the amount of our authorized shares.

Common Shares Held in Treasury

At fiscal year end 2019, approximately 16 million common shares were held in treasury, of which 4 million were owned by one of our subsidiaries. At fiscal year end 2018, approximately 12 million common shares were held in treasury, of which 6 million were owned by one of our subsidiaries. Shares held both directly by us and by our subsidiary are presented as treasury shares on the Consolidated Balance Sheets.

In fiscal 2019 and 2017, our shareholders approved the cancellation of 6 million and 26 million shares, respectively, purchased under our share repurchase program. These capital reductions by cancellation of shares were subject to a notice period and filing with the commercial register in Switzerland.

Contributed Surplus

During fiscal 2017, cumulative equity transactions, including dividend activity and treasury share cancellations, reduced our contributed surplus balance to zero with residual activity recorded against accumulated earnings as reflected on the Consolidated Statement of Shareholders' Equity. To the extent that the contributed surplus balance continues to be zero, the impact of future transactions that normally would have been recorded as a reduction of contributed surplus will be recorded in accumulated earnings. Contributed surplus established for Swiss tax and statutory purposes ("Swiss Contributed Surplus") is not impacted by our GAAP treatment.

Swiss Contributed Surplus, subject to certain conditions, is a freely distributable reserve. As of fiscal year end 2019 and 2018, Swiss Contributed Surplus was CHF 6,107 million and CHF 6,724 million, respectively (equivalent to \$5,195 million and \$5,809 million, respectively).

Dividends

We paid cash dividends to shareholders of \$1.80, \$1.68, and \$1.54 per share in fiscal 2019, 2018, and 2017, respectively.

Under Swiss law, subject to certain conditions, dividends paid from reserves from capital contributions (equivalent to Swiss Contributed Surplus) are exempt from Swiss withholding tax. Dividends on our shares must be approved by our shareholders.

TE CONNECTIVITY LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Our shareholders approved the following dividends on our common shares:

Approval Date	Annual Payment Per Share	Payment Timing
March 2016	\$1.48, payable in four quarterly installments of \$0.37	Third quarter of fiscal 2016 Fourth quarter of fiscal 2016 First quarter of fiscal 2017 Second quarter of fiscal 2017
March 2017	\$1.60, payable in four quarterly installments of \$0.40	Third quarter of fiscal 2017 Fourth quarter of fiscal 2017 First quarter of fiscal 2018 Second quarter of fiscal 2018
March 2018	\$1.76, payable in four quarterly installments of \$0.44	Third quarter of fiscal 2018 Fourth quarter of fiscal 2018 First quarter of fiscal 2019 Second quarter of fiscal 2019
March 2019	\$1.84, payable in four quarterly installments of \$0.46	Third quarter of fiscal 2019 Fourth quarter of fiscal 2019 First quarter of fiscal 2020 Second quarter of fiscal 2020

Upon shareholders' approval of a dividend payment, we record a liability with a corresponding charge to shareholders' equity. At fiscal year end 2019 and 2018, the unpaid portion of the dividends recorded in accrued and other current liabilities on the Consolidated Balance Sheets totaled \$308 million and \$303 million, respectively.

Share Repurchase Program

In both fiscal 2019 and 2018, our board of directors authorized increases of \$1.5 billion in our share repurchase program. Common shares repurchased under the share repurchase program were as follows:

	Fiscal		
	2019	2018	2017
	(in millions)		
Number of common shares repurchased	12	10	8
Repurchase value	\$ 1,014	\$ 966	\$ 621

At fiscal year end 2019, we had \$1.5 billion of availability remaining under our share repurchase authorization.

TE CONNECTIVITY LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

18. Accumulated Other Comprehensive Income (Loss)

The changes in each component of accumulated other comprehensive income (loss) were as follows:

	Foreign Currency Translation Adjustments ⁽¹⁾	Unrecognized Pension and Postretirement Benefit Costs	Gains (Losses) on Cash Flow Hedges	Accumulated Other Comprehensive Income (Loss)
	(in millions)			
Balance at fiscal year end 2016	\$ 316	\$ (826)	\$ (32)	\$ (542)
Other comprehensive income, net of tax:				
Other comprehensive income before reclassifications	38	378	32	448
Amounts reclassified from accumulated other comprehensive income (loss)	(1)	74	(14)	59
Income tax expense	—	(122)	(3)	(125)
Other comprehensive income, net of tax	37	330	15	382
Balance at fiscal year end 2017	353	(496)	(17)	(160)
Adoption of ASU No. 2018-02	—	(39)	1	(38)
Other comprehensive income (loss), net of tax:				
Other comprehensive income (loss) before reclassifications	(117)	64	(60)	(113)
Amounts reclassified from accumulated other comprehensive income (loss)	—	40	(23)	17
Income tax (expense) benefit	—	(21)	9	(12)
Other comprehensive income (loss), net of tax	(117)	83	(74)	(108)
Balance at fiscal year end 2018	236	(452)	(90)	(306)
Other comprehensive income (loss), net of tax:				
Other comprehensive income (loss) before reclassifications	(115)	(295)	35	(375)
Amounts reclassified from accumulated other comprehensive income (loss)	67 ⁽²⁾	34	15	116
Income tax (expense) benefit	—	66	(4)	62
Other comprehensive income (loss), net of tax	(48)	(195)	46	(197)
Balance at fiscal year end 2019	\$ 188	\$ (647)	\$ (44)	\$ (503)

(1) Includes hedges of net investment foreign currency exchange gains or losses which offset foreign currency exchange losses or gains attributable to the translation of the net investments.

(2) Represents net foreign currency translation adjustments reclassified as a result of the sale of the SubCom business. This net loss is included in income (loss) from discontinued operations on the Consolidated Statement of Operations. See Note 4 for additional information regarding the divestiture of SubCom.

19. Share Plans

Our equity compensation plans, of which the TE Connectivity Ltd. 2007 Stock and Incentive Plan, amended and restated as of March 8, 2017, is the primary plan, provide for the award of annual performance bonuses and long-term performance awards, including share options; restricted, performance, and deferred share units; and other share-based awards (collectively, “Awards”) and allow for the use of unissued shares or treasury shares to be used to satisfy such Awards. As of fiscal year end 2019, our plans provided for a maximum of 77 million shares to be issued as Awards, subject to adjustment as provided under the terms of the plans. A total of 18 million shares remained available for issuance under our plans as of fiscal year end 2019.

TE CONNECTIVITY LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Share-Based Compensation Expense

Share-based compensation expense, which was included primarily in selling, general, and administrative expenses on the Consolidated Statements of Operations, was as follows:

	Fiscal		
	2019	2018	2017
	(in millions)		
Share-based compensation expense	\$ 75	\$ 95	\$ 95

We recognized a related tax benefit associated with our share-based compensation arrangements of \$16 million, \$20 million, and \$31 million in fiscal 2019, 2018, and 2017, respectively.

Restricted Share Awards

Restricted share awards, which are generally in the form of restricted share units, are granted subject to certain restrictions. Conditions of vesting are determined at the time of grant. All restrictions on an award will lapse upon death or disability of the employee. If the employee satisfies retirement requirements, a portion of the award may vest, depending on the terms and conditions of the particular grant. Recipients of restricted share units have no voting rights, but do receive dividend equivalents. For grants that vest through passage of time, the fair value of the award at the time of the grant is amortized to expense over the period of vesting. The fair value of restricted share awards is determined based on the closing value of our shares on the grant date. Restricted share awards generally vest in increments over a period of four years as determined by the management development and compensation committee.

Restricted share award activity was as follows:

	Shares	Weighted-Average Grant-Date Fair Value
Nonvested at fiscal year end 2018	1,631,470	\$ 75.39
Granted	692,899	77.77
Vested	(689,040)	70.31
Forfeited	(232,910)	78.80
Nonvested at fiscal year end 2019	<u>1,402,419</u>	<u>\$ 78.36</u>

The weighted-average grant-date fair value of restricted share awards granted during fiscal 2019, 2018, and 2017 was \$77.77, \$93.45, and \$67.72, respectively.

The total fair value of restricted share awards that vested during fiscal 2019, 2018, and 2017 was \$48 million, \$50 million, and \$50 million, respectively.

As of fiscal year end 2019, there was \$64 million of unrecognized compensation expense related to nonvested restricted share awards, which is expected to be recognized over a weighted-average period of 1.7 years.

Performance Share Awards

Performance share awards, which are generally in the form of performance share units, are granted with pay-out subject to vesting requirements and certain performance conditions that are determined at the time of grant. Based on our performance, the pay-out of performance share units can range from 0% to 200% of the number of units originally granted. The grant-date fair value of performance share awards is expensed over the period of performance once achievement of the performance criteria is deemed probable. Recipients of performance share units have no voting rights but do receive dividend equivalents. Performance share awards generally vest after a period of three years as determined by the management development and compensation committee.

TE CONNECTIVITY LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Performance share award activity was as follows:

	Shares	Weighted-Average Grant-Date Fair Value
Outstanding at fiscal year end 2018	688,903	\$ 73.38
Granted	397,716	71.38
Vested	(448,652)	65.84
Forfeited	(52,844)	74.87
Outstanding at fiscal year end 2019	<u>585,123</u>	<u>\$ 77.44</u>

The weighted-average grant-date fair value of performance share awards granted during fiscal 2019, 2018, and 2017 was \$71.38, \$92.96, and \$62.88, respectively.

The total fair value of performance share awards that vested during fiscal 2019, 2018, and 2017 was \$30 million, \$19 million, and \$15 million, respectively.

As of fiscal year end 2019, there was \$16 million of unrecognized compensation expense related to nonvested performance share awards, which is expected to be recognized over a weighted-average period of 1.0 years.

Share Options

Share options are granted to purchase our common shares at prices which are equal to or greater than the market price of the common shares on the date the option is granted. Conditions of vesting are determined at the time of grant. All restrictions on the award will lapse upon death or disability of the employee. If the employee satisfies retirement requirements, a portion of the award may vest, depending on the terms and conditions of the particular grant. Options generally vest and become exercisable in equal annual installments over a period of four years and expire ten years after the date of grant.

Share option award activity was as follows:

	Shares	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value (in millions)
Outstanding at fiscal year end 2018	6,759,077	\$ 65.85		
Granted	1,608,300	76.91		
Exercised	(1,546,377)	54.09		
Expired	(19,099)	85.80		
Forfeited	(456,958)	75.95		
Outstanding at fiscal year end 2019	<u>6,344,943</u>	\$ 70.72	7.0	\$ 140
Vested and expected to vest at fiscal year end 2019	6,000,393	\$ 70.31	7.0	\$ 135
Exercisable at fiscal year end 2019	2,855,129	\$ 62.01	5.6	\$ 88

The weighted-average exercise price of share option awards granted during fiscal 2019, 2018, and 2017 was \$76.91, \$93.44, and \$66.76, respectively.

The total intrinsic value of options exercised during fiscal 2019, 2018, and 2017 was \$58 million, \$106 million, and \$130 million, respectively. We received cash related to the exercise of options of \$85 million, \$100 million, and \$117 million in fiscal 2019, 2018, and 2017, respectively.

As of fiscal year end 2019, there was \$30 million of unrecognized compensation expense related to nonvested share options granted under our share option plans, which is expected to be recognized over a weighted-average period of 1.7 years.

TE CONNECTIVITY LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Share-Based Compensation Assumptions

The grant-date fair value of each share option grant was estimated using the Black-Scholes-Merton option pricing model. Use of a valuation model requires management to make certain assumptions with respect to selected model inputs. We employ our historical share volatility when calculating the grant-date fair value of our share option grants using the Black-Scholes-Merton option pricing model. Currently, we do not have exchange-traded options of sufficient duration to employ an implied volatility assumption in the calculation and therefore rely solely on the historical volatility calculation. The average expected life was based on the contractual term of the option and expected employee exercise and post-vesting employment termination behavior. The risk-free interest rate was based on U.S. Treasury zero-coupon issues with a remaining term that approximated the expected life assumed at the date of grant. The expected annual dividend per share was based on our expected dividend rate. The recognized share-based compensation expense was net of estimated forfeitures, which are based on voluntary termination behavior as well as an analysis of actual option forfeitures.

The weighted-average grant-date fair value of options granted and the weighted-average assumptions we used in the Black-Scholes-Merton option pricing model were as follows:

	Fiscal		
	2019	2018	2017
Weighted-average grant-date fair value	\$ 13.40	\$ 16.49	\$ 12.80
Assumptions:			
Expected share price volatility	20 %	20 %	24 %
Risk-free interest rate	3.0 %	2.2 %	1.9 %
Expected annual dividend per share	\$ 1.76	\$ 1.60	\$ 1.48
Expected life of options (in years)	5.2	5.3	5.6

20. Segment and Geographic Data

We operate through three reportable segments: Transportation Solutions, Industrial Solutions, and Communications Solutions. See Note 1 for a description of the segments in which we operate.

Segment performance is evaluated based on net sales and operating income. Generally, we consider all expenses to be of an operating nature and, accordingly, allocate them to each reportable segment. Costs specific to a segment are charged to the segment. Corporate expenses, such as headquarters administrative costs, are allocated to the segments based on segment operating income. Intersegment sales were not material and were recorded at selling prices that approximated market prices. Corporate assets are allocated to the segments based on segment assets.

TE CONNECTIVITY LTD.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Net sales by segment and industry end market⁽¹⁾ were as follows:

	Fiscal		
	2019	2018	2017
	(in millions)		
Transportation Solutions:			
Automotive	\$ 5,686	\$ 6,092	\$ 5,228
Commercial transportation	1,221	1,280	997
Sensors	914	918	814
Total Transportation Solutions	7,821	8,290	7,039
Industrial Solutions:			
Industrial equipment	1,949	1,987	1,747
Aerospace, defense, oil, and gas	1,306	1,157	1,075
Energy	699	712	685
Total Industrial Solutions	3,954	3,856	3,507
Communications Solutions:			
Data and devices	993	1,068	963
Appliances	680	774	676
Total Communications Solutions	1,673	1,842	1,639
Total	\$ 13,448	\$ 13,988	\$ 12,185

- (1) Industry end market information is presented consistently with our internal management reporting and may be revised periodically as management deems necessary.

Net sales by geographic region and segment were as follows:

	Fiscal		
	2019	2018	2017
	(in millions)		
Europe/Middle East/Africa ("EMEA"):			
Transportation Solutions	\$ 3,099	\$ 3,417	\$ 2,786
Industrial Solutions	1,466	1,534	1,354
Communications Solutions	258	304	259
Total EMEA	4,823	5,255	4,399
Asia-Pacific:			
Transportation Solutions	2,812	3,025	2,715
Industrial Solutions	625	668	634
Communications Solutions	964	1,069	963
Total Asia-Pacific	4,401	4,762	4,312
Americas:			
Transportation Solutions	1,910	1,848	1,538
Industrial Solutions	1,863	1,654	1,519
Communications Solutions	451	469	417
Total Americas	4,224	3,971	3,474
Total	\$ 13,448	\$ 13,988	\$ 12,185

TE CONNECTIVITY LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Operating income by segment was as follows:

	Fiscal		
	2019	2018	2017
	(in millions)		
Transportation Solutions	\$ 1,226	\$ 1,578	\$ 1,294
Industrial Solutions	543	465	364
Communications Solutions	209	288	218
Total	<u>\$ 1,978</u>	<u>\$ 2,331</u>	<u>\$ 1,876</u>

No single customer accounted for a significant amount of our net sales in fiscal 2019, 2018, or 2017.

As we are not organized by product or service, it is not practicable to disclose net sales by product or service.

Depreciation and amortization and capital expenditures were as follows:

	Depreciation and Amortization			Capital Expenditures		
	Fiscal			Fiscal		
	2019	2018	2017	2019	2018	2017
	(in millions)					
Transportation Solutions	\$ 442	\$ 416	\$ 362	\$ 530	\$ 711	\$ 473
Industrial Solutions	181	178	165	145	145	123
Communications Solutions	67	73	84	74	79	83
Total	<u>\$ 690</u>	<u>\$ 667</u>	<u>\$ 611</u>	<u>\$ 749</u>	<u>\$ 935</u>	<u>\$ 679</u>

Segment assets and a reconciliation of segment assets to total assets were as follows:

	Segment Assets		
	Fiscal Year End		
	2019	2018	2017
	(in millions)		
Transportation Solutions	\$ 4,781	\$ 4,707	\$ 4,084
Industrial Solutions	2,100	2,049	1,909
Communications Solutions	849	959	951
Total segment assets ⁽¹⁾	7,730	7,715	6,944
Other current assets	1,398	1,981	2,141
Other non-current assets	10,566	10,690	10,318
Total assets	<u>\$ 19,694</u>	<u>\$ 20,386</u>	<u>\$ 19,403</u>

- (1) Segment assets are composed of accounts receivable, inventories, and net property, plant, and equipment.

TE CONNECTIVITY LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

Net sales and net property, plant, and equipment by geographic region were as follows:

	Net Sales ⁽¹⁾ Fiscal			Property, Plant, and Equipment, Net Fiscal Year End		
	2019	2018	2017	2019	2018	2017
	(in millions)					
EMEA:						
Switzerland	\$ 3,251	\$ 3,478	\$ 3,016	\$ 92	\$ 94	\$ 80
Germany	404	443	235	443	448	413
Other EMEA	1,168	1,334	1,148	851	829	741
Total EMEA	4,823	5,255	4,399	1,386	1,371	1,234
Asia-Pacific:						
China	2,443	2,739	2,414	642	627	555
Other Asia-Pacific	1,958	2,023	1,898	449	436	390
Total Asia-Pacific	4,401	4,762	4,312	1,091	1,063	945
Americas:						
U.S.	3,794	3,583	3,136	991	964	880
Other Americas	430	388	338	106	99	100
Total Americas	4,224	3,971	3,474	1,097	1,063	980
Total	\$ 13,448	\$ 13,988	\$ 12,185	\$ 3,574	\$ 3,497	\$ 3,159

(1) Net sales to external customers are attributed to individual countries based on the legal entity that records the sale.

21. Quarterly Financial Data (unaudited)

Summarized quarterly financial data was as follows:

	Fiscal							
	2019				2018			
	First Quarter ⁽¹⁾	Second Quarter	Third Quarter ⁽²⁾	Fourth Quarter	First Quarter ⁽³⁾	Second Quarter	Third Quarter	Fourth Quarter ⁽⁴⁾
	(in millions, except per share data)							
Net sales	\$ 3,347	\$ 3,412	\$ 3,389	\$ 3,300	\$ 3,336	\$ 3,562	\$ 3,581	\$ 3,509
Gross margin	1,114	1,118	1,110	1,052	1,164	1,212	1,187	1,182
Acquisition and integration costs	5	7	9	6	2	3	4	5
Restructuring and other charges, net	75	42	67	71	34	6	64	22
Income (loss) from continuing operations	383	429	758	376	(33)	490	453	1,674
Income (loss) from discontinued operations, net of income taxes	(107)	10	(1)	(4)	(7)	—	1	(13)
Net income (loss)	276	439	757	372	(40)	490	454	1,661
Basic earnings (loss) per share:								
Income (loss) from continuing operations	\$ 1.12	\$ 1.27	\$ 2.25	\$ 1.12	\$ (0.09)	\$ 1.40	\$ 1.30	\$ 4.82
Net income (loss)	0.81	1.30	2.25	1.11	(0.11)	1.40	1.30	4.79
Diluted earnings (loss) per share:								
Income (loss) from continuing operations	\$ 1.11	\$ 1.26	\$ 2.24	\$ 1.11	\$ (0.09)	\$ 1.38	\$ 1.29	\$ 4.78
Net income (loss)	0.80	1.29	2.23	1.10	(0.11)	1.38	1.29	4.75

(1) Results for the quarter ended December 28, 2018 included a pre-tax loss of \$86 million on the sale of our SubCom business which was reported as a discontinued operation on our Consolidated Financial Statements. See Note 4 for additional information regarding discontinued operations.

TE CONNECTIVITY LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

- (2) Results for the quarter ended June 28, 2019 included a \$214 million income tax benefit related to the tax impacts of certain measures of Swiss Tax Reform and a \$93 million income tax benefit related to the effective settlement of a tax audit in a non-U.S. jurisdiction. See Note 15 for additional information regarding income taxes.
- (3) Results for the quarter ended December 29, 2017 included \$567 million of income tax expense related to the tax impacts of the Tax Cuts and Jobs Act. See Note 15 for additional information regarding income taxes.
- (4) Results for the quarter ended September 28, 2018 included a \$1,222 million net income tax benefit associated with the tax impacts of certain legal entity restructurings and intercompany transactions. See Note 15 for additional information regarding income taxes.

22. Tyco Electronics Group S.A.

Tyco Electronics Group S.A. ("TEGSA"), a Luxembourg company and our 100%-owned subsidiary, is a holding company that owns, directly or indirectly, all of our operating subsidiaries. TEGSA is the obligor under our senior notes, commercial paper, and Credit Facility, which are fully and unconditionally guaranteed by its parent, TE Connectivity Ltd. The following tables present condensed consolidating financial information for TE Connectivity Ltd., TEGSA, and all other subsidiaries that are not providing a guarantee of debt but which represent assets of TEGSA, using the equity method of accounting.

**Condensed Consolidating Statement of Operations
For the Fiscal Year Ended September 27, 2019**

	TE Connectivity Ltd.	TEGSA	Other Subsidiaries	Consolidating Adjustments	Total
	(in millions)				
Net sales	\$ —	\$ —	\$ 13,448	\$ —	\$ 13,448
Cost of sales	—	—	9,054	—	9,054
Gross margin	—	—	4,394	—	4,394
Selling, general, and administrative expenses, net ⁽¹⁾	128	(155)	1,517	—	1,490
Research, development, and engineering expenses	—	—	644	—	644
Acquisition and integration costs	—	—	27	—	27
Restructuring and other charges, net	—	—	255	—	255
Operating income (loss)	(128)	155	1,951	—	1,978
Interest income	—	1	18	—	19
Interest expense	—	(64)	(4)	—	(68)
Other income, net	—	1	1	—	2
Equity in net income of subsidiaries	2,194	2,287	—	(4,481)	—
Equity in net loss of subsidiaries of discontinued operations	(102)	(52)	—	154	—
Intercompany interest income (expense), net	(120)	(186)	306	—	—
Income from continuing operations before income taxes	1,844	2,142	2,272	(4,327)	1,931
Income tax benefit	—	—	15	—	15
Income from continuing operations	1,844	2,142	2,287	(4,327)	1,946
Loss from discontinued operations, net of income taxes	—	(50)	(52)	—	(102)
Net income	1,844	2,092	2,235	(4,327)	1,844
Other comprehensive loss	(197)	(197)	(290)	487	(197)
Comprehensive income	<u>\$ 1,647</u>	<u>\$ 1,895</u>	<u>\$ 1,945</u>	<u>\$ (3,840)</u>	<u>\$ 1,647</u>

- (1) TEGSA selling, general, and administrative expenses include gains of \$194 million related to intercompany transactions. These gains are offset by corresponding losses recorded by other subsidiaries.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

**Condensed Consolidating Statement of Operations
For the Fiscal Year Ended September 28, 2018**

	TE Connectivity Ltd.	TEGSA	Other Subsidiaries (in millions)	Consolidating Adjustments	Total
Net sales	\$ —	\$ —	\$ 13,988	\$ —	\$ 13,988
Cost of sales	—	—	9,243	—	9,243
Gross margin	—	—	4,745	—	4,745
Selling, general, and administrative expenses, net	154	6	1,434	—	1,594
Research, development, and engineering expenses	—	—	680	—	680
Acquisition and integration costs	—	—	14	—	14
Restructuring and other charges, net	—	—	126	—	126
Operating income (loss)	(154)	(6)	2,491	—	2,331
Interest income	—	2	13	—	15
Interest expense	—	(105)	(2)	—	(107)
Other income, net	—	—	1	—	1
Equity in net income of subsidiaries	2,808	2,841	—	(5,649)	—
Equity in net loss of subsidiaries of discontinued operations	(19)	(19)	—	38	—
Intercompany interest income (expense), net	(70)	76	(6)	—	—
Income from continuing operations before income taxes	2,565	2,789	2,497	(5,611)	2,240
Income tax benefit	—	—	344	—	344
Income from continuing operations	2,565	2,789	2,841	(5,611)	2,584
Loss from discontinued operations, net of income taxes	—	—	(19)	—	(19)
Net income	2,565	2,789	2,822	(5,611)	2,565
Other comprehensive loss	(108)	(108)	(82)	190	(108)
Comprehensive income	<u>\$ 2,457</u>	<u>\$ 2,681</u>	<u>\$ 2,740</u>	<u>\$ (5,421)</u>	<u>\$ 2,457</u>

TE CONNECTIVITY LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

**Condensed Consolidating Statement of Operations
For the Fiscal Year Ended September 29, 2017**

	TE Connectivity Ltd.	TEGSA	Other Subsidiaries (in millions)	Consolidating Adjustments	Total
Net sales	\$ —	\$ —	\$ 12,185	\$ —	\$ 12,185
Cost of sales	—	—	8,002	—	8,002
Gross margin	—	—	4,183	—	4,183
Selling, general, and administrative expenses, net ⁽¹⁾	184	1,911	(552)	—	1,543
Research, development, and engineering expenses	—	—	611	—	611
Acquisition and integration costs	—	—	6	—	6
Restructuring and other charges, net	—	—	147	—	147
Operating income (loss)	(184)	(1,911)	3,971	—	1,876
Interest income	—	—	16	—	16
Interest expense	—	(129)	(1)	—	(130)
Other expense, net	—	—	(42)	—	(42)
Equity in net income of subsidiaries	1,756	3,686	—	(5,442)	—
Equity in net income of subsidiaries of discontinued operations	143	156	—	(299)	—
Intercompany interest income (expense), net	(32)	110	(78)	—	—
Income from continuing operations before income taxes	1,683	1,912	3,866	(5,741)	1,720
Income tax expense	—	—	(180)	—	(180)
Income from continuing operations	1,683	1,912	3,686	(5,741)	1,540
Income (loss) from discontinued operations, net of income taxes ⁽²⁾	—	(13)	156	—	143
Net income	1,683	1,899	3,842	(5,741)	1,683
Other comprehensive income	382	382	375	(757)	382
Comprehensive income	<u>\$ 2,065</u>	<u>\$ 2,281</u>	<u>\$ 4,217</u>	<u>\$ (6,498)</u>	<u>\$ 2,065</u>

(1) TEGSA selling, general and administrative expenses include losses of \$1,965 million related to intercompany transactions. These losses are offset by corresponding gains recorded by other subsidiaries.

(2) Includes the internal allocation of gains and losses associated with the divestiture of our Broadband Network Solutions business.

TE CONNECTIVITY LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

**Condensed Consolidating Balance Sheet
As of September 27, 2019**

	TE Connectivity Ltd.	TEGSA	Other Subsidiaries	Consolidating Adjustments	Total
	(in millions)				
Assets					
Current assets:					
Cash and cash equivalents	\$ —	\$ —	\$ 927	\$ —	\$ 927
Accounts receivable, net	—	—	2,320	—	2,320
Inventories	—	—	1,836	—	1,836
Intercompany receivables	49	2,959	60	(3,068)	—
Prepaid expenses and other current assets	4	36	431	—	471
Total current assets	53	2,995	5,574	(3,068)	5,554
Property, plant, and equipment, net	—	—	3,574	—	3,574
Goodwill	—	—	5,740	—	5,740
Intangible assets, net	—	—	1,596	—	1,596
Deferred income taxes	—	—	2,776	—	2,776
Investment in subsidiaries	13,865	28,336	—	(42,201)	—
Intercompany loans receivable	—	2,562	16,033	(18,595)	—
Other assets	—	72	382	—	454
Total assets	<u>\$ 13,918</u>	<u>\$ 33,965</u>	<u>\$ 35,675</u>	<u>\$ (63,864)</u>	<u>\$ 19,694</u>
Liabilities and shareholders' equity					
Current liabilities:					
Short-term debt	\$ —	\$ 568	\$ 2	\$ —	\$ 570
Accounts payable	1	—	1,356	—	1,357
Accrued and other current liabilities	328	57	1,228	—	1,613
Intercompany payables	3,019	—	49	(3,068)	—
Total current liabilities	3,348	625	2,635	(3,068)	3,540
Long-term debt	—	3,395	—	—	3,395
Intercompany loans payable	—	16,033	2,562	(18,595)	—
Long-term pension and postretirement liabilities	—	—	1,367	—	1,367
Deferred income taxes	—	—	156	—	156
Income taxes	—	—	239	—	239
Other liabilities	—	47	380	—	427
Total liabilities	3,348	20,100	7,339	(21,663)	9,124
Total shareholders' equity	10,570	13,865	28,336	(42,201)	10,570
Total liabilities and shareholders' equity	<u>\$ 13,918</u>	<u>\$ 33,965</u>	<u>\$ 35,675</u>	<u>\$ (63,864)</u>	<u>\$ 19,694</u>

TE CONNECTIVITY LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

**Condensed Consolidating Balance Sheet
As of September 28, 2018**

	TE Connectivity Ltd.	TEGSA	Other Subsidiaries	Consolidating Adjustments	Total
	(in millions)				
Assets					
Current assets:					
Cash and cash equivalents	\$ —	\$ —	\$ 848	\$ —	\$ 848
Accounts receivable, net	—	—	2,361	—	2,361
Inventories	—	—	1,857	—	1,857
Intercompany receivables	37	2,391	48	(2,476)	—
Prepaid expenses and other current assets	5	112	544	—	661
Assets held for sale	—	—	472	—	472
Total current assets	42	2,503	6,130	(2,476)	6,199
Property, plant, and equipment, net	—	—	3,497	—	3,497
Goodwill	—	—	5,684	—	5,684
Intangible assets, net	—	—	1,704	—	1,704
Deferred income taxes	—	—	2,144	—	2,144
Investment in subsidiaries	13,626	26,613	—	(40,239)	—
Intercompany loans receivable	2	6,535	17,887	(24,424)	—
Other assets	—	—	1,158	—	1,158
Total assets	\$ 13,670	\$ 35,651	\$ 38,204	\$ (67,139)	\$ 20,386
Liabilities and shareholders' equity					
Current liabilities:					
Short-term debt	\$ —	\$ 961	\$ 2	\$ —	\$ 963
Accounts payable	2	—	1,546	—	1,548
Accrued and other current liabilities	400	36	1,275	—	1,711
Intercompany payables	2,437	—	39	(2,476)	—
Liabilities held for sale	—	—	188	—	188
Total current liabilities	2,839	997	3,050	(2,476)	4,410
Long-term debt	—	3,033	4	—	3,037
Intercompany loans payable	—	17,888	6,536	(24,424)	—
Long-term pension and postretirement liabilities	—	—	1,102	—	1,102
Deferred income taxes	—	—	207	—	207
Income taxes	—	—	312	—	312
Other liabilities	—	107	380	—	487
Total liabilities	2,839	22,025	11,591	(26,900)	9,555
Total shareholders' equity	10,831	13,626	26,613	(40,239)	10,831
Total liabilities and shareholders' equity	\$ 13,670	\$ 35,651	\$ 38,204	\$ (67,139)	\$ 20,386

TE CONNECTIVITY LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

**Condensed Consolidating Statement of Cash Flows
For the Fiscal Year Ended September 27, 2019**

	TE Connectivity Ltd.	TEGSA	Other Subsidiaries	Consolidating Adjustments	Total
	(in millions)				
Cash flows from operating activities:					
Net cash provided by continuing operating activities ⁽¹⁾	\$ 998	\$ 4,107	\$ 2,920	\$ (5,571)	\$ 2,454
Net cash used in discontinued operating activities	—	—	(32)	—	(32)
Net cash provided by operating activities	998	4,107	2,888	(5,571)	2,422
Cash flows from investing activities:					
Capital expenditures	—	—	(749)	—	(749)
Proceeds from sale of property, plant, and equipment	—	—	43	—	43
Acquisition of businesses, net of cash acquired	—	—	(283)	—	(283)
Proceeds from divestiture of discontinued operation, net of cash retained by sold operation	—	312	(15)	—	297
Change in intercompany loans	—	1,483	—	(1,483)	—
Other	—	—	2	—	2
Net cash provided by (used in) continuing investing activities	—	1,795	(1,002)	(1,483)	(690)
Net cash used in discontinued investing activities	—	—	(2)	—	(2)
Net cash provided by (used in) investing activities	—	1,795	(1,004)	(1,483)	(692)
Cash flows from financing activities:					
Changes in parent company equity ⁽²⁾	78	(4,642)	4,564	—	—
Net decrease in commercial paper	—	(51)	—	—	(51)
Proceeds from issuance of debt	—	746	—	—	746
Repayment of debt	—	(691)	—	—	(691)
Proceeds from exercise of share options	—	—	85	—	85
Repurchase of common shares	(1,052)	—	(39)	—	(1,091)
Payment of common share dividends to shareholders	(608)	—	—	—	(608)
Intercompany distributions ⁽¹⁾	—	(1,260)	(4,311)	5,571	—
Loan activity with parent	584	—	(2,067)	1,483	—
Transfers to discontinued operations	—	—	(34)	—	(34)
Other	—	(4)	(29)	—	(33)
Net cash used in continuing financing activities	(998)	(5,902)	(1,831)	7,054	(1,677)
Net cash provided by discontinued financing activities	—	—	34	—	34
Net cash used in financing activities	(998)	(5,902)	(1,797)	7,054	(1,643)
Effect of currency translation on cash	—	—	(8)	—	(8)
Net increase in cash, cash equivalents, and restricted cash	—	—	79	—	79
Cash, cash equivalents, and restricted cash at beginning of fiscal year	—	—	848	—	848
Cash, cash equivalents, and restricted cash at end of fiscal year	\$ —	\$ —	\$ 927	\$ —	\$ 927

(1) During fiscal 2019, other subsidiaries made distributions to TEGSA in the amount of \$4,311 million and TEGSA made distributions to TE Connectivity Ltd. In the amount of \$1,260 million. Cash flows are presented based upon the nature of the distributions.

(2) Changes in parent company equity includes cash flows related to certain intercompany equity and funding transactions, and other intercompany activity.

TE CONNECTIVITY LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

**Condensed Consolidating Statement of Cash Flows
For the Fiscal Year Ended September 28, 2018**

	TE Connectivity Ltd.	TEGSA	Other Subsidiaries	Consolidating Adjustments	Total
	(in millions)				
Cash flows from operating activities:					
Net cash provided by continuing operating activities ⁽¹⁾	\$ 486	\$ 343	\$ 2,625	\$ (1,153)	\$ 2,301
Net cash provided by discontinued operating activities	—	—	150	—	150
Net cash provided by operating activities	486	343	2,775	(1,153)	2,451
Cash flows from investing activities:					
Capital expenditures	—	—	(935)	—	(935)
Proceeds from sale of property, plant, and equipment	—	—	23	—	23
Acquisition of businesses, net of cash acquired	—	—	(153)	—	(153)
Intercompany distribution receipts ⁽¹⁾	—	794	—	(794)	—
Change in intercompany loans	—	62	—	(62)	—
Other	—	—	(8)	—	(8)
Net cash provided by (used in) continuing investing activities	—	856	(1,073)	(856)	(1,073)
Net cash used in discontinued investing activities	—	—	(21)	—	(21)
Net cash provided by (used in) investing activities	—	856	(1,094)	(856)	(1,094)
Cash flows from financing activities:					
Changes in parent company equity ⁽²⁾	112	(170)	58	—	—
Net increase in commercial paper	—	270	—	—	270
Proceeds from issuance of debt	—	119	—	—	119
Repayment of debt	—	(708)	—	—	(708)
Proceeds from exercise of share options	—	—	100	—	100
Repurchase of common shares	(478)	—	(401)	—	(879)
Payment of common share dividends to shareholders	(594)	—	6	—	(588)
Intercompany distributions ⁽¹⁾	—	(710)	(505)	1,215	—
Loan activity with parent	474	—	(1,268)	794	—
Transfers from discontinued operations	—	—	129	—	129
Other	—	—	(36)	—	(36)
Net cash used in continuing financing activities	(486)	(1,199)	(1,917)	2,009	(1,593)
Net cash used in discontinued financing activities	—	—	(129)	—	(129)
Net cash used in financing activities	(486)	(1,199)	(2,046)	2,009	(1,722)
Effect of currency translation on cash	—	—	(5)	—	(5)
Net decrease in cash, cash equivalents, and restricted cash	—	—	(370)	—	(370)
Cash, cash equivalents, and restricted cash at beginning of fiscal year	—	—	1,218	—	1,218
Cash, cash equivalents, and restricted cash at end of fiscal year	\$ —	\$ —	\$ 848	\$ —	\$ 848

(1) During fiscal 2018, other subsidiaries made distributions to TEGSA in the amount of \$505 million and TEGSA made distributions to TE Connectivity Ltd. in the amount of \$710 million. Cash flows are presented based upon the nature of the distributions.

(2) Changes in parent company equity includes cash flows related to certain intercompany equity and funding transactions, and other intercompany activity.

TE CONNECTIVITY LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)

**Condensed Consolidating Statement of Cash Flows
For the Fiscal Year Ended September 29, 2017**

	TE Connectivity Ltd.	TEGSA	Other Subsidiaries	Consolidating Adjustments	Total
	(in millions)				
Cash flows from operating activities:					
Net cash provided by (used in) continuing operating activities ⁽¹⁾	\$ (180)	\$ 102	\$ 2,581	\$ (230)	\$ 2,273
Net cash provided by discontinued operating activities	—	—	48	—	48
Net cash provided by (used in) operating activities	(180)	102	2,629	(230)	2,321
Cash flows from investing activities:					
Capital expenditures	—	—	(679)	—	(679)
Proceeds from sale of property, plant, and equipment	—	—	19	—	19
Acquisition of businesses, net of cash acquired	—	—	(250)	—	(250)
Intercompany distribution receipts ⁽¹⁾	—	516	—	(516)	—
Change in intercompany loans	—	(1,369)	—	1,369	—
Other	—	(12)	13	—	1
Net cash used in continuing investing activities	—	(865)	(897)	853	(909)
Net cash used in discontinued investing activities	—	—	(23)	—	(23)
Net cash used in investing activities	—	(865)	(920)	853	(932)
Cash flows from financing activities:					
Changes in parent company equity ⁽²⁾	97	559	(656)	—	—
Net decrease in commercial paper	—	(330)	—	—	(330)
Proceeds from issuance of debt	—	589	—	—	589
Proceeds from exercise of share options	—	—	117	—	117
Repurchase of common shares	—	—	(614)	—	(614)
Payment of common share dividends to shareholders	(550)	—	4	—	(546)
Intercompany distributions ⁽¹⁾	—	(50)	(696)	746	—
Loan activity with parent	633	—	736	(1,369)	—
Transfers from discontinued operations	—	—	25	—	25
Other	—	(5)	(25)	—	(30)
Net cash provided by (used in) continuing financing activities	180	763	(1,109)	(623)	(789)
Net cash used in discontinued financing activities	—	—	(25)	—	(25)
Net cash provided by (used in) financing activities	180	763	(1,134)	(623)	(814)
Effect of currency translation on cash	—	—	(4)	—	(4)
Net increase in cash, cash equivalents, and restricted cash	—	—	571	—	571
Cash, cash equivalents, and restricted cash at beginning of fiscal year	—	—	647	—	647
Cash, cash equivalents, and restricted cash at end of fiscal year	\$ —	\$ —	\$ 1,218	\$ —	\$ 1,218

(1) During fiscal 2017, other subsidiaries made distributions to TEGSA in the amount of \$696 million and TEGSA made distributions to TE Connectivity Ltd. in the amount of \$50 million. Cash flows are presented based upon the nature of the distributions.

(2) Changes in parent company equity includes cash flows related to certain intercompany equity and funding transactions, and other intercompany activity.

TE CONNECTIVITY LTD.

SCHEDULE II—VALUATION AND QUALIFYING ACCOUNTS

Fiscal Years Ended September 27, 2019, September 28, 2018, and September 29, 2017

Description	Balance at Beginning of Fiscal Year	Additions Charged to Costs and Expenses	Acquisitions, Divestitures, and Other	Deductions	Balance at End of Fiscal Year
(in millions)					
Fiscal 2019:					
Allowance for doubtful accounts receivable	\$ 22	\$ 9	\$ —	\$ (6)	\$ 25
Valuation allowance on deferred tax assets	2,191	3,248	—	(469)	4,970
Fiscal 2018:					
Allowance for doubtful accounts receivable	\$ 18	\$ 7	\$ (1)	\$ (2)	\$ 22
Valuation allowance on deferred tax assets	3,627	261	—	(1,697)	2,191
Fiscal 2017:					
Allowance for doubtful accounts receivable	\$ 17	\$ 5	\$ —	\$ (4)	\$ 18
Valuation allowance on deferred tax assets	3,096	1,072	—	(541)	3,627

Description of Securities Registered Pursuant to Section 12 of the Securities Exchange Act of 1934

As of November 7, 2019, TE Connectivity Ltd., a Swiss corporation, had one class of securities registered under Section 12 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”): Common Shares, par value CHF 0.57 per share (the “Common Shares”). The following summary includes a brief description of the Common Shares, as well as certain related additional information. Unless the context requires otherwise, references to “we,” “us,” “our” and the “Company” refer to TE Connectivity Ltd.

Share Capital

Our share capital is CHF 200,042,287.17, which is divided into 350,951,381 registered shares with a par value of CHF 0.57 each.

Authorized Share Capital

Our Articles of Association (the “Articles”) authorize our board of directors to increase share capital at any time until March 14, 2020 by an amount not exceeding CHF 100,021,143.30 through the issuance of up to 175,475,690 fully paid up registered shares with a par value of CHF 0.57 each. In an authorized capital increase, our shareholders would have preemptive rights to obtain newly issued registered shares in an amount proportional to the par value of the registered shares they already hold. Our board of directors, however, may withdraw or limit these preemptive rights in certain circumstances as set forth in our Articles and as described under “–Preemptive Rights and Advance Subscription Rights–Withdrawal or Limitation of Preemptive Rights with Respect to Authorized Share Capital.”

Conditional Share Capital

Our Articles provide that the share capital of the Company shall be increased by an amount not exceeding CHF 100,021,143.30 through the issuance of a maximum of 175,475,690 registered shares, payable in full, with a par value of CHF 0.57 each:

- through the exercise of conversion, option, exchange, warrant or similar rights for the subscription of shares granted to third parties or shareholders in connection with bonds (including convertible bonds and bonds with options), options, warrants or other securities issued or to be issued in national or international capital markets or new or already existing contractual obligations by or of the Company, one of its group companies or any of their respective predecessors (hereinafter the “Rights-Bearing Obligations”); and/or
- the exercise of rights attached to Rights-Bearing Obligations granted to members of the board of directors, members of the executive management, employees, contractors, consultants or other persons providing services to the Company, group companies or a person that directly, or indirectly, through one or more intermediaries, controls or is controlled by, or is under common control with another person.

Preemptive Rights and Advance Subscription Rights

Under the Swiss Code of Obligations (the “Swiss Code”), the prior approval of a general meeting of shareholders generally is required to authorize the issuance of registered shares or rights to subscribe for, or convert into, registered shares. In addition, shareholders have preemptive rights or advance subscription rights (which are essentially the same as preemptive rights) in relation to such registered shares or rights in proportion to the respective par values of their holdings. With the affirmative vote of shareholders holding two-thirds of the voting rights and a majority of the par value of the registered shares represented at the general meeting, shareholders may withdraw or limit the preemptive rights or advance subscription rights.

Withdrawal or Limitation of Preemptive Rights with Respect to Authorized Share Capital

Our board of directors is authorized pursuant to our Articles to withdraw or limit the preemptive rights with respect to the issuance of registered shares from authorized capital:

- if the issue price of the new registered shares is determined by reference to the market price;
- if the registered shares are issued in connection with the acquisition of an enterprise or business or any part of an enterprise, business or investment, the financing or refinancing of any such transactions;
- if the registered shares are issued in connection with the financing of new investment plans;
- if the registered shares are issued in connection with the intended broadening of the shareholder constituency in certain financial or investor markets, for the purposes of the investment of strategic partners or in connection with the listing of the registered shares on domestic or foreign stock exchanges;
- in connection with a placement or sale of registered shares, the grant of an over-allotment option of up to 20% of the total number of registered shares in a placement or sale of registered shares to the initial purchasers or underwriters; or
- for the participation of directors, executive officers, employees, contractors, consultants and other persons performing services for our benefit or that of our subsidiaries and affiliates.

Withdrawal or Limitation of Advance Subscription Rights with Respect to Conditional Share Capital

In connection with the issuance of Rights-Bearing Obligations convertible into or exercisable or exchangeable for our registered shares, our board of directors is authorized pursuant to our Articles to withdraw or limit the advance subscription rights of shareholders with respect to registered shares issued from our conditional share capital:

- if the issuance is for purposes of financing or refinancing the acquisition of an enterprise, part(s) of an enterprise, investments in equity or other investments;
- if the issuance occurs in national or international capital markets or through a private placement; or
- for purposes of the defense of an actual, threatened or potential unsolicited takeover bid, in relation to which our board of directors, upon consultation with an independent financial adviser, has not recommended acceptance to the shareholders.

If the advance subscription rights are withdrawn or limited:

- the Rights-Bearing Obligations shall be issued or entered into at market conditions;
- the Rights-Bearing Obligations may be converted, exchanged or exercised during a maximum period of 30 years from the date on which the Rights-Bearing Obligations are issued; and
- the conversion, exchange or exercise price of the Rights-Bearing Obligations is to be set at least in line with the market conditions prevailing at the date on which the Rights-Bearing Obligations are issued.

Preemptive and advance subscription rights are excluded with respect to issuances from our conditional share capital to directors, officers, employees and other persons providing services to any of our subsidiaries or affiliates.

Dividends and Distributions Rights

Under Swiss law, dividends may be paid only if the Company has sufficient distributable profits from the previous fiscal year, or if the corporation has freely distributable reserves, each as presented on the audited annual unconsolidated Swiss statutory balance sheet of the Company. Reserves from capital contributions (as determined for Swiss tax purposes) qualify as freely distributable reserves and may be paid out as dividends to shareholders subject to certain conditions and to the extent permissible under the Swiss Code. Payments out of the registered share capital—the aggregate par value of a company's registered share capital—must be made by way of a capital reduction.

The affirmative vote of shareholders holding a majority of the registered shares represented at a general meeting must approve reserve reclassifications and distributions of dividends. Distributions also may take the form of a distribution of cash or property that results in a reduction of our share capital recorded in the commercial register. Such a capital reduction requires the affirmative vote of shareholders holding a majority of the registered shares represented at the general meeting. A special audit report must confirm that creditors' claims remain fully covered by assets despite the reduction in the share capital recorded in the commercial register. Upon approval by the general meeting of shareholders of the capital reduction, the board of directors must give public notice of the capital reduction resolution in the Swiss Official Gazette of Commerce three times and notify creditors that they may request, within two months of the third publication, satisfaction of or security for their claims.

Under the Swiss Code, if our general reserves amount to less than 20% of the share capital recorded in the commercial register, then at least 5% of our annual profit must be retained as general reserves. The Swiss Code permits us to accrue additional general reserves. In addition, we are required to create a special reserve on our stand-alone annual statutory balance sheet in the amount of the purchase price of registered shares that any of our subsidiaries own and this amount may not be used for dividends or subsequent repurchases.

Swiss corporations generally must maintain a separate company, unconsolidated statutory balance sheet for the purpose of determining the amounts available for the return of capital to shareholders, including by way of a distribution of dividends. Our auditor must confirm that a dividend proposal made to shareholders conforms with the requirements of the Swiss Code and our Articles. Dividends are due and payable in accordance with the terms of the shareholders' resolution approving the payment.

We make dividend payments to shareholders in US dollars. The reduction to our reserves in our Swiss statutory balance sheet, which is required to be made in Swiss francs, is determined based on the aggregate amount of the dividend and converted from US dollars to Swiss francs at the exchange rate in effect on the date of the relevant shareholder resolution. We are required under Swiss law to make any distributions which are in the form of a capital reduction out of registered share capital as denominated in Swiss francs.

Voting Rights

Each registered share carries one vote at a general meeting of shareholders. Pursuant to our Articles, shareholders generally pass resolutions and elect directors and auditors by the affirmative vote of an absolute majority of the registered shares represented at the general meeting of shareholders unless otherwise provided by law or our articles of association. An absolute majority means at least half plus one additional vote represented at the meeting.

With respect to the election of directors, each holder of registered shares entitled to vote at the election has the right to vote, in person or by proxy, the number of registered shares held by him or her and entitled to vote for as many persons as there are directors to be elected.

Supermajority Voting

The Swiss Code and our Articles require the affirmative vote of at least two-thirds of the share votes and a majority of the par value of the registered shares, each as represented at a general meeting, to approve the following matters:

- change of the Company's purpose;
- the creation of shares with preferred voting rights;
- the restriction on the registration of shares;
- an authorized or conditional increase in the nominal share capital;
- an increase in the nominal share capital through the conversion of capital surplus, through a contribution in kind, or in exchange for an acquisition of assets, or a grant of special privileges;
- the restriction or withdrawal of preemptive or advance subscription rights;
- a change in our place of incorporation;
- our dissolution; and
- a merger, demerger, conversion or other transaction as enumerated in Switzerland's Federal Act on Mergers, Demergers, Transformations and the Transfer of Assets (the "Merger Act") to the extent required by the Merger Act.

In addition, the amendment of certain provisions of our Articles requires the affirmative vote of at least two-thirds of the share votes represented and a majority of the par value of the registered shares represented, and in certain instances, the affirmative vote of 80% of the total votes of shares entitled to vote.

Rights upon Liquidation; Restrictions on Transfer

Under Swiss law, any surplus arising out of liquidation, after the settlement of all claims of all creditors, will be distributed to shareholders in proportion to the paid-up par value of registered shares held, subject to Swiss withholding tax requirements.

We have not imposed any restrictions applicable to the transfer of our registered shares.

No Redemption or Conversion

The registered shares are not convertible into shares of any other class or series or subject to redemption either by us or by the holder of the shares.

Mergers and Other Business Combinations

Our Articles require a special supermajority for any resolution of the general meeting of shareholders to engage in a business combination with an "interested shareholder" (one who acquired 15% or more of the share capital recorded in the commercial register without prior approval of the board of directors) for a period of three years following the time that such person became a 15% shareholder, subject to certain exceptions discussed below. The supermajority required is the affirmative vote of at least two-thirds of all the shares entitled to vote which are not owned by the interested shareholder. Such a vote will not be required if:

Exhibit 4.1

- the board of directors approved the business combination prior to the time the shareholder became an interested shareholder; or
- 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 outstanding at the time the transaction commenced, excluding for purposes of determining the voting shares outstanding (but not the outstanding voting shares owned by the interested shareholders) those shares owned (i) by persons who are directors and also officers and (ii) 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.

Certain Other Provisions of Our Articles of Association

Our Articles include the following provisions, not previously discussed above, that may have an effect of delaying, deferring or preventing a change of control of the Company: (i) an advance notice procedure for shareholders to nominate directors or present other proposals at general meetings; and (ii) shareholders may act only at shareholder meetings and not by written consent.

The foregoing summary does not purport to be complete and is subject to, and qualified in its entirety by, the full text of the Articles and Organizational Regulations of the Company, each of which are exhibits to our Annual Report on Form 10-K. We encourage you to read both as well as the applicable provisions of the Swiss Code.

**TE Connectivity Ltd.
2007 Stock and Incentive Plan**

**TERMS AND CONDITIONS
OF
STOCK OPTION AWARD**

< XXXX >

STOCK OPTION AWARD made as of [XXXX] (the “Grant Date”).

1. **Grant of Stock Option.** TE Connectivity Ltd. (the “Company”) has granted you a Stock Option to purchase [XXXX] Shares, subject to the provisions of this Award Agreement, including any special terms and conditions for your country in the appendix attached hereto (the “Appendix”). This Stock Option is a nonqualified Stock Option.
2. **Exercise Price.** The purchase price per Share underlying the Stock Option is \$[XX.XX] (the “Exercise Price”).
3. **Vesting.** The Stock Option will vest and become exercisable in four equal installments, with the first installment on the first November 15 that is at least twelve (12) months from the Grant Date and the remaining three installments on the following three anniversaries of the first vesting date (the “Normal Vesting Terms”).
4. **Term of the Stock Option.** Unless the Stock Option is earlier forfeited or cancelled, the Stock Option must be exercised before the close of the New York Stock Exchange (“NYSE”) on the day that is the 10th anniversary of the Grant Date, and if the NYSE is not open for business on the Expiration Date, the Stock Option will expire at the close of the NYSE’s prior business day (the “Expiration Date”).
5. **Termination of Employment.**
 - (a) Any portion of the Stock Option that has not vested as of your Termination of Employment, other than as set forth under Sections 6, 7, 8 and 9 herein, will be immediately forfeited, and your rights with respect to such portion of the Stock Option will end.
 - (b) You may exercise the portion of the Stock Option that has vested prior to your Termination of Employment by the earlier of (a) the Expiration Date, and (b) ninety (90) days from your Termination of Employment, subject to Sections 6, 7, 8 and 9 herein, as applicable.
6. **Retirement.**
 - (a) If, at the time of your Termination of Employment, you have attained age 55 and have completed at least five years of service, your Stock Option will vest and become exercisable pro rata (standard rounding to the nearest Share in full month increments) based on

(i) the number of whole months that you have completed from the Grant Date through the end of the month in which your Termination of Employment occurs, over the original number of months of the vesting period, times (ii) the total number of Shares subject to the Stock Option on the Grant Date minus (iii) the number of Shares subject to the Stock Option previously vested under the Normal Vesting Terms; provided, however, that you will not be entitled to the accelerated vesting under this Section 6 until you have completed at least one year of service following the Grant Date. Termination of Employment within one year of the Grant Date will result in the forfeiture of your Stock Option Award, except as otherwise provided for under Sections 7, 8, and 9 herein.

(b) If you meet the requirements for retirement described in Section 6(a) on or before your Termination of Employment, then any portion of the option that has vested as of the date of your Termination of Employment will expire on the earlier of (i) Expiration Date, and (ii) the third anniversary of your Termination of Employment due to retirement.

(c) Notwithstanding the foregoing, if the Company receives an opinion of counsel that there has been a legal judgment and/or legal development in your jurisdiction that likely would result in the favorable retirement treatment, which otherwise would apply to the Stock Option pursuant to this Section 6, being deemed unlawful and/or discriminatory, then the Company will not apply the favorable retirement treatment at the time of your termination and the Stock Option will be treated as they would under the rules that otherwise would have applied as if your termination did not qualify as a retirement pursuant to this Section 6.

7. Death or Disability.

(a) If your Termination of Employment is a result of your death or Disability, any unvested portion of the Stock Option will immediately vest and become exercisable, and your Option will expire on the earlier of (i) Expiration Date, and (ii) the third anniversary of your Termination of Employment.

8. Change in Control. Except as may be otherwise provided by the Committee, if your employment is terminated following a Change in Control, your Stock Option (or any other form of equity award or compensation that replaces your Stock Option as a result of the Change in Control) will immediately become fully vested, and you will be entitled to exercise the Stock Option until the earlier of (x) the Expiration Date or (y) the third anniversary of your Termination of Employment, provided that:

(a) your employment is terminated by the Company or, if different, the Subsidiary employing you (the “Employer”), for any reason other than Cause, Disability or death in the twelve (12) month period following the Change in Control; or

(b) you terminate your employment with the Company or the Employer after one of the following events within the twelve (12) month period following the Change in Control:

- i. the Company or the Employer (1) assigns or causes to be assigned to you duties inconsistent in any material respect with your position as in effect immediately prior to the Change in Control; (2) makes or causes to be made any material adverse change in your position, authority, duties or responsibilities; or (3) takes

or causes to be taken any other action which, in your reasonable judgment, would cause you to violate your ethical or professional obligations (after written notice of such judgment has been provided by you to the Company or the Employer and the Company or the Employer has been given a 15-day period within which to cure such action), or which results in a significant diminution in such position, authority, duties or responsibilities; or

- ii. the Company or the Employer, without your consent, (1) requires you to relocate to a principal place of employment more than 50 miles from your existing place of employment; or (2) materially reduces your base salary, annual bonus, or retirement, welfare, stock incentive, perquisite (if any) and other benefits taken as a whole (collectively, a “Change in Control Termination”).

provided, however, that none of the events described in this sentence shall constitute a Change in Control Termination unless and until (w) you first notify the Company in writing describing in reasonable detail the condition which constitutes a Change in Control Termination within ninety (90) days of its occurrence, (x) the Company fails to cure such condition within thirty (30) days after the Company’s receipt of such written notice, (y) notwithstanding such efforts, the condition continues to exist, and (z) you terminate employment within sixty (60) days after the end of such thirty (30)-day cure period.

9. **Termination of Employment as a Result of a Divestiture or Outsourcing.** If the business in which you are employed is being separated from the Company as a result of a Disposition of Assets, Disposition of a Subsidiary or an Outsourcing Agreement, and, as of the closing date of the applicable transaction you are designated in the transaction documents (either individually or by classification) as a “business employee” (or similar designation) who will be terminating employment with the Company and its Subsidiaries either because (i) you will remain with the separated business after the transaction or be transferred to the employment of the buyer or Outsourcing Agent as a result of the transaction; or (ii) you will not be offered continued employment by the Company or a Subsidiary, buyer or Outsourcing Agent after the close of the transaction, then your Stock Option Award will vest and become exercisable pro rata (standard rounding to the nearest Share in full-month increments) based on (a) the number of whole months that you have completed from Grant Date through the end of the month of the closing date of the applicable transaction over the original number of months of the vesting period, times (b) the total number of Shares subject to the Stock Option on the Grant Date minus (c) the number of Shares previously vested pursuant to the Normal Vesting Terms. If you become entitled to the pro rate vesting described in this Section 9, you will not be entitled to any further vesting in your Stock Option Award, unless you are transferred to employment with the Company or a Subsidiary in a position outside of the business that is being separated from the Company (with the intent of continued employment with the Company or a Subsidiary outside of the separated business) prior to your Termination of Employment as a result of the Disposition of Assets, Disposition of a Subsidiary or an Outsourcing Agreement. The vested portion of your Stock Option Award will expire on the earlier of (x) the Expiration Date and (y) the third anniversary of your Termination of Employment.

Notwithstanding the foregoing, you shall not be eligible for such pro rata vesting and extended expiration date if (i) your Termination of Employment occurs on or prior to the closing date of such Disposition of Assets or Disposition of a Subsidiary, as applicable, or on such later

date as is specifically provided in the applicable transaction agreement or related agreements, or on the effective date of such Outsourcing Agreement applicable to you (the “Applicable Employment Date”), and (ii) you are offered Comparable Employment with the buyer, successor company or outsourcing agent, as applicable, but do not commence such employment on the Applicable Employment Date.

For the purpose of this Section 9, (i) “Comparable Employment” shall mean employment at a base salary rate and bonus target that is at least equal to the base salary rate and bonus target in effect immediately prior to your Termination of Employment and at a location that is no more than 50 miles from your existing place of employment; (ii) “Disposition of Assets” shall mean the disposition by the Company or a Subsidiary of all or a portion of the assets used by the Company or Subsidiary in a trade or business to an unrelated corporation or entity; (iii) “Disposition of a Subsidiary” shall mean the disposition by the Company or a Subsidiary of its interest in a Subsidiary to an unrelated individual or entity, provided that such Subsidiary ceases to be a Subsidiary as a result of such disposition; and (iv) “Outsourcing Agreement” shall mean a written agreement between the Company or a Subsidiary and an unrelated third party (“Outsourcing Agent”) pursuant to which (a) the Company transfers the performance of services previously performed by employees of the Company or Subsidiary to the Outsourcing Agent, and (b) the Outsourcing Agreement includes an obligation of the Outsourcing Agent to offer employment to any employee whose employment is being terminated as a result of or in connection with said Outsourcing Agreement.

10. Payment of Exercise Price. To exercise the Stock Option, you must pay the Exercise Price for the Shares underlying the exercised portion of the Stock Option. You may pay the Exercise Price in cash, or by certified check, bank draft, wire transfer or postal or express money order. You may also pay the Exercise Price by using one or more of the following methods: (i) delivering to the Company or its agent a properly executed exercise notice, together with irrevocable instructions to a broker to deliver promptly (within the typical settlement cycle for the sale of equity securities on the relevant trading market, or otherwise in accordance with Regulation T issued by the Federal Reserve Board) to the Company sale or loan proceeds adequate to satisfy the portion of the Exercise Price being so paid; (ii) if expressly approved by the Committee, tendering to the Company (by physical delivery or attestation) or its agent certificates of Shares that you have held for six months or longer (unless the Committee, in its discretion, waives this six-month period) and that have an aggregate Fair Market Value as of the day prior to the date of exercise that is enough to satisfy the Exercise Price and any applicable taxes being so paid; or (iii) if such form of payment is expressly authorized by Board or Committee, instructing the Company to withhold Shares that would otherwise be issued were the Exercise Price to be paid in cash and that have an aggregate Fair Market Value as of the date of exercise that is enough to satisfy the Exercise Price and any applicable taxes being so paid. Notwithstanding the foregoing, you may not tender any form of payment that the Company determines, in its sole and absolute discretion, could violate any law or regulation. You are not required to purchase all Shares subject to the Stock Option at one time, but you must pay the full Exercise Price for all Shares that you elect to purchase before they will be delivered.

11. Exercise of Stock Option. Subject to the terms and conditions of this Award Agreement, the Stock Option may be exercised by contacting the stock plan administrator. If the Stock Option is exercised after your death, the Company will deliver Shares only after the

Committee or its designee has determined that the person exercising the Stock Option is the duly appointed executor or administrator of your estate or the person to whom the Stock Option has been transferred by your will or by the applicable laws of descent and distribution.

12. **Responsibility for Taxes.** Regardless of any action the Company or the Employer takes with respect to any or all income tax, social insurance, payroll tax, payment on account or other tax-related items related to your participation in the Plan and legally applicable to you ("Tax-Related Items"), by accepting the Award, you acknowledge that the ultimate liability for all Tax-Related Items is and remains your responsibility and may exceed the amount actually withheld by the Company or the Employer. You further acknowledge that the Company and/or the Employer (1) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the Stock Option, including, but not limited to, the grant, vesting or exercise of the Stock Option, the issuance of Shares upon exercise of the Stock Option, the subsequent sale of Shares acquired pursuant to such issuance and the receipt of any dividends; and (2) do not commit to and are under no obligation to structure the terms of the Award or any aspect of the Stock Option to reduce or eliminate your liability for Tax-Related Items or achieve any particular tax result. Further, if you have become subject to tax in more than one jurisdiction, you acknowledge that the Company and/or the Employer (or former employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

Prior to any relevant taxable or tax withholding event, as applicable, you will pay or make adequate arrangements satisfactory to the Company and/or the Employer to satisfy all Tax-Related Items. In this regard, you authorize the Company and/or the Employer, or their respective agents, at their discretion, to satisfy any applicable withholding obligations with regard to all Tax-Related Items by one or a combination of the following:

- (1) withholding from your wages or other cash compensation paid to you by the Company and/or the Employer;
- (2) withholding from proceeds of the sale of Shares acquired upon exercise of the Stock Option either through a voluntary sale or through a mandatory sale arranged by the Company (on your behalf pursuant to this authorization); or
- (3) withholding in Shares to be issued upon exercise of the Stock Option.

The Company may withhold or account for Tax-Related Items by considering applicable minimum statutory withholding amounts or other applicable withholding rates, including maximum applicable rates, in which case you will have no entitlement to the Shares equivalent to any over-withheld amount in cash.

Finally, you shall pay to the Company or the Employer any amount of Tax-Related Items that the Company or the Employer may be required to withhold or account for as a result of your participation in the Plan that cannot be satisfied by the means previously described. The Company may refuse to issue or deliver the Shares or the proceeds of the sale of Shares if you fail to comply with your obligations in connection with the Tax-Related Items.

13. **Transfer of Stock Option.** You may not transfer any interest in the Stock Option except by will or the laws of descent and distribution. Any other attempt to dispose of your interest in the Stock Option will be null and void.

14. **Covenant; Forfeiture of Award; Agreement to Reimburse Company.**

(a) If you have been terminated for Cause, any Stock Option shall be immediately rescinded and, in addition, you hereby agree and promise immediately to deliver to the Company the number of Shares (or, in the discretion of the Committee, the cash value of said Shares) you received for Stock Options that were exercised during the period of six months prior to your termination through the date of termination.

(b) If, after your termination, the Committee determines in its sole discretion that while you were an employee of the Company or a Subsidiary you engaged in activity that would have constituted grounds for the Company or Subsidiary to terminate your employment for Cause, then the Company will immediately rescind any vested but unexercised portion of the Option and you will immediately forfeit any and all rights you have remaining on the date the Committee makes such determination with respect to the Option. In addition, you hereby agree and promise immediately to deliver to the Company the number of Shares (or, in the discretion of the Committee, the cash value of said Shares) you received for Stock Options that were exercised during the period of six months prior to your termination through the date of termination.

(c) If the Committee determines, in its sole discretion, that at anytime after your Termination of Employment and prior to the second anniversary of your Termination of Employment you (i) disclosed business confidential or proprietary information related to any business of the Company or Subsidiary or (ii) have entered into an employment or consultation arrangement (including any arrangement for employment or service as an agent, partner, stockholder, consultant, officer or director) with any entity or person engaged in a business and (a) such employment or consultation arrangement would likely (in the sole judgment of the Committee) result in the disclosure of business confidential or proprietary information related to any business of the Company or a Subsidiary to a business that is competitive with any Company or Subsidiary business as to which you have had access to business strategic or confidential information, and (b) the Committee has not approved the arrangement in writing, then any Option that you have not exercised (whether vested or unvested) will immediately be rescinded, and you will forfeit any rights you have with respect to these Options as of the date of the Committee's determination. In addition, you hereby agree and promise immediately to deliver to the Company, Shares (or, in the discretion of the Committee, cash) equal in value to the amount of any profit you realized upon an exercise of the Option during the period beginning six (6) months prior to your Termination of Employment and ending on the Committee's determination date.

(d) The Committee shall be entitled to require that you repay all or part of any amount received (whether in cash or Shares) pursuant to the terms of this Award (i) to the extent it deems it necessary or appropriate to comply with any current or future rules of the Securities Exchange Commission, the NYSE or any other governmental agency, as they may be amended from time to time, (ii) to the extent it deems it necessary or appropriate to comply with the

requirements of the Sarbanes-Oxley Act of 2002, the Dodd-Frank Wall Street Reform and Consumer Protection Act, or other applicable law, regulation or stock exchange listing requirement, as may be in effect from time to time, or (iii) to the extent otherwise deemed appropriate by the Committee to recover any overpayment or mistaken payment that was based on deficient financial information, and you hereby agree and promise to promptly remit to the Company any such amount.

15. **Adjustments.** In the event of any stock split, reverse stock split, dividend or other distribution (whether in the form of cash, Shares, other securities or other property), extraordinary cash dividend, recapitalization, merger, consolidation, split-up, spin-off, reorganization, combination, repurchase or exchange of Shares or other securities, the issuance of warrants or other rights to purchase Shares or other securities, or other similar corporate transaction or event, the Committee shall adjust the number and kind of Shares covered by the Stock Option, the Exercise Price and other relevant provisions to the extent necessary to prevent dilution or enlargement of the benefits or potential benefits intended to be provided by the Stock Option.

16. **Restrictions on Exercise.** Exercise of the Stock Option is subject to the conditions that, to the extent required at the time of exercise, (a) the Shares underlying the Stock Option will be duly listed, upon official notice of issuance, upon the NYSE, and (b) a Registration Statement under the U.S. Securities Act of 1933, as amended, with respect to the Shares will be effective or an exemption from registration will apply. The Company will not be required to deliver any Shares until all applicable federal, state, foreign and local laws and regulations have been complied with and all legal matters in connection with the issuance and delivery of the Shares have been approved by counsel of the Company.

17. **Insider Trading; Market Abuse Laws.** By accepting the Award, you acknowledge that you have read and understand the Company's insider trading policy, and are aware of and understand your obligations under federal securities laws in respect of trading in the Company's securities. The Company will have the right to recover, or receive reimbursement for, any compensation or profit realized on the exercise of the Stock Option or the disposition of Shares received upon exercise of the Stock Option to the extent that the Company has a right of recovery or reimbursement under applicable securities laws.

You acknowledge that, depending on your or your broker's country of residence or where the Shares are listed, you may be subject to insider trading restrictions and/or market abuse laws, which may affect your ability to accept, acquire, sell or otherwise dispose of Shares, rights to Shares (*e.g.*, Stock Option) or rights linked to the value of Shares under the Plan during such times as you are considered to have "inside information" regarding the Company (as defined by the laws or regulations in your country). Local insider trading laws and regulations may prohibit the cancellation or amendment of orders you placed before you possessed inside information. Furthermore, you could be prohibited from (i) disclosing the inside information to any third party (other than on a "need to know" basis) and (ii) "tipping" third parties or causing them otherwise to buy or sell securities. Keep in mind third parties includes fellow employees. Any restrictions under these laws or regulations are separate from and in addition to any restrictions that may be imposed under the Company's insider trading policy. You acknowledge that it is your

responsibility to comply with any applicable restrictions, and you should speak to your personal advisor on this matter.

18. **Plan Terms Govern.** The exercise of the Stock Option, the disposition of any Shares received upon exercise of the Stock Option, and the treatment of any gain on the disposition of these Shares are subject to the terms of the Plan and any rules that the Committee may prescribe. The Plan document, as may be amended from time to time, is incorporated into this Award Agreement. Capitalized terms used in this Award Agreement have the meaning set forth in the Plan, unless otherwise stated in this Award Agreement. In the event of any conflict between the terms of the Plan and the terms of this Award Agreement, the Plan will control. By accepting the Award, you acknowledge receipt of the Plan, as in effect on the date of this Award Agreement.

19. **Data Privacy.** By accepting the Award, you hereby explicitly and unambiguously consent to the collection, use and transfer, in electronic or other form, of your personal data as described in this Award Agreement and any other grant materials by and among, as applicable, the Company, your Employer and any other Subsidiaries for the exclusive purpose of implementing, administering and managing your participation in the Plan.

You understand that the Company and the Employer may hold certain personal information about you, including, but not limited to, your name, home address, email address and telephone number, date of birth, social insurance number, passport or other identification number, salary, nationality, job title, any Shares or directorships held in the Company, details of all Stock Options or any other entitlement to Shares awarded, canceled, exercised, vested, unvested or outstanding in your favor ("Data"), for the exclusive purpose of implementing, administering and managing the Plan.

You understand that Data may be transferred to any third parties assisting the Company with the implementation, administration and management of the Plan. You understand that these recipients of Data may be located in the United States or elsewhere, and that the recipients' country (e.g., the United States) may have different data privacy laws and protections than your country. You understand that if you reside outside the United States you may request a list with the names and addresses of any potential recipients of Data by contacting your local Human Resources Representative. You authorize the Company and the recipients assisting the Company (presently or in the future) with implementing, administering and managing the Plan to receive, possess, use, retain and transfer Data, in electronic or other form, for the sole purpose of implementing, administering and managing your participation in the Plan. You understand that Data will be held only as long as is necessary to implement, administer and manage your participation in the Plan. You understand that if you reside outside the United States you may, at any time, view Data, request additional information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing your local Human Resources Representative. Further, you understand that you are providing the consents herein on a purely voluntary basis. If you do not consent, or if you later seek to revoke the consents, your employment or service with the Employer will not be affected; the only consequence of refusing or withdrawing the consents is that the Company would not be able to grant Stock Options or other equity awards to you or administer or maintain such awards. Therefore, you understand that refusing or withdrawing

your consent may affect your ability to participate in the Plan. For more information on the consequences of your refusal to consent or withdrawal of consent, you understand that you may contact your local Human Resources Representative.

20. **Nature of Grant.** By accepting the Award, you acknowledge, understand and agree that:

- (a) the Plan is established voluntarily by the Company, it is discretionary in nature and it may be modified, amended, suspended or terminated by the Company at any time;
- (b) the grant of the Stock Option is exceptional, voluntary and occasional and does not create any contractual or other right to receive future grants of Stock Options, or benefits in lieu of Stock Options, even if Stock Options have been granted repeatedly in the past;
- (c) all decisions with respect to future Stock Option grants, if any, will be at the sole discretion of the Company;
- (d) your participation in the Plan shall not be interpreted to form an employment contract or relationship with the Company or any Subsidiary nor create a right to further employment with the Employer and shall not interfere with the ability of the Employer to terminate your employment relationship at any time;
- (e) you are voluntarily participating in the Plan;
- (f) the Stock Option and the Shares subject to the Stock Option, and the value of and income from same, are not intended to replace any pension rights or compensation;
- (g) the Stock Option and the Shares subject to the Stock Option, and the value of and income from same, are not part of normal or expected compensation or salary for purposes of calculating any severance, resignation, termination, redundancy, dismissal, end of service payments, holiday pay, bonuses, long-service awards, leave-related payments, pension or retirement or welfare benefits or similar mandatory payments;
- (h) the future value of the underlying Shares is unknown and cannot be predicted with certainty;
- (i) if the underlying Shares do not increase in value, the Stock Option will have no value;
- (j) if you exercise the Stock Option and obtain Shares, the value of the Shares acquired upon exercise may increase or decrease in value, even below the Exercise Price;
- (k) in consideration of the Stock Option Award, no claim or entitlement to compensation or damages shall arise from forfeiture of the Stock Option resulting from termination of your employment with the Company or the Employer (for any reason whatsoever and whether or not in breach of local labor laws); and except where expressly prohibited under applicable laws, you irrevocably release the Company and the Employer 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, you shall be deemed irrevocably to have waived your entitlement to pursue such claim;
- (l) the Stock Option and the Shares subject to the Stock Option, and the value of and income from same, are not granted as consideration for, or in connection with, any service you may provide as a director of any Subsidiary;

(m) the Stock Option and the benefits under the Plan, if any, will not automatically transfer to another company in the case of a merger, take-over or transfer of liability;

(n) you have no rights as a stockholder of the Company pursuant to the Stock Option until you exercise the Stock Option and Shares are actually delivered to you; and

(o) if you reside outside the United States,

(A) the Stock Option and the Shares subject to the Stock Option, and the value of and income from same, are not part of normal or expected compensation or salary for any purpose; and

(B) neither the Company, the Employer, nor any other Subsidiary will be liable for any foreign exchange rate fluctuation between any local currency and the U.S. dollar that may affect the value of the Stock Options, any amounts due to you pursuant to the exercise of the Stock Option or the subsequent sale of any Shares acquired upon exercise.

21. **No Advice Regarding Grant.** The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding your participation in the Plan, the exercise of your Stock Option or your acquisition or sale of the underlying Shares. You should consult with your own personal tax, legal and financial advisors regarding your participation in the Plan before taking any action related to the Plan.

22. **Incorporation of Other Agreements.** This Award Agreement and the Plan constitute the entire understanding between you and the Company regarding the Stock Option. This Award Agreement supersedes any prior agreements, commitments or negotiations concerning the Stock Option.

23. **Severability.** The invalidity or unenforceability of any provision of this Award Agreement will not affect the validity or enforceability of the other provisions of this Award Agreement, which will remain in full force and effect. Moreover, if any provision is found to be excessively broad in duration, scope or covered activity, the provision will be construed so as to be enforceable to the maximum extent compatible with applicable law.

24. **Language.** You acknowledge that you are sufficiently proficient in English to understand the terms and conditions of the Award Agreement. Furthermore, if you have received this Award Agreement or any other document related to the Plan translated into a language other than English and if the meaning of the translated version is different than the English version, the English version will control.

25. **Electronic Delivery and Acceptance.** The Company may, in its sole discretion, decide to deliver any documents related to current or future participation in the Plan by electronic means. You hereby consent to receive such documents by electronic delivery and agree 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.

26. **Imposition of Other Requirements.** The Company reserves the right to impose other requirements on your participation in the Plan, on the Stock Option Award and on any Shares acquired under the Plan, to the extent the Company determines it is necessary or advisable for legal or administrative reasons, and to require you to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

27. **Governing Law and Venue.** The Award Agreement is to be governed by and construed in accordance with the laws of Switzerland, without regard to the conflict of laws principles thereof.

For purposes of litigating any dispute that arises under this grant or this Award Agreement, the parties hereby submit to and consent to the jurisdiction of the State of Pennsylvania and agree that such litigation shall be conducted in the courts of Chester County, Pennsylvania, or the federal courts for the United States for the Eastern District of Pennsylvania, where this Award is made and/or to be performed.

28. **Waiver.** You acknowledge that a waiver by the Company of breach of any provision of the Award Agreement will not operate or be construed as a waiver of any other provision of the Award Agreement, or of any subsequent breach by you or any other Participant.

29. **Appendix.** Notwithstanding any provisions in the Award Agreement, the Stock Option will be subject to any special terms and conditions for your country set forth in the Appendix attached hereto. Moreover, if you relocate to one of the countries included in the Appendix, the special terms and conditions for such country will apply to you, to the extent the Company determines that the application of such terms and conditions is necessary or advisable for legal or administrative reasons. The Appendix constitutes part of the Award Agreement.

30. **Foreign Asset/Account Reporting; Exchange Control Requirements.** Certain applicable foreign asset and/or foreign account reporting requirements and exchange controls may affect your ability to acquire or hold Shares acquired under the Plan or cash received from participating in the Plan (including from any dividends paid on Shares acquired under the Plan) in a brokerage or bank account outside your country. You may be required to report such accounts, assets or transactions to the tax or other authorities in your country. You may also be required to repatriate sale proceeds or other funds received as a result of your participation in the Plan to your country through a designated bank or broker and/or within a certain time after receipt. You acknowledge that you are responsible for complying with any applicable regulations, and that you should speak to your personal legal advisor for any details.

* * * * *

By accepting this Award, you agree to the following:

(i) you have carefully read, fully understand and agree to all of the terms and conditions described in this Award Agreement and the Plan; and

(ii) you understand and agree that this Award Agreement and the Plan constitute the entire understanding between you and the Company regarding the Stock Option, and that any prior agreements, commitments or negotiations concerning the Stock Option are replaced and superseded.

(iii) FOR EU/EEA PARTICIPANTS ONLY: you declare that you expressly agree with the data processing practices described in the “Data Privacy Information and Consent” section of the EU/EEA Countries appendix (the “Data Privacy Provisions”), and consent to the collection, processing and use of data by the Company and the transfer of data to the recipients mentioned in the Data Privacy Provisions, including recipients located in countries which do not provide an adequate level of protection from an EU/EEA data protection law perspective, for the purposes described in the Data Privacy Provisions. You understand that providing your signature below (or accepting the award agreement electronically) is a condition of receiving the equity award under the equity incentive plan and that the Company may cancel the equity award if a signature is not provided. You understand that you may withdraw your consent at any time with future effect for any or no reason as described in the Data Privacy Provisions.

Terrence R. Curtin
Chief Executive Officer,
TE Connectivity

APPENDIX
TO THE
TERMS AND CONDITIONS
OF
STOCK OPTION AWARD
UNDER THE
TE CONNECTIVITY LTD.
2007 STOCK AND INCENTIVE PLAN

Capitalized terms not specifically defined in this Appendix have the same meaning assigned to them in the Plan and/or the Award Agreement to which this Appendix is attached.

Terms and Conditions

This Appendix includes additional terms and conditions that govern the grant of Stock Options in your country. If you are a citizen or resident of a country other than the one in which you are currently residing and/or working, transfer residency and/or employment to another country after the grant but prior to the vesting and/or exercise of the Stock Options, or are considered a resident of another country for local law purposes, the Company may, in its discretion, determine to what extent the additional terms and conditions contained herein will apply to you.

Notifications

This Appendix also includes information regarding exchange controls and certain other issues of which you should be aware with respect to your participation in the Plan. The information is based on the securities and other laws in effect in the respective countries as of November 2018. Such laws are often complex and change frequently. As a result, the Company strongly recommends that you not rely on the information noted herein as the only source of information relating to the consequences of your participation in the Plan because the information may be out of date at the vesting or exercise of the Stock Options, receipt of any dividends or the subsequent sale of the Shares. In addition, the information is general in nature and may not apply to your particular situation, and the Company is not in a position to assure you of any particular result. Accordingly, you should seek appropriate professional advice as to how the relevant laws in your country may apply to your situation. If you are a citizen or resident of a country other than the one in which you are currently residing and/or working, transfer residency and/or employment to another country after the Stock Options are granted to you, or are considered a resident of another country for local law purposes, the notifications contained herein may not be applicable to you.

EU/EEA COUNTRIES

Terms and Conditions

The following terms and conditions will apply if you work or reside in a European Union (“EU”) / European Economic Area (“EEA”) country.

Data Privacy Information and Consent. The following provisions replace Section 19 of the Award Agreement:

- (a) *Data Collection and Usage. The Company and the Employer collect, process and use certain personal information about you, including, but not limited to, your name, home address, telephone number, email address, date of birth, social insurance number, passport or other identification number, salary, nationality, job title, any shares or directorships held in the Company, details of all Stock Options, and any other rights to Shares awarded, canceled, exercised, vested, unvested or outstanding in your favor (“Data”), for purposes of implementing, administering and managing your participation in the Plan. The legal basis, where required, for the processing of Data is the explicit declaration of the consent you provide when signing or electronically agreeing to the Award Agreement.*
- (b) *Stock Plan Administration Service Providers. The Company transfers Data to UBS Financial Services Inc. and certain of its affiliates (“UBS”), which is assisting the Company with the implementation, administration and management of the Plan. You may be asked to agree on separate terms and data processing practices with UBS, with such agreement being a condition to your ability to participate in the Plan.*
- (c) *Other Service Provider Data Recipients. The Company and the Employer also may transfer Data to other third party service providers, if necessary to ensure compliance with applicable tax, exchange control, securities and labor law. Such third party service providers may include the Company’s legal counsel as well as its auditor/accountant/third party vendor (currently Deloitte, Willis Towers Watson, UBS). Wherever possible, the Company will anonymize data, but you understand that your Data may need to be transferred to such providers to ensure compliance with applicable law and/or tax requirements.*
- (d) *International Data Transfers. The Company, UBS and its other service providers described above under (c) have operations in the United States. Your country or jurisdiction may have different data privacy laws and protections than the United States. For example, the European Commission has issued a limited adequacy finding with respect to the United States that applies only to the extent companies register for the EU-U.S. Privacy Shield program. The Company has registered for the EU-U.S. Privacy Shield program and, as such, may transfer Data from the EU to the U.S. in reliance on the program.*
- (e) *Data Retention. The Company will hold and use Data only as long as is necessary to implement, administer and manage your participation in the Plan, or as required to comply with legal or regulatory obligations, including under tax, exchange control, labor and securities laws. This period may extend beyond your employment with the Employer. When the Company or the Employer no longer need Data for any of the above purposes, they will cease processing it in this*

context and remove it from all of their systems used for such purposes to the fullest extent practicable.

(f) **Voluntariness and Consequences of Consent Denial or Withdrawal.** *Participation in the Plan is voluntary and you are providing the consents herein on a purely voluntary basis. If you do not consent, or if you later seek to revoke the consent, your salary from or employment relationship with the Employer will not be affected. The only consequence of refusing or withdrawing consent is that the Company would not be able to grant the Stock Option under the Plan or administer or maintain your participation in the Plan. Therefore, you understand that refusing or withdrawing your consent may affect your ability to participate in the Plan. For more information on the consequences of your refusal to consent or withdrawal of consent, you understand that you may contact your local human resources representative.*

(g) **Data Subject Rights.** *You may have a number of rights under data privacy laws in your jurisdiction. Depending on where you are based, such rights may include the right to (i) request access to or copies of Data the Company processes, (ii) rectify incorrect Data, (iii) delete Data, (iv) restrict the processing of Data, (v) restrict the portability of Data, (vi) lodge complaints with competent authorities in your jurisdiction, and/or (vii) receive a list with the names and addresses of any potential recipients of Data. To receive clarification regarding these rights or to exercise these rights, you can contact your local human resources representative.*

AUSTRIA

There are no country-specific provisions.

CANADA

Terms and Conditions

Payment of Exercise Price. The following provision supplements Section 10 of the Award Agreement:

Due to regulatory requirements, you understand that you are prohibited from surrendering Shares that you already own to pay the Exercise Price or any Tax-Related Items in connection with the exercise of the Stock Options. The Company reserves the right to permit this method of payment depending upon the development of local law.

The following terms and conditions will apply if you are a resident of Quebec:

Language Consent. The parties acknowledge that it is their express wish that the Award Agreement, including this Appendix, as well as all documents, notices, and legal proceedings entered into, given or instituted pursuant hereto or relating directly or indirectly hereto, be drawn up in English.

Consentement relatif à la langue utilisée. *Les parties reconnaissent avoir exigé la rédaction en anglais de cette convention [“Award Agreement”], ainsi que de tous documents, avis et procédures judiciaires, exécutés, donnés ou intentés en vertu de, ou liés directement ou indirectement à la présente convention, soient rédigés en langue anglaise.*

Data Privacy. The following provisions supplement Section 19 of the Award Agreement:

You hereby authorize the Company and the Company's representatives to discuss with and obtain all relevant information from all personnel involved in the administration and operation of the Plan. You further authorize the Company, the Employer, and any other Subsidiary to disclose and discuss the Plan with their advisors. You further authorize the Company, the Employer and any other Subsidiary to record such information and to keep such information in your employee file.

Notifications

Securities Law Information. You will not be permitted to sell or otherwise dispose of the Shares acquired upon exercise of the Stock Option within Canada. You will only be permitted to sell or dispose of any Shares if such sale or disposal takes place outside of Canada on the facilities on which such Shares are traded.

CHINA

Terms and Conditions

The following terms and conditions will apply if you are subject to exchange control restrictions and regulations in China, including the requirements imposed by the State Administration of Foreign Exchange ("SAFE"), as determined by the Company in its sole discretion.

Payment of Exercise Price. The following provision supplements Section 10 of the Award Agreement:

Notwithstanding any terms to the contrary in the Plan or the Award Agreement, due to legal restrictions in China, you will be required to exercise your Stock Option using a cashless sell-all exercise method pursuant to which all Shares subject to the exercised Stock Option will be sold immediately upon exercise and the proceeds of sale, less the Exercise Price, any Tax-Related Items and broker's fees or commissions, will be remitted to you in cash in accordance with any applicable exchange control laws and regulations. You will not be permitted to hold Shares after exercise. The Company reserves the right to provide additional methods of exercise depending on the development of local laws.

Post-Termination Exercise Period. The following provisions supplement Sections 5, 6, 7, 8 and 9 of the Award Agreement:

Notwithstanding Sections 6, 7, 8 and 9 herein, you may exercise the portion of your Stock Option that has vested prior to your Termination of Employment by the earlier of (a) the Expiration Date, and (b) sixty (60) days from your Termination of Employment. Any portion of the vested Stock Option that has not been exercised as of the earlier of the two dates will be immediately forfeited, and your rights with respect to such portion of your Stock Option will end.

Exchange Control Requirements. You understand and agree that, pursuant to local exchange control requirements, you will be required to repatriate the cash proceeds from the cashless sell-

all exercise of the Stock Option to China. You further understand that, under applicable laws, such repatriation of your cash proceeds will need to be effectuated through a special exchange control account established by the Company, the Employer or any other Subsidiary, and you hereby consent and agree that any funds realized under the Plan will be transferred to such special account prior to being delivered to you. You also understand that the Company will deliver the proceeds to you as soon as possible, but there may be delays in distributing the funds to you due to exchange control requirements in China. Proceeds may be paid to you in U.S. dollars or local currency at the Company's discretion. If the proceeds are paid to you in U.S. dollars, you may be required to set up a U.S. dollar bank account in China so that the proceeds may be deposited into this account. If the proceeds are paid to you in local currency, the Company is under no obligation to secure any particular exchange conversion rate and the Company may face delays in converting the proceeds to local currency due to exchange control restrictions. You further agree to comply with any other requirements that may be imposed by the Company in the future in order to facilitate compliance with exchange control requirements in China.

Additional Restrictions. The Stock Option will not vest and become exercisable, and no Shares will be issued, unless the Company determines that such vesting, exercise, and the issuance and delivery of Shares complies with all applicable laws. Further, the Company is under no obligation to issue Shares if the Company's SAFE approval becomes invalid or ceases to be in effect by the time you exercise the Stock Option.

GERMANY

There are no country-specific provisions.

HONG KONG

Terms and Conditions

Sale Restriction. In the event that Shares are issued to you or your estate or heirs within six months of the Grant Date, such Shares may not be sold prior to the six-month anniversary of the Grant Date.

Notifications

Securities Law Information. *WARNING: The contents of this document have not been reviewed by any regulatory authority in Hong Kong. You should exercise caution in relation to the Award. If you have any questions regarding the contents of the Award Agreement or the Plan, you should obtain independent professional advice. Neither the Award nor the issuance of Shares upon exercise of the Stock Option constitutes a public offering of securities under Hong Kong law and is available only to eligible employees and other service providers of the Company or Subsidiaries. The Award Agreement, the Plan and other incidental communication materials distributed in connection with the Stock Option (i) have not been prepared in accordance with and are not intended to constitute a "prospectus" for a public offering of securities under the applicable securities legislation in Hong Kong and (ii), are intended only for the personal use of each eligible employee or other service provider of the Company or Subsidiaries, and may not be distributed to any other person.*

INDIA

Terms and Conditions

Payment of Exercise Price. The following provision supplements Section 10 of the Award Agreement:

Notwithstanding any terms to the contrary in the Plan or the Award Agreement, you will be required to exercise your Option using a cashless sell-all exercise method pursuant to which all Shares subject to the exercised Option will be sold immediately upon exercise and the proceeds of sale, less the Exercise Price, any Tax-Related Items and broker's fees or commissions, will be remitted to you in cash in accordance with any applicable exchange control laws and regulations. You will not be permitted to hold Shares after exercise. The Company reserves the right to provide additional methods of exercise depending on the development of local laws.

IRELAND

There are no country-specific provisions.

JAPAN

There are no country-specific provisions.

POLAND

There are no country-specific provisions.

SINGAPORE

Terms and Conditions

Sale Restriction. You agree that any Shares acquired under the Plan will not be offered for sale in Singapore prior to the six-month anniversary of the Grant Date, unless such sale or offer is made pursuant to the exemptions under Part XIII Division (1) Subdivision (4) (other than section 280) of the Securities and Futures Act (Chapter 289, 2006 Ed.) ("SFA").

Notifications

Securities Law Information. The Award is being made pursuant to the "Qualifying Person" exemption under section 273(1)(f) of the SFA, under which it is exempt from the prospectus and registration requirements and is not made with a view to the underlying Shares being subsequently offered for sale to any other party. The Plan has not been and will not be lodged or registered as a prospectus with the Monetary Authority of Singapore.

SWITZERLAND

Notifications

Securities Law Information. The Stock Option is not intended to be publicly offered in or from Switzerland. Because the offer of the Stock Option is considered a private offering, it is not subject to registration in Switzerland. Neither this document nor any other materials relating to the Stock Option (i) constitutes a prospectus as such term is understood pursuant to article 652a of the Swiss Code of Obligations, (ii) may be publicly distributed nor otherwise made publicly available to Switzerland, or (iii) has been or will be filed with, approved or supervised by any Swiss regulatory authority (in particular, the Swiss Financial Market Supervisory Authority (FINMA)).

UNITED KINGDOM

Terms and Conditions

Retirement. Due to local regulatory requirements, you acknowledge and agree that Section 6 of the Award Agreement will not apply in its entirety as long as you reside in the U.K.

Responsibility for Taxes. The following provisions supplement Section 12 of the Award Agreement:

Without limitation to Section 12 of the Award Agreement, you hereby agree that you are liable for all Tax-Related Items and hereby covenant to pay all such Tax-Related Items, as and when requested by the Company or the Employer, as applicable, or by Her Majesty's Revenue & Customs ("HMRC") (or any other tax authority or any other relevant authority). You also hereby agree to indemnify and keep indemnified the Company and the Employer, as applicable, against any Tax-Related Items that they are required to pay or withhold or have paid or will pay on your behalf to HMRC (or any other tax authority or any other relevant authority).

Notwithstanding the foregoing, if you are a director or executive officer of the Company (within the meaning of Section 13(k) of the Exchange Act), the terms of immediately foregoing provision will not apply. In this case, the amount of the income tax not collected within ninety (90) days of the end of the U.K. tax year in which an event giving rise to the Tax-Related Items occurs may constitute a benefit to you on which additional income tax and National Insurance contributions may be payable. You will be responsible for reporting and paying any income tax due on this additional benefit directly to HMRC under the self-assessment regime and for reimbursing the Company or the Employer, as applicable, for the value of any National Insurance contributions due on this additional benefit, which may be recovered from you by the Company or the Employer at any time thereafter by any of the means referred to in this Section 12.

UNITED STATES

Terms and Conditions

Restrictive Covenants. Notwithstanding anything in the Award Agreement to the contrary, by accepting the Award, you acknowledge, understand and agree to the following provisions:

(a) **Restrictions on Solicitation of Company's Employees.** You agree that during your employment with your Employer, the Company and any Subsidiary and for a period of 12

months following your Termination of Employment, for any reason, you will not, directly or indirectly, solicit or induce, or attempt to solicit or induce, any employee or contract/temporary employee of the Company or any of its Subsidiaries to leave his/her employment with the Company or respective Subsidiary, or to otherwise hire or employ any employee of Company or any of its Subsidiaries who at any time worked for, under, or with you.

The following provisions apply to all US employees except for those whose work site is in California:

(a) **Restrictions On Competition.** You agree that during the period of your employment with your Employer, the Company and any Subsidiary and for a period of 12 months following your Termination of Employment, for any reason, you will not, in any country of the world in which you have done business on behalf of your Employer, the Company or any Subsidiary at any time during the last 12 months prior to the date of your Termination of Employment, engage in or enter into any kind of employment or gainful occupation, directly or indirectly, in any Competing Business where your responsibilities include the manufacture, sale, purchasing, research, development, or business plans of any product, process, function or service which is directly competitive with or similar to any Company or Subsidiary product, process, function or service that you were exposed to within 12 months prior to your Termination of Employment. For purposes of this Agreement, the term "Competing Business" shall mean any person or other entity which sells or attempts to sell any products or services which are the same as or similar to the products and services sold, leased or otherwise distributed by Company or any Subsidiary at any time during the last 12 months prior to your Termination of Employment, or which has under development a product or service that is in competition with a product or service, whether existing or under development, of Company or any Subsidiary.

(b) **Restrictions on Solicitation of Company's Customers.** You agree that during your employment with your Employer, Company and any Subsidiary and for 12 months following your Termination of Employment, for any reason, you will not directly or indirectly encourage any customers or suppliers to refrain from or stop doing business with the Company or any Subsidiary, either on your behalf or on behalf of any other party or entity.

**TE Connectivity Ltd.
2007 Stock and Incentive Plan**

**TERMS AND CONDITIONS
OF
RESTRICTED UNIT AWARD**

< XXXX >

RESTRICTED UNIT AWARD made as of [XXXX] (the "Grant Date").

1. **Grant of Award.** TE Connectivity Ltd. (the "Company") has granted you [XXX] Restricted Units, subject to the provisions of this Award Agreement, including any special terms and conditions for your country in the appendix attached hereto (the "Appendix"). The Company will hold the Restricted Units in a bookkeeping account on your behalf until they become payable or are forfeited or cancelled.

2. **Payment Amount.** Each Restricted Unit represents one share of common stock of the Company (the "Share").

3. **Form of Payment.** Vested Restricted Units will be settled solely in Shares, subject to Section 16 herein and any special terms and conditions set forth in the Appendix.

4. **Dividends and Dividend Equivalents.** Restricted Units are a promise to deliver Shares upon vesting. For each Restricted Unit that is unvested, you will be credited with a Dividend Equivalent Unit (the "DEU") for any cash or stock dividends distributed by the Company on its Shares. DEUs will be calculated at the same dividend rate paid to other holders of Shares. The number of DEUs to be credited to your account upon payment of a dividend will be equal to the quotient produced by dividing the cash value of the dividend earned on the Restricted Units by the fair market value of the Shares, defined as the closing price per Share as quoted on the New York Stock Exchange (the "NYSE") on the date the dividend is paid. DEUs will vest and be delivered in the form of Shares in accordance with the vesting and payment schedules applicable to the underlying Restricted Units.

5. **Time of Delivery.** Except as otherwise provided for in this Award Agreement, Shares issuable upon vesting of the Restricted Units and DEUs will be delivered to you in whole Shares rounding down for any fractional Shares as soon as is administratively feasible following the date of vesting set forth in Section 6 or other applicable vesting date or event set forth in this Award Agreement, except as otherwise set forth in Section 24.

6. **Normal Vesting.** Your Restricted Unit Award will vest in four equal installments, with the first installment on the first November 15 that is at least twelve (12) months from the Grant Date and the remaining three installments on the following three anniversaries of the first vesting date (the "Normal Vesting Terms"). The value of the vested

shares will be calculated using the average of the high and low of the stock price reported on the date of vesting.

7. **Termination of Employment.** Any Restricted Units and DEUs that have not vested as of your Termination of Employment, other than as set forth under Sections **8, 9, 10 and 11 herein**, will immediately be forfeited, and your rights with respect to those Restricted Units and DEUs will end.

8. **Death or Disability.** If your Termination of Employment is a result of your death or Disability, your Restricted Unit Award will immediately become fully vested and Shares issuable upon vesting of the Restricted Units and DEUs will be delivered in accordance with Section 5. If you are deceased, the Company will deliver Shares to your estate immediately after the Committee or its designee has determined the duly appointed executor or administrator of your estate.

9. **Retirement.** If, at the time of your Termination of Employment, you have attained age 55 and have completed at least five years of service, your Restricted Unit Award will vest pro rata (standard rounding to the nearest Unit, in full-month increments) based on (i) the number of whole months that you have completed from the Grant Date through the end of the month in which your Termination of Employment occurs, over the original number of months of the vesting period, times (ii) the total number of Restricted Units awarded on the Grant Date minus (iii) the number of Restricted Units previously vested under the Normal Vesting Terms; provided, however, that you will not be entitled to the accelerated vesting under this Section 9 until you have completed at least one year of service following the Grant Date. Termination of Employment within twelve (12) months of the Grant Date will result in the forfeiture of your Restricted Unit Award, except as otherwise provided for under Sections 7, 8, 10, and 11 herein. Shares issuable for any portion of your Restricted Unit Award and DEUs that vest pursuant to this Section 9 will be delivered in accordance with Section 5.

Notwithstanding the foregoing, if the Company receives an opinion of counsel that there has been a legal judgment and/or legal development in your jurisdiction that likely would result in the favorable retirement treatment, which otherwise would apply to the Restricted Units pursuant to this Section 9, being deemed unlawful and/or discriminatory, then the Company will not apply the favorable retirement treatment at the time of your Termination of Employment and the Restricted Units will be treated as they would under the rules that otherwise would have applied as if your Termination of Employment did not qualify as a retirement pursuant to this Section 9.

10. **Change in Control.** Except as may be otherwise provided by the Committee, if your employment is terminated following a Change in Control, as defined in the Plan, your Restricted Unit Award (or any other form of equity award or compensation that replaces your Restricted Unit Award as a result of the Change in Control) will immediately become fully vested, provided that:

(a) your employment is terminated by the Company or, if different, the Subsidiary employing you (the “Employer”) for any reason other than Cause, Disability or death in the twelve (12)-month period following the Change in Control; or

(b) you terminate your employment with the Company or the Employer after one of the following events within the twelve (12)-month period following the Change in Control:

- i. the Company or the Employer (1) assigns or causes to be assigned to you duties inconsistent in any material respect with your position as in effect immediately prior to the Change in Control; (2) makes or causes to be made any material adverse change in your position, authority, duties or responsibilities; or (3) takes or causes to be taken any other action which, in your reasonable judgment, would cause you to violate your ethical or professional obligations (after written notice of such judgment has been provided by you to the Company or the Employer and the Company or the Employer has been given a 15-day period within which to cure such action), or which results in a significant diminution in such position, authority, duties or responsibilities; or
- ii. the Company or the Employer, without your consent, (1) requires you to relocate to a principal place of employment more than 50 miles from your existing place of employment; or (2) materially reduces your base salary, annual bonus, or retirement, welfare, stock incentive, perquisite (if any) and other benefits taken as a whole (collectively, a “Change in Control Termination”);

provided, however, that none of the events described in this sentence shall constitute a Change in Control Termination unless and until (w) you first notify the Company in writing describing in reasonable detail the condition which constitutes a Change in Control Termination within ninety (90) days of its occurrence, (x) the Company fails to cure such condition within (thirty) 30 days after the Company’s receipt of such written notice, (y) notwithstanding such efforts, the condition continues to exist, and (z) you terminate employment within sixty (60) days after the end of such (thirty) 30-day cure period. Shares issuable for any portion of your Restricted Unit Award that vests pursuant to this Section 10 and DEUs will be delivered in accordance with Section 5.

11. Termination of Employment as a Result of a Divestiture or Outsourcing. If the business in which you are employed is being separated from the Company as a result of a Disposition of Assets, Disposition of a Subsidiary or an Outsourcing Agreement, and, as of the closing date of the applicable transaction you are designated in the transaction documents (either individually or by classification) as a “business employee” (or similar designation) who will be terminating employment with the Company its Subsidiaries either because (i) you will remain with the separated business after the transaction or be transferred to the employment of the buyer or Outsourcing Agent as a result of the transaction, or (ii) you will not be offered continued employment by the Company or a Subsidiary, buyer or Outsourcing Agent after the close of the transaction, then your Restricted Unit Award will vest pro rata (standard rounding to the nearest Unit in full-month increments) and Shares and DEUs issuable upon vesting of the Restricted Units will be delivered as soon as administratively feasible after the closing date of the transaction, unless the Award is subject to the requirements of Section 409A of the Code, in which case the Shares and DEUs will not be distributed until the earlier of the next Normal Vesting date or your separation from service with a TE Subsidiary. The pro rata vesting will be based on (i) the number of whole months that you have completed from the Grant Date through the end of the month of the closing date of the applicable transaction over the original number of months of the vesting period, times (ii) the total number of Units awarded on the Grant Date

minus (iii) the number of Units previously vested pursuant to the Normal Vesting Terms. If you become entitled to the pro rata vesting described in this Section 11, you will not be entitled to any further vesting in your Restricted Unit Award, unless you are transferred to employment with the Company or a Subsidiary in a position outside of the business that is being separated from the Company (with the intent of continued employment with the Company or a Subsidiary outside of the separated business) prior to your Termination of Employment as a result of the Disposition of Assets, Disposition of a Subsidiary or an Outsourcing Agreement.

Notwithstanding the foregoing, you shall not be eligible for such pro rata vesting if, (i) your Termination of Employment occurs on or prior to the closing date of such Disposition of Assets or Disposition of a Subsidiary, as applicable, or on such later date as is specifically provided in the applicable transaction agreement or related agreements, or on the effective date of such Outsourcing Agreement applicable to you (the “Applicable Employment Date”), and (ii) you are offered Comparable Employment with the buyer, successor company or outsourcing agent, as applicable, but do not commence such employment on the Applicable Employment Date.

For the purposes of this Section 11, (a) “Comparable Employment” shall mean employment at a base salary rate and bonus target that is at least equal to the base salary rate and bonus target in effect immediately prior to your Termination of Employment and at a location that is no more than 50 miles from your existing place of employment; (b) “Disposition of Assets” shall mean the disposition by the Company or a Subsidiary of all or a portion of the assets used by the Company or Subsidiary in a trade or business to an unrelated corporation or entity; (c) “Disposition of a Subsidiary” shall mean the disposition by the Company or a Subsidiary of its interest in a Subsidiary to an unrelated individual or entity, provided that such Subsidiary ceases to be a Subsidiary as a result of such disposition; and (d) “Outsourcing Agreement” shall mean a written agreement between the Company or a Subsidiary and an unrelated third party (“Outsourcing Agent”) pursuant to which the Company transfers the performance of services previously performed by employees of the Company or Subsidiary to the Outsourcing Agent, and the Outsourcing Agreement includes an obligation of the Outsourcing Agent to offer employment to any employee whose employment is being terminated as a result of or in connection with said Outsourcing Agreement.

12. **Responsibility for Taxes.** Regardless of any action the Company or the Employer takes with respect to any or all income tax, social insurance, payroll tax, payment on account or other tax-related items related to your participation in the Plan and legally applicable to you (“Tax-Related Items”), by accepting the Award, you acknowledge that the ultimate liability for all Tax-Related Items is and remains your responsibility and may exceed the amount actually withheld by the Company or the Employer. You further acknowledge that the Company and/or the Employer (1) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the Restricted Units, including, but not limited to, the grant, vesting or settlement of the Restricted Units, the issuance of Shares upon settlement of the Restricted Units, the subsequent sale of Shares acquired pursuant to such issuance and the receipt of any dividends and/or any DEUs; and (2) do not commit to and are under no obligation to structure the terms of the Award or any aspect of the Restricted Units to reduce or eliminate your liability for Tax-Related Items or achieve any particular tax result. Further, if you have become subject to tax in more than one jurisdiction, you acknowledge that

the Company and/or the Employer (or former employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

Prior to any relevant taxable or tax withholding event, as applicable, you will pay or make adequate arrangements satisfactory to the Company and/or the Employer to satisfy all Tax-Related Items. In this regard, you authorize the Company and/or the Employer, or their respective agents, at their discretion, to satisfy any applicable withholding obligations with regard to all Tax-Related Items by one or a combination of the following:

- (1) withholding from your wages or other cash compensation paid to you by the Company and/or the Employer;
- (2) withholding from proceeds of the sale of Shares acquired upon vesting of the Restricted Units either through a voluntary sale or through a mandatory sale arranged by the Company (on your behalf pursuant to this authorization); or
- (3) withholding in Shares to be issued upon vesting of the Restricted Units;

provided, however, that if you are a Section 16 officer under the Exchange Act, then the Company will withhold in Shares upon the relevant taxable or tax withholding event, as applicable, unless the use of such withholding method is problematic under applicable tax or securities law or has materially adverse accounting consequences, in which case the obligation for Tax-Related Items may be satisfied by one or a combination of methods (1) and (2) above.

The Company may withhold or account for Tax-Related Items by considering applicable minimum statutory withholding amounts or other applicable withholding rates, including maximum applicable rates, in which case you will have no entitlement to the Shares equivalent to any over-withheld amount in cash. Notwithstanding the foregoing, to avoid a prohibited acceleration under Section 409A of the Code, if Shares are withheld to satisfy any Tax-Related Items arising prior to the date of settlement of the Restricted Units for any portion of the Award that is subject to Section 409A, the number of Shares withheld will not exceed the number of Shares that equals the liability for the Tax-Related Items. If the obligation for Tax-Related Items is satisfied by withholding in Shares, for tax purposes, you are deemed to have been issued the full number of Shares subject to the vested Restricted Units, notwithstanding that a number of the Shares are held back solely for the purpose of paying the Tax-Related Items due as a result of any aspect of your participation in the Plan.

Finally, you shall pay to the Company or the Employer any amount of Tax-Related Items that the Company or the Employer may be required to withhold or account for as a result of your participation in the Plan that cannot be satisfied by the means previously described. The Company may refuse to issue or deliver the Shares or the proceeds of the sale of Shares if you fail to comply with your obligations in connection with the Tax-Related Items.

13. **Transfer of Award.** You may not transfer any interest in the Restricted Units except by will or the laws of descent and distribution. Any other attempt to dispose of your interest in the Restricted Units will be null and void.

14. Covenant; Forfeiture of Award; Agreement to Reimburse Company.

(a) If you have been terminated for Cause, any Restricted Units shall be immediately rescinded and, in addition, you hereby agree and promise immediately to deliver to the Company the number of Shares (or, in the discretion of the Committee, the cash value of said Shares) you received for Restricted Units that vested during the period of six months prior to your Termination of Employment through the date of Termination of Employment.

(b) If, after your Termination of Employment, the Committee determines in its sole discretion that while you were an employee of the Company or a Subsidiary you engaged in activity that would have constituted grounds for the Company or Subsidiary to terminate your employment for Cause, then you hereby agree and promise immediately to deliver to the Company the number of Shares (or, in the discretion of the Committee, the cash value of said Shares) you received for Restricted Units that vested during the period of six months prior to your Termination of Employment through the date of termination.

(c) If the Committee determines, in its sole discretion, that at any time after your Termination of Employment and prior to the second anniversary of your Termination of Employment you (i) disclosed business confidential or proprietary information related to any business of the Company or Subsidiary or (ii) have entered into an employment or consultation arrangement (including any arrangement for employment or service as an agent, partner, stockholder, consultant, officer or director) with any entity or person engaged in a business and (A) such employment or consultation arrangement would likely (in the Committee's sole discretion) result in the disclosure of business confidential or proprietary information related to any business of the Company or a Subsidiary to a business that is competitive with any Company or Subsidiary business as to which you have had access to business strategic or confidential information, and (B) the Committee has not approved the arrangement in writing, then you hereby agree and promise immediately to deliver to the Company the number of Shares (or, in the discretion of the Committee, the cash value of said shares) you received for Restricted Units that vested during the period six (6) months prior to your Termination of Employment through the date of Termination of Employment.

(d) The Committee shall be entitled to require that you repay all or part of any amount received (whether in cash or Shares) pursuant to the terms of this Award (i) to the extent it deems it necessary or appropriate to comply with any current or future rules of the Securities Exchange Commission, the NYSE or any other governmental agency, as they may be amended from time to time, (ii) to the extent it deems it necessary or appropriate to comply with the requirements of the Sarbanes-Oxley Act of 2002, the Dodd-Frank Wall Street Reform and Consumer Protection Act, or other applicable law, regulation or stock exchange listing requirement, as may be in effect from time to time, or (iii) to the extent otherwise deemed appropriate by the Committee to recover any overpayment or mistaken payment that was based on deficient financial information, and you hereby agree and promise to promptly remit to the Company any such amount.

15. Adjustments. In the event of any stock split, reverse stock split, dividend or other distribution (whether in the form of cash, Shares, other securities or other property), extraordinary cash dividend, recapitalization, merger, consolidation, split-up, spin-off,

reorganization, combination, repurchase or exchange of Shares or other securities, the issuance of warrants or other rights to purchase Shares or other securities, or other similar corporate transaction or event, the Committee shall adjust the number and kind of Shares covered by the Restricted Units and other relevant provisions to the extent necessary to prevent dilution or enlargement of the benefits or potential benefits intended to be provided by the Restricted Units.

16. **Restrictions on Payment of Shares.** Payment of Shares for your Restricted Units is subject to the conditions that, to the extent required at the time of delivery, (a) the Shares underlying the Restricted Units will be duly listed, upon official notice of settlement, upon the NYSE, and (b) a Registration Statement under the U.S. Securities Act of 1933, as amended, with respect to the Shares will be effective. The Company will not be required to deliver any Shares until all applicable federal, state, foreign and local laws and regulations have been complied with and all legal matters in connection with the issuance and delivery of the Shares have been approved by counsel of the Company.

17. **Insider Trading; Market Abuse Laws.** By accepting the Award, you acknowledge that you have read and understand the Company's insider trading policy, and are aware of and understand your obligations under federal securities laws in respect of trading in the Company's securities. The Company will have the right to recover, or receive reimbursement for, any compensation or profit realized on the disposition of Shares received for Restricted Units to the extent that the Company has a right of recovery or reimbursement under applicable securities laws.

You acknowledge that, depending on your or your broker's country of residence or where the Shares are listed, you may be subject to insider trading restrictions and/or market abuse laws, which may affect your ability to accept, acquire, sell or otherwise dispose of Shares, rights to Shares (*e.g.*, Restricted Units) or rights linked to the value of Shares under the Plan during such times as you are considered to have "inside information" regarding the Company (as defined by the laws or regulations in your country). Local insider trading laws and regulations may prohibit the cancellation or amendment of orders you placed before you possessed inside information. Furthermore, you could be prohibited from (i) disclosing the inside information to any third party (other than on a "need to know" basis) and (ii) "tipping" third parties or causing them otherwise to buy or sell securities. Keep in mind third parties includes fellow employees. Any restrictions under these laws or regulations are separate from and in addition to any restrictions that may be imposed under the Company's insider trading policy. You acknowledge that it is your responsibility to comply with any applicable restrictions, and you should speak to your personal advisor on this matter.

18. **Plan Terms Govern.** The vesting and settlement of Restricted Units, the disposition of any Shares received for Restricted Units, and the treatment of any gain on the disposition of these Shares are subject to the terms of the Plan and any rules that the Committee may prescribe. The Plan document, as may be amended from time to time, is incorporated into this Award Agreement. Capitalized terms used in this Award Agreement have the meaning set forth in the Plan, unless otherwise stated in this Award Agreement. In the event of any conflict between the terms of the Plan and the terms of this Award Agreement, the Plan will control. By accepting the Award, you acknowledge receipt of the Plan, as in effect on the date of this Award Agreement.

19. **Data Privacy.** By accepting the Award, you hereby explicitly and unambiguously consent to the collection, use and transfer, in electronic or other form, of your personal data as described in this Award Agreement and any other grant materials by and among, as applicable, the Company, your Employer and any other Subsidiaries for the exclusive purpose of implementing, administering and managing your participation in the Plan.

You understand that the Company and the Employer may hold certain personal information about you, including, but not limited to, your name, home address, email address and telephone number, date of birth, social insurance number, passport or other identification number, salary, nationality, job title, any Shares or directorships held in the Company, details of all Restricted Units or any other entitlement to Shares awarded, canceled, exercised, vested, unvested or outstanding in your favor ("Data"), for the exclusive purpose of implementing, administering and managing the Plan.

You understand that Data may be transferred to any third parties assisting the Company with the implementation, administration and management of the Plan. You understand that these recipients of Data may be located in the United States or elsewhere, and that the recipients' country (e.g., the United States) may have different data privacy laws and protections than your country. You understand that if you reside outside the United States you may request a list with the names and addresses of any potential recipients of Data by contacting your local Human Resources Representative. You authorize the Company and the recipients assisting the Company (presently or in the future) with implementing, administering and managing the Plan to receive, possess, use, retain and transfer Data, in electronic or other form, for the sole purpose of implementing, administering and managing your participation in the Plan. You understand that Data will be held only as long as is necessary to implement, administer and manage your participation in the Plan. You understand that if you reside outside the United States you may at any time view Data, request additional information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing your local Human Resources Representative. Further, you understand that you are providing the consents herein on a purely voluntary basis. If you do not consent, or if you later seek to revoke the consents, your employment or service with the Employer will not be affected; the only consequence of refusing or withdrawing the consents is that the Company would not be able to grant Restricted Units or other equity awards to you or administer or maintain such awards. Therefore, you understand that refusing or withdrawing your consent may affect your ability to participate in the Plan. For more information on the consequences of your refusal to consent or withdrawal of consent, you understand that you may contact your local Human Resources Representative.

20. **Nature of Grant.** By accepting the Award, you acknowledge, understand and agree that:

(a) the Plan is established voluntarily by the Company, it is discretionary in nature and it may be modified, amended, suspended or terminated by the Company at any time;

(b) the grant of the Restricted Units is exceptional, voluntary and occasional and does not create any contractual or other right to receive future grants of Restricted Units, or benefits in lieu of Restricted Units, even if Restricted Units have been granted repeatedly in the past;

(c) all decisions with respect to future Restricted Unit grants, if any, will be at the sole discretion of the Company;

(d) your participation in the Plan shall not be interpreted to form an employment contract or relationship with the Company or any Subsidiary nor create a right to further employment with the Employer and shall not interfere with the ability of the Employer to terminate your employment relationship at any time;

(e) you are voluntarily participating in the Plan;

(f) the Restricted Units and the Shares subject to the Restricted Units, and the value of and income from same, are not intended to replace any pension rights or compensation;

(g) the Restricted Units and the Shares subject to the Restricted Units, and the value of and income from same, are not part of normal or expected compensation or salary for purposes of calculating any severance, resignation, termination, redundancy, dismissal, end of service payments, holiday pay, bonuses, long-service awards, leave-related payments, pension or retirement or welfare benefits or similar mandatory payments;

(h) the future value of the underlying Shares is unknown and cannot be predicted with certainty;

(i) in consideration of the grant of the Restricted Units, no claim or entitlement to compensation or damages shall arise from forfeiture of the Restricted Units resulting from termination of your employment with the Company or the Employer (for any reason whatsoever and whether or not in breach of local labor laws); and except where expressly prohibited under applicable law, you irrevocably release the Company and the Employer 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, you shall be deemed irrevocably to have waived your entitlement to pursue such claim;

(j) the Restricted Units and the Shares subject to the Restricted Units, and the value of and income from same, are not granted as consideration for, or in connection with, any service you may provide as a director of any Subsidiary;

(k) the Restricted Units and the benefits under the Plan, if any, will not automatically transfer to another company in the case of a merger, take-over or transfer of liability;

(l) payment of your Restricted Units is not secured by a trust, insurance contract or other funding medium, and you do not have any interest in any fund or specific asset of the Company by reason of this Award or the account established on your behalf;

(m) you have no rights as a stockholder of the Company pursuant to the Restricted Units until Shares are actually delivered to you; and

(n) if you reside outside the United States,

(A) the Restricted Units and the Shares subject to the Restricted Units, and the value of and income from same, are not part of normal or expected compensation or salary for any purpose; and

(B) neither the Company, the Employer, nor any other Subsidiary will be liable for any foreign exchange rate fluctuation between any local currency and the U.S. dollar that may affect the value of the Restricted Units, any amounts due to you pursuant to the settlement of the Restricted Units or the subsequent sale of any Shares acquired upon settlement.

21. **No Advice Regarding Grant.** The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding your participation in the Plan or your acquisition or sale of the underlying Shares. You should consult with your own personal tax, legal and financial advisors regarding your participation in the Plan before taking any action related to the Plan.

22. **Incorporation of Other Agreements.** This Award Agreement and the Plan constitute the entire understanding between you and the Company regarding the Restricted Units. This Award Agreement supersedes any prior agreements, commitments or negotiations concerning the Restricted Units.

23. **Severability.** The invalidity or unenforceability of any provision of this Award will not affect the validity or enforceability of the other provisions of the Award Agreement, which will remain in full force and effect. Moreover, if any provision is found to be excessively broad in duration, scope or covered activity, the provision will be construed so as to be enforceable to the maximum extent compatible with applicable law.

24. **Delayed Payment.** Notwithstanding anything in this Award Agreement to the contrary, if you (i) are subject to U.S. federal income tax on any part of the payment of the Restricted Units or DEUs, (ii) are a “specified employee” within the meaning of section 409A(a)(2)(B)(i) of the Code and the regulations thereunder, and (iii) are or will become eligible for retirement prior to the Normal Vesting Terms of some or all of the Restricted Units and DEUs or the Award is otherwise considered an item of “nonqualified deferred compensation” subject to Section 409A of the Code, then any payment of Restricted Units and DEUs that is made on account of your separation from service within the meaning of section 409A(a)(2)(A)(i) of the Code and the regulations thereunder shall be delayed until six months following such separation from service.

25. **Language.** You acknowledge that you are sufficiently proficient in English to understand the terms and conditions of the Award Agreement. Furthermore, if you have received this Award Agreement or any other document related to the Plan translated into a language other than English and if the meaning of the translated version is different than the English version, the English version will control.

26. **Electronic Delivery and Acceptance.** The Company may, in its sole discretion, decide to deliver any documents related to current or future participation in the Plan by electronic means. You hereby consent to receive such documents by electronic delivery and agree 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.

27. **Imposition of Other Requirements.** The Company reserves the right to impose other requirements on your participation in the Plan on the Restricted Units and on any Shares acquired under the Plan, to the extent the Company determines it is necessary or advisable for legal or administrative reasons, and to require you to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

28. **Governing Law and Venue.** The Award Agreement is to be governed by and construed in accordance with the laws of Switzerland, without regard to the conflict of laws principles thereof.

For purposes of litigating any dispute that arises under this grant or this Award Agreement, the parties hereby submit to and consent to the jurisdiction of the State of Pennsylvania and agree that such litigation shall be conducted in the courts of Chester County, Pennsylvania, or the federal courts for the United States for the Eastern District of Pennsylvania, where this Award is made and/or to be performed.

29. **Waiver.** You acknowledge that a waiver by the Company of breach of any provision of the Award Agreement will not operate or be construed as a waiver of any other provision of the Award Agreement, or of any subsequent breach by you or any other Participant.

30. **Appendix.** Notwithstanding any provisions in the Award Agreement, the Restricted Unit Award will be subject to any special terms and conditions for your country set forth in the Appendix attached hereto. Moreover, if you relocate to one of the countries included in the Appendix, the special terms and conditions for such country will apply to you, to the extent the Company determines that the application of such terms and conditions is necessary or advisable for legal or administrative reasons. The Appendix constitutes part of the Award Agreement.

31. **Foreign Asset/Account Reporting; Exchange Control Requirements.** Certain applicable foreign asset and/or foreign account reporting requirements and exchange controls may affect your ability to acquire or hold Shares acquired under the Plan or cash received from participating in the Plan (including from any dividends paid on Shares acquired under the Plan) in a brokerage or bank account outside your country. You may be required to report such accounts, assets or transactions to the tax or other authorities in your country. You may also be required to repatriate sale proceeds or other funds received as a result of your participation in the Plan to your country through a designated bank or broker and/or within a certain time after receipt. You acknowledge that you are responsible for complying with any applicable regulations, and that you should speak to your personal legal advisor for any details.

By accepting this Award, you agree to the following:

(i) you have carefully read, fully understand and agree to all of the terms and conditions described in this Award Agreement and the Plan; and

(ii) you understand and agree that this Award Agreement and the Plan constitute the entire understanding between you and the Company regarding the Award, and that any prior agreements, commitments or negotiations concerning the Restricted Units are replaced and superseded.

(iii) FOR EU/EEA PARTICIPANTS ONLY: you declare that you expressly agree with the data processing practices described in the “Data Privacy Information and Consent” section of the EU/EEA Countries appendix (the “Data Privacy Provisions”), and consent to the collection, processing and use of data by the Company and the transfer of data to the recipients mentioned in the Data Privacy Provisions, including recipients located in countries which do not provide an adequate level of protection from an EU/EEA data protection law perspective, for the purposes described in the Data Privacy Provisions. You understand that providing your signature below (or accepting the award agreement electronically) is a condition of receiving the equity award under the equity incentive plan and that the Company may cancel the equity award if a signature is not provided. You understand that you may withdraw your consent at any time with future effect for any or no reason as described in the Data Privacy Provisions.

Terrence R. Curtin
Chief Executive Officer,
TE Connectivity

**APPENDIX
TO THE
TERMS AND CONDITIONS
OF
RESTRICTED UNIT AWARD

UNDER THE
TE CONNECTIVITY LTD.
2007 STOCK AND INCENTIVE PLAN**

Capitalized terms not specifically defined in this Appendix have the same meaning assigned to them in the Plan and/or the Award Agreement to which this Appendix is attached.

Terms and Conditions

This Appendix includes additional terms and conditions that govern the grant of Restricted Units in your country. If you are a citizen or resident of a country other than the one in which you are currently residing and/or working, transfer residency and/or employment to another country after the grant but prior to the vesting of the Restricted Units, or are considered a resident of another country for local law purposes, the Company may, in its discretion, determine to what extent the additional terms and conditions contained herein will apply to you.

Notifications

This Appendix also includes information regarding exchange controls and certain other issues of which you should be aware with respect to your participation in the Plan. The information is based on the securities and other laws in effect in the respective countries as of November 2018. Such laws are often complex and change frequently. As a result, the Company strongly recommends that you not rely on the information noted herein as the only source of information relating to the consequences of your participation in the Plan because the information may be out of date when the Restricted Units or DEUs vest, the receipt of any dividends or the subsequent sale of the Shares. In addition, the information is general in nature and may not apply to your particular situation, and the Company is not in a position to assure you of any particular result. Accordingly, you should seek appropriate professional advice as to how the relevant laws in your country may apply to your situation. If you are a citizen or resident of a country other than the one in which you are currently residing and/or working, transfer residency and/or employment to another country after the Restricted Units are granted to you, or are considered a resident of another country for local law purposes, the notifications contained herein may not be applicable to you.

EU/EEA COUNTRIES

Terms and Conditions

The following terms and conditions will apply if you work or reside in a European Union ("EU") / European Economic Area ("EEA") country.

Data Privacy Information and Consent. The following provisions replace Section 19 of the Award Agreement:

- (a) *Data Collection and Usage. The Company and the Employer collect, process and use certain personal information about you, including, but not limited to, your name, home address, telephone number, email address, date of birth, social insurance number, passport or other identification number, salary, nationality, job title, any shares or directorships held in the Company, details of all Restricted Units, and any other rights to Shares awarded, canceled, exercised, vested, unvested or outstanding in your favor ("Data"), for purposes of implementing, administering and managing your participation in the Plan. The legal basis, where required, for the processing of Data is the explicit declaration of the consent you provide when signing or electronically agreeing to the Award Agreement.*
- (b) *Stock Plan Administration Service Providers. The Company transfers Data to UBS Financial Services Inc. and certain of its affiliates ("UBS"), which is assisting the Company with the implementation, administration and management of the Plan. You may be asked to agree on separate terms and data processing practices with UBS, with such agreement being a condition to your ability to participate in the Plan.*
- (c) *Other Service Provider Data Recipients. The Company and the Employer also may transfer Data to other third party service providers, if necessary to ensure compliance with applicable tax, exchange control, securities and labor law. Such third party service providers may include the Company's legal counsel as well as its auditor/accountant/third party vendor (currently Deloitte, Willis Towers Watson, UBS). Wherever possible, the Company will anonymize data, but you understand that your Data may need to be transferred to such providers to ensure compliance with applicable law and/or tax requirements.*
- (d) *International Data Transfers. The Company, UBS and its other service providers described above under (c) have operations in the United States. Your country or jurisdiction may have different data privacy laws and protections than the United States. For example, the European Commission has issued a limited adequacy finding with respect to the United States that applies only to the extent companies register for the EU-U.S. Privacy Shield program. The Company has registered for the EU-U.S. Privacy Shield program and, as such, may transfer Data from the EU to the U.S. in reliance on the program.*
- (e) *Data Retention. The Company will hold and use Data only as long as is necessary to implement, administer and manage your participation in the Plan, or as required to comply with legal or regulatory obligations, including under tax, exchange control, labor and securities laws. This period may extend beyond your employment with the Employer. When the Company or the Employer no longer need Data for any of the above purposes, they will cease processing it in this*

context and remove it from all of their systems used for such purposes to the fullest extent practicable.

(f) **Voluntariness and Consequences of Consent Denial or Withdrawal.** *Participation in the Plan is voluntary and you are providing the consents herein on a purely voluntary basis. If you do not consent, or if you later seek to revoke the consent, your salary from or employment relationship with the Employer will not be affected. The only consequence of refusing or withdrawing consent is that the Company would not be able to grant the Restricted Units under the Plan or administer or maintain your participation in the Plan. Therefore, you understand that refusing or withdrawing your consent may affect your ability to participate in the Plan. For more information on the consequences of your refusal to consent or withdrawal of consent, you understand that you may contact your local human resources representative.*

(g) **Data Subject Rights.** *You may have a number of rights under data privacy laws in your jurisdiction. Depending on where you are based, such rights may include the right to (i) request access to or copies of Data the Company processes, (ii) rectify incorrect Data, (iii) delete Data, (iv) restrict the processing of Data, (v) restrict the portability of Data, (vi) lodge complaints with competent authorities in your jurisdiction, and/or (vii) receive a list with the names and addresses of any potential recipients of Data. To receive clarification regarding these rights or to exercise these rights, you can contact your local human resources representative.*

AUSTRALIA

Terms and Conditions

Australia Offer Document. You understand that the offering of the Plan in Australia is intended to qualify for an exemption from the prospectus requirements under Class Order 14/1000 issued by the Australian Securities and Investments Commission. Participation in the Plan is subject to the terms and conditions set forth in the Australian Offer Document and the Plan documentation provided to you.

Notifications

Tax Information. The Plan is a plan to which Subdivision 83A-C of the Income Tax Assessment Act 1997 (Cth) (the “Act”) applies (subject to the conditions in the Act).

AUSTRIA

There are no country-specific provisions.

BELGIUM

There are no country-specific provisions.

BRAZIL

Terms and Conditions

Nature of Grant. The following provisions supplement Section 20 of the Award Agreement:

By accepting the Restricted Units, you acknowledge, understand and agree that (i) you are making an investment decision, (ii) you will be entitled to vest in, and receive Shares pursuant to, the Restricted Units and DEUs only if the vesting conditions are met and any necessary services are rendered by you between the Grant Date and the vesting date(s), and (iii) the value of the underlying Shares is not fixed and may increase or decrease without compensation to you.

Compliance with Laws. By accepting the Restricted Units, you agree that you will comply with Brazilian law when you vest in your Restricted Units and DEUs and subsequently sell Shares. You also agree to report and pay applicable Tax-Related Items associated with the vesting and settlement of the Restricted Units and DEUs, the receipt of any dividends and the subsequent sale of the Shares acquired at settlement.

CANADA

Terms and Conditions

The following terms and conditions will apply if you are a resident of Quebec:

Language Consent. The parties acknowledge that it is their express wish that the Award Agreement, including this Appendix, as well as all documents, notices, and legal proceedings entered into, given or instituted pursuant hereto or relating directly or indirectly hereto, be drawn up in English.

Consentement relatif à la langue utilisée. *Les parties reconnaissent avoir exigé la rédaction en anglais de cette convention [“Award Agreement”], ainsi que de tous documents, avis et procédures judiciaires, exécutés, donnés ou intentés en vertu de, ou liés directement ou indirectement à la présente convention, soient rédigés en langue anglaise.*

Data Privacy. The following provisions supplement Section 19 of the Award Agreement:

You hereby authorize the Company and the Company’s representatives to discuss with and obtain all relevant information from all personnel involved in the administration and operation of the Plan. You further authorize the Company, the Employer, and any other Subsidiary to disclose and discuss the Plan with their advisors. You further authorize the Company, the Employer and any other Subsidiary to record such information and to keep such information in your employee file.

Notifications

Securities Law Information. You will not be permitted to sell or otherwise dispose of the Shares acquired upon vesting of the Restricted Units and DEUs within Canada. You will only be permitted to sell or dispose of any Shares if such sale or disposal takes place outside of Canada on the facilities on which such Shares are traded.

CHINA

Terms and Conditions

The following terms and conditions will apply if you are subject to exchange control restrictions and regulations in China, including the requirements imposed by the State Administration of Foreign Exchange ("SAFE"), as determined by the Company in its sole discretion.

Vesting and Termination. The following provisions supplement Sections 6, 7, 8, 9 and 10 of the Award Agreement:

You agree to maintain any Shares you obtain upon vesting in an account with the designated broker prior to sale. You understand and agree that any Shares acquired under the Plan must be sold no later than sixty (60) days from your Termination of Employment, or within any such other period as may be permitted by the Company or requested by SAFE. You understand that any Shares acquired under the Plan that have not been sold within sixty (60) days of your Termination of Employment or within such other period as may be permitted by the Company or required by SAFE will be automatically sold by the designated broker pursuant to this authorization. You acknowledge that the broker is not required to sell the Shares at any particular price and that the Company, the Employer or any other Subsidiary, as well as the broker, cannot be held responsible for any loss of proceeds due to the sale.

Exchange Control Requirements. You understand and agree that, pursuant to local exchange control requirements, you will be required to repatriate the cash proceeds from the sale of the Shares issued upon the vesting of the Restricted Units and the DEUs as well as any cash dividends paid on such Shares to China. You further understand that, under applicable laws, such repatriation of your cash proceeds will need to be effectuated through a special exchange control account established by the Company, the Employer or any other Subsidiary, and you hereby consent and agree that any proceeds from the sale of any Shares you acquire or from cash dividends paid on such Shares will be transferred to such special account prior to being delivered to you. You also understand that the Company will deliver the proceeds to you as soon as possible, but there may be delays in distributing the funds to you due to exchange control requirements in China. Proceeds may be paid to you in U.S. dollars or local currency at the Company's discretion. If the proceeds are paid to you in U.S. dollars, you may be required to set up a U.S. dollar bank account in China so that the proceeds may be deposited into this account. If the proceeds are paid to you in local currency, the Company is under no obligation to secure any particular exchange conversion rate and the Company may face delays in converting the proceeds to local currency due to exchange control restrictions. You further agree to comply with any other requirements that may be imposed by the Company in the future in order to facilitate compliance with exchange control requirements in China.

Additional Restrictions. The Restricted Units and DEUs will not vest and the Shares will not be issued at vesting unless the Company determines that such vesting and the issuance and delivery of Shares complies with all applicable laws. Further, the Company is under no obligation to vest the Restricted Units / DEUs and/or issue Shares if the Company's SAFE approval becomes invalid or ceases to be in effect by the time you vest in the Restricted Units and DEUs.

COSTA RICA

There are no country-specific provisions.

CZECH REPUBLIC

There are no country-specific provisions.

FRANCE

Terms and Conditions

Language Consent. By accepting the grant of Restricted Units and the Award Agreement, which provides for the terms and conditions of your Restricted Units, you confirm having read and understood the documents relating to this Award (the Plan and the Award Agreement, including this Appendix) which were provided to you in English. You accept the terms of those documents accordingly.

En acceptant l'Attribution d'Actions Attribuées et ce Contrat d'Attribution qui contient les termes et conditions de vos Actions Attribuées, vous confirmez avoir lu et compris les documents relatifs à cette attribution (le Plan et le Contrat d'Attribution, ainsi que la présente Annexe) qui vous ont été transmis en langue anglaise. Vous acceptez ainsi les conditions et termes de ces documents.

Notifications

Tax Information. The Restricted Units are not intended to be French tax-qualified Awards.

GERMANY

There are no country-specific provisions.

HONG KONG

Terms and Conditions

Sale of Shares. In the event the Restricted Units and DEUs vest and Shares are issued to you within six months of the Grant Date, you agree that you will not dispose of any Shares acquired prior to the six-month anniversary of the Grant Date.

Notifications

Securities Law Warning: *The Restricted Units and Shares issued at vesting do not constitute a public offering of securities under Hong Kong law and are available only to employees of the Company, the Employer or any other Subsidiary. The Award Agreement, the Plan and any Award documentation have not been prepared in accordance with and are not intended to constitute a "prospectus" for a public offering of securities under the applicable securities legislation in Hong Kong, nor has the Award Agreement, the Plan or the other Award*

documentation been reviewed by any regulatory authority in Hong Kong. The Restricted Units are intended only for the personal use of each eligible person and may not be distributed to any other person. If you are in any doubt about any of the contents of the Award Agreement, the Plan or the other Award documentation, you should obtain independent professional advice.

HUNGARY

There are no country-specific provisions.

INDIA

There are no country-specific provisions.

IRELAND

There are no country-specific provisions.

ITALY

Terms and Conditions

Plan Document Acknowledgment. By accepting the Award, you acknowledge that you have received a copy of the Plan and the Award Agreement and have reviewed the Plan and the Award Agreement, including this Appendix, in their entirety and fully understand and accept all provisions of the Plan and the Award Agreement, including this Appendix. You further acknowledge that you have read and specifically and expressly approve the Sections of the Award Agreement relating to the following: vesting of Restricted Units and DEUs, settlement of Restricted Units, tax withholding, tax and legal advice, data privacy, and nature of grant.

JAPAN

There are no country-specific provisions.

KOREA

There are no country-specific provisions.

LUXEMBOURG

There are no country-specific provisions.

MALAYSIA

Terms and Conditions

Data Privacy. The following provisions replace Section 19 of the Award Agreement:

You hereby explicitly and unambiguously consent to the collection, use and transfer, in electronic or other form, of your personal data as described in the Award Agreement and any other Award materials by and among, as applicable, the Employer, the Company and any other Subsidiaries for the exclusive purpose of implementing, administering and managing your participation in the Plan.

You understand that the Company and the Employer may hold certain personal information about you, including, but not limited to, your name, home address and telephone number, email address, date of birth, social insurance, passport or other identification number (e.g., national registration identification card number), salary, nationality, job title, any Shares or directorships held in the Company, details of all awards or any other entitlement to Shares or equivalent benefits awarded, canceled, purchased, exercised, vested, unvested or outstanding in your favor ("Data"), for the exclusive purpose of implementing, administering and managing the Plan. Data is supplied by the Company and also by you through information collected in connection with the Award Agreement and the Plan.

You understand that Data will be transferred to UBS Financial Services Inc. or such other stock plan service provider as may be selected by the Company in the future ("UBS"), which is assisting the Company with the implementation, administration and management of the Plan. You understand that the recipients of Data may be located in the United States or elsewhere, and that the recipients' country may have different data privacy laws and protections than your country. You understand that you may request a list with the names and addresses of any potential recipients of Data by contacting your local human resources representative, Angela Woon, Head of HR, South East Asia, + 603 78067703. You authorize the Company, UBS and any other possible recipients which may assist the Company (presently or in the future) with implementing, administering and managing the Plan to receive, possess, use, retain and transfer Data, in electronic or other form, for the sole purposes of implementing, administering and managing your participation in the Plan, including any requisite transfer of such Data as may be required to a broker, escrow agent or other third party with whom any Shares acquired under the Plan may be deposited. You understand that Data will be held only as long as is necessary to implement, administer and manage your participation in the Plan. You understand that you may, at any time, view Data, request information about the storage and processing of Data, require any necessary amendments to Data, limit the processing of Data or refuse or withdraw the consents herein, in any case without cost, by contacting your local human resources representative. Further, you understand that you are providing the consents herein on a purely voluntary basis. If you do not consent, or if you later seek to revoke your consent, your employment or service with the Employer will not be affected; the only consequence of refusing or withdrawing your consent is that the Company would not be able to grant you Restricted Units or other equity awards or administer or maintain such awards. Therefore, you understand that refusing or withdrawing your consent may affect your ability to participate in the Plan. For more information on the consequences of your refusal to consent or withdrawal of consent, you understand that you may contact your local human resources representative.

Privasi Data. Peruntukan berikut menggantikan Seksyen 19 Perjanjian Anugerah:

Anda dengan ini secara eksplisit dan tanpa sebarang keraguan mengizinkan pengumpulan, penggunaan dan pemindahan, dalam bentuk elektronik atau lain-lain, data peribadi anda seperti

yang diterangkan dalam Perjanjian Anugerah dan apa-apa bahan Anugerah yang lain oleh dan di antara, seperti yang berkenaan, Majikan, Syarikat dan mana-mana Anak-anak Syarikat lain untuk tujuan eksklusif bagi melaksanakan, mentadbir dan menguruskan penyertaan anda di dalam Pelan.

Anda memahami bahawa Syarikat dan Majikan mungkin memegang maklumat peribadi tertentu tentang anda, termasuk, tetapi tidak terhad kepada, nama anda, alamat rumah dan nombor telefon, alamat emel, tarikh lahir, nombor insurans sosial, pasport atau pengenalan lain (seperti, nombor kad pengenalan), gaji, kewarganegaraan, jawatan, apa-apa Syer atau jawatan pengarah yang dipegang dalam Syarikat, butir-butir semua anugerah atau apa-apa hak lain untuk Syer atau faedah bersamaan yang dianugerahkan, dibatalkan, dibeli, dilaksanakan, terletak hak, tidak diletak hak ataupun yang tertunggak demi faedah anda ("Data"), untuk tujuan eksklusif bagi melaksanakan, mentadbir dan menguruskan Pelan tersebut. Data tersebut dibekalkan oleh Syarikat dan juga oleh anda melalui maklumat yang dikumpul berkaitan dengan Perjanjian Anugerah dan Pelan.

Anda memahami bahawa Data ini akan dipindahkan kepada UBS Financial Services Inc. atau pembekal perkhidmatan pelan saham lain yang mungkin dipilih oleh Syarikat pada masa depan ("UBS"), yang membantu Syarikat dengan pelaksanaan, pentadbiran dan pengurusan Pelan. Anda memahami bahawa penerima-penerima Data mungkin berada di Amerika Syarikat atau di tempat lain, dan bahawa negara penerima-penerima mungkin mempunyai undang-undang privasi data dan perlindungan yang berbeza daripada negara anda. Anda memahami bahawa anda boleh meminta satu senarai yang mengandungi nama-nama dan alamat-alamat penerima-penerima Data yang berpotensi dengan menghubungi wakil sumber manusia tempatan anda, iaitu Angela Woon, Head of HR, South East Asia, + 603 78067703. Anda memberi kuasa kepada Syarikat, UBS dan mana-mana penerima-penerima lain yang mungkin membantu Syarikat (pada masa sekarang atau pada masa depan) dengan melaksanakan, mentadbir dan menguruskan Pelan untuk menerima, memiliki, menggunakan, mengekalkan dan memindahkan Data, dalam bentuk elektronik atau lain-lain, bagi tujuan tunggal melaksanakan, mentadbir dan menguruskan penyertaan anda di dalam Pelan, termasuk apa-apa keperluan pemindahan Data seperti yang dikehendaki kepada broker, ejen escrow atau pihak ketiga yang lain dengan sesiapa sebarang Syer yang diperolehi di bawah Pelan boleh didepositkan. Anda memahami bahawa Data hanya akan disimpan selagi ia adalah diperlukan untuk melaksanakan, mentadbir dan menguruskan penyertaan anda dalam Pelan. Anda memahami bahawa anda boleh, pada bila-bila masa, melihat Data, meminta maklumat mengenai penyimpanan dan pemprosesan Data, meminta mana-mana pindaan yang perlu ke atas Data, hadkan pemprosesan Data, atau menolak atau menarik balik persetujuan dalam ini, dalam mana-mana kes tanpa kos, dengan menghubungi wakil sumber manusia tempatan anda. Selanjutnya, anda memahami bahawa anda memberikan persetujuan di sini secara sukarela semata-mata. Sekiranya anda tidak bersetuju, atau sekiranya anda kemudian membatalkan persetujuan anda, status pekerjaan atau perkhidmatan anda dengan Majikan tidak akan terjejas; satu-satunya akibat sekiranya tidak bersetuju atau menarik balik persetujuan anda adalah bahawa Syarikat tidak akan dapat memberikan anda Unit-unit Terbatas atau anugerah ekuiti lain atau mentadbir atau mengekalkan anugerah-anugerah tersebut. Oleh itu, anda memahami bahawa keengganan atau penarikan balik persetujuan anda boleh menjejaskan keupayaan anda untuk mengambil bahagian dalam Pelan. Untuk maklumat lebih lanjut mengenai akibat-akibat keengganan anda

untuk memberikan keizinan atau penarikan balik keizinan, anda memahami bahawa anda boleh menghubungi wakil sumber manusia tempatan anda.

MEXICO

Terms and Conditions

Policy Statement. The Award of Restricted Units is a unilateral and discretionary award and, therefore, the Company reserves the absolute right to amend it and discontinue it at any time without any liability.

The Company, with offices at Rheinstrasse 20, CH-8200 Schaffhausen, Switzerland, is solely responsible for the administration of the Plan, and participation in the Plan and the Award of the Restricted Units does not, in any way, establish an employment relationship between you and the Company since you are participating in the Plan on a wholly commercial basis and the sole employer is a Mexican Subsidiary, nor does it establish any rights between you and the Employer.

Plan Document Acknowledgment. By accepting the Restricted Units, you acknowledge that you have received copies of the Plan, have reviewed the Plan and the Award Agreement in their entirety, and fully understand and accept all provisions of the Plan and the Award Agreement, including this Appendix.

In addition, you expressly approve that: (i) participation in the Plan does not constitute an acquired right; (ii) the Plan and participation in the Plan is offered by the Company on a wholly discretionary basis; (iii) participation in the Plan is voluntary; and (iv) the Company, the Employer and any other Subsidiary are not responsible for any decrease in the value of the Shares acquired upon vesting of the Restricted Units or DEUs.

Finally, you hereby declare that you do not reserve any action or right to bring any claim against the Company for any compensation or damages as a result of your participation in the Plan and therefore grant a full and broad release to the Company, the Employer and any other Subsidiary with respect to any claim that may arise under the Plan.

Spanish Translation

Declaración de Política. *El Otorgamiento de Unidades de Acciones es un otorgamiento unilateral y discrecional y, por lo tanto, la Compañía se reserva el derecho absoluto de modificar y discontinuar el Plan en cualquier tiempo, sin responsabilidad alguna.*

La Compañía, con oficinas registradas ubicadas en Rheinstrasse 20, CH-8200 Schaffhausen, Switzerland, es únicamente responsable de la administración del Plan, y la participación en el Plan y el Otorgamiento de Unidades de Acciones Restringidas no establecen, de forma alguna, una relación de trabajo entre usted y la Compañía, ya usted está participando en el Plan sobre una base comercial y el único patrón es una Afiliada Mexicana y tampoco establece ningún derecho entre usted y el Patrón.

Reconocimiento del Documento del Plan. *Al aceptar el Otorgamiento de las Unidades de Acciones Restringidas, usted reconoce que ha recibido copias del Plan, ha revisado el Plan y el Contrato del Otorgamiento en su totalidad y que entiende y acepta completamente todas las disposiciones contenidas en el Plan y en el Contrato del Otorgamiento, incluyendo este Apéndice.*

Adicionalmente, usted aprueba que (i) la participación en el Plan no constituye un derecho adquirido; (ii) el Plan y la participación en el Plan se ofrecen por la Compañía de forma enteramente discrecional; (iii) la participación en el Plan es voluntaria; y (iv) la Compañía, cualquier Afiliada y el Patrón no son responsables por cualquier disminución en el valor de las Acciones adquiridas al momento de tener derecho en relación con las Unidades de Acciones Restringidas.

Finalmente, usted declara que no se reserva ninguna acción o derecho para interponer una reclamación o demanda en contra de la Compañía por compensación, daño o perjuicio alguno como resultado de su participación en el Plan y, por lo tanto, otorga el más amplio y total finiquito al Patrón, la Compañía y sus Afiliadas en relación con cualquier reclamación demanda que pudiera surgir de conformidad con el Plan.

MOROCCO

Terms and Conditions

Form of Payment. The following provisions supplement Section 3 of the Award Agreement:

Notwithstanding any provision in the Award Agreement to the contrary, vested Restricted Units and DEUs will be settled solely in payment of cash and the value will be calculated using the average of the high and low of the stock price reported on the NYSE on the date of vesting. Notwithstanding the foregoing, the Company reserves the right to settle Restricted Units and DEUs in Shares in its discretion, depending upon the development of local law.

NETHERLANDS

There are no country-specific provisions.

NORWAY

There are no country-specific provisions.

POLAND

There are no country-specific provisions.

PORTUGAL

Terms and Conditions

Language Consent. You hereby expressly declare that you have full knowledge of the English language and have read, understood and fully accepted and agreed with the terms and conditions established in the Plan and Award Agreement.

Conhecimento da Língua. O Contratado, pelo presente instrumento, declara expressamente que tem pleno conhecimento da língua inglesa e que leu, compreendeu e livremente aceitou e concordou com os termos e condições estabelecidas no Plano e no Acordo de Atribuição (Award Agreement em inglês).

ROMANIA

Terms and Conditions

Language Consent. By accepting the grant of Restricted Units, you acknowledge that you are proficient in reading and understanding English and fully understand the terms of the documents related to the grant (the Award Agreement and the Plan), which were provided in the English language. You accept the terms of those documents accordingly.

Consimțământ cu privire la limba. Prin acceptarea acordării de Unități Restrictionate, confirmați că aveți un nivel adecvat de cunoaștere în ceea ce privește citirea și înțelegerea limbii engleze și înțelegeți pe deplin termenii documentelor referitoare la acordare (Contractul privind acordarea de beneficii și Planul), care au fost furnizate în limba engleză. Acceptați termenii acestor documente în consecință.

SINGAPORE

Term and Conditions

Sale of Shares. The Shares subject to the Restricted Units and DEUs may not be offered for sale in Singapore prior to the six month anniversary of the Grant Date, unless such sale or offer is made pursuant to the exemptions under Part XIII Division (1) Subdivision (4) (other than section 280) of the Securities and Futures Act (Chap. 289, 2006 Ed.) (“SFA”) or pursuant to, and in accordance with the condition of, any other applicable provisions of the SFA.

Notifications

Securities Law Information. The Award of Restricted Units is being made pursuant to the “Qualifying Person” exemption under Section 273(1)(f) of the SFA and is not made with a view to the Restricted Units or underlying Shares being subsequently offered for sale to any other party. The Plan has not been and will not be lodged or registered as a prospectus with the Monetary Authority of Singapore.

SPAIN

Terms and Conditions

No Entitlement for Claims or Compensation. The following provisions supplement Section 20 of the Award Agreement:

By accepting the Restricted Units, you consent to participation in the Plan and acknowledge that you have received a copy of the Plan documents.

You understand that the Company has unilaterally, gratuitously and in its sole discretion decided to grant Restricted Units under the Plan to individuals who may be eligible persons throughout the world. The decision is limited and entered into based upon the express assumption and condition that any Restricted Units will not economically or otherwise bind the Company, the Employer or any other Subsidiary on an ongoing basis, other than as expressly set forth in the Award Agreement. Consequently, you understand that the Restricted Units are granted on the assumption and condition that the Restricted Units are not, and will not become, part of any employment contract (whether with the Company, the Employer or any other Subsidiary) and shall not be considered a mandatory benefit or salary for any purpose (including severance compensation) or any other right whatsoever. Furthermore, you understand and freely accept that there is no guarantee that any benefit whatsoever will arise from the grant of Restricted Units, which is gratuitous and discretionary, since the future value of the Restricted Units and the underlying Shares is unknown and unpredictable. You also understand that this grant of Restricted Units would not be made but for the assumptions and conditions set forth hereinabove; thus, you understand, acknowledge and freely accept that, should any or all of the assumptions be mistaken or any of the conditions not be met for any reason, the Restricted Units and any right to the underlying Shares will be null and void.

Further, the vesting of the Restricted Units and DEUs is expressly conditioned on your status as an eligible person such that if your status terminates for any reason whatsoever, your Restricted Units and DEUs cease vesting immediately effective the date of your Termination of Employment for any reason including, but not limited to, resignation, retirement, disciplinary dismissal adjudged to be with cause, disciplinary dismissal adjudged or recognized to be without cause (*i.e.*, subject to a “*despido improcedente*”), individual or collective dismissal on objective grounds, whether adjudged or recognized to be with or without cause, material modification of the terms of employment under Article 41 of the Workers’ Statute, relocation under Article 40 of the Workers’ Statute, and/or Article 50 of the Workers’ Statute, unilateral withdrawal by the Employer and under Article 10.3 of the Royal Decree 1382/1985.

Notifications

Securities Law Information. No “offer to the public,” as defined under Spanish law, has taken place or will take place in the Spanish territory in connection with the Restricted Units. The Plan, the Award Agreement (including this Appendix) and any other documents evidencing the grant of the Restricted Units have not been, nor will they be, registered with the *Comisión Nacional del Mercado de Valores* (the Spanish securities regulator), and none of those documents constitutes a public offering prospectus.

SWEDEN

There are no country-specific provisions.

SWITZERLAND

Notifications

Securities Law Information. The Restricted Units are not intended to be publicly offered in or from Switzerland. Because the offer of the Restricted Units is considered a private offering, it is not subject to registration in Switzerland. Neither this document nor any other materials relating to the Restricted Units (i) constitutes a prospectus as such term is understood pursuant to article 652a of the Swiss Code of Obligations, (ii) may be publicly distributed nor otherwise made publicly available to Switzerland, or (iii) has been or will be filed with, approved or supervised by any Swiss regulatory authority (in particular, the Swiss Financial Market Supervisory Authority (FINMA)).

TAIWAN

Notifications

Securities Law Information. The Restricted Units and the underlying Shares are available only for certain eligible persons. It is not a public offer of securities by a Taiwanese company. Therefore, it is exempt from registration in Taiwan.

THAILAND

There are no country-specific provisions.

UNITED ARAB EMIRATES

Notifications

Securities Law Information. The Plan is only being offered to eligible persons and constitutes an “exempt personal offer” of equity incentives to such individuals in the United Arab Emirates. The Plan and the Award Agreement are intended for distribution only to eligible persons and must not be delivered to, or relied on by, any other person.

The Emirates Securities and Commodities Authority has no responsibility for reviewing or verifying any documents in connection with this statement or the Plan. The Ministry of Economy, the Dubai Department of Economic Development, the Emirates Securities and Commodities Authority, Central Bank and the Dubai Financial Securities Authority, depending on the employee’s location in the United Arab Emirates, have not approved this statement, the Plan, the Award Agreement or any other documents you may receive in connection with the Restricted Units or taken steps to verify the information set out therein, and have no responsibility for such documents.

UNITED KINGDOM

Terms and Conditions

Retirement. Due to local regulatory requirements, you acknowledge and agree that Section 3 of the Award Agreement will not apply in its entirety as long as you reside in the U.K.

Responsibility for Taxes. The following provisions supplement Section 12 of the Award Agreement:

Without limitation to Section 12 of the Award Agreement, you hereby agree that you are liable for all Tax-Related Items and hereby covenant to pay all such Tax-Related Items, as and when requested by the Company or the Employer, as applicable, or by Her Majesty's Revenue & Customs ("HMRC") (or any other tax authority or any other relevant authority). You also hereby agree to indemnify and keep indemnified the Company and the Employer, as applicable, against any Tax-Related Items that they are required to pay or withhold or have paid or will pay on your behalf to HMRC (or any other tax authority or any other relevant authority).

Notwithstanding the foregoing, if you are a director or executive officer of the Company (within the meaning of Section 13(k) of the Exchange Act), the terms of immediately foregoing provision will not apply. In this case, the amount of the income tax not collected within ninety (90) days of the end of the U.K. tax year in which an event giving rise to the Tax-Related Items occurs may constitute a benefit to you on which additional income tax and National Insurance contributions may be payable. You will be responsible for reporting and paying any income tax due on this additional benefit directly to HMRC under the self-assessment regime and for reimbursing the Company or the Employer, as applicable, for the value of any National Insurance contributions due on this additional benefit, which may be recovered from you by the Company or the Employer at any time thereafter by any of the means referred to in this Section 12.

UNITED STATES

Terms and Conditions

Restrictive Covenants. Notwithstanding anything in the Award Agreement to the contrary, by accepting the Award, you acknowledge, understand and agree to the following provisions:

(a) **Restrictions on Solicitation of Company's Employees.** You agree that during your employment with your Employer, the Company and any Subsidiary and for a period of 12 months following your Termination of Employment, for any reason, you will not, directly or indirectly, solicit or induce, or attempt to solicit or induce, any employee or contract/temporary employee of the Company or any of its Subsidiaries to leave his/her employment with the Company or respective Subsidiary, or to otherwise hire or employ any employee of Company or any of its Subsidiaries who at any time worked for, under, or with you.

The following provisions apply to all US employees except for those whose work site is in California:

(a) **Restrictions On Competition.** You agree that during the period of your employment with your Employer, the Company and any Subsidiary and for a period of 12 months following your Termination of Employment, for any reason, you will not, in any country of the world in which you have done business on behalf of your Employer, the Company or any Subsidiary at

any time during the last 12 months prior to the date of your Termination of Employment, engage in or enter into any kind of employment or gainful occupation, directly or indirectly, in any Competing Business where your responsibilities include the manufacture, sale, purchasing, research, development, or business plans of any product, process, function or service which is directly competitive with or similar to any Company or Subsidiary product, process, function or service that you were exposed to within 12 months prior to your Termination of Employment. For purposes of this Award Agreement, the term "Competing Business" shall mean any person or other entity which sells or attempts to sell any products or services which are the same as or similar to the products and services sold, leased or otherwise distributed by Company or any Subsidiary at any time during the last 12 months prior to your Termination of Employment, or which has under development a product or service that is in competition with a product or service, whether existing or under development, of Company or any Subsidiary.

(b) Restrictions on Solicitation of Company's Customers. You agree that during your employment with your Employer, Company and any Subsidiary and for 12 months following your Termination of Employment, for any reason, you will not directly or indirectly encourage any customers or suppliers to refrain from or stop doing business with the Company or any Subsidiary, either on your behalf or on behalf of any other party or entity.

**TE Connectivity Ltd.
2007 Stock and Incentive Plan**

**TERMS AND CONDITIONS
OF
PERFORMANCE STOCK UNIT AWARD**

< XXXX >

PERFORMANCE STOCK UNIT AWARD made as of [XXXX] (the “Grant Date”).

1. **Grant of Award.** TE Connectivity Ltd. (the “Company”) has granted you [XXX] Performance Stock Units (the “Target Award”), subject to the provisions of this Award Agreement, including the performance metrics set forth in Appendix A attached hereto and any special terms and conditions for your country as set forth in Appendix B attached hereto. The Company will hold the Performance Stock Units in a bookkeeping account on your behalf until they become payable or are forfeited or cancelled.

2. **Payment Amount.** Each Performance Stock Unit represents one share of common stock of the Company (a “Share”).

3. **Form of Payment.** Vested Performance Stock Units will be settled solely in Shares, subject to Section 16 herein and any special terms and conditions set forth in Appendix B.

4. **Performance Stock Units/Dividends.** Performance Stock Units are a promise to deliver Shares upon a specified delivery date, provided that certain vesting and performance requirements are met, as described in this Award Agreement and Appendix A. For each Performance Stock Unit that is unvested (based on the Target Award), you will be credited with a Dividend Equivalent Unit (“DEU”) for any cash or stock dividends distributed by the Company on its Shares. DEUs will be calculated at the same dividend rate paid to other holders of Shares. The number of DEUs to be credited to your account upon payment of a dividend will be equal to the quotient produced by dividing the cash value of the dividend earned on the Target Award number of Performance Stock Units by the fair market value of the Shares, defined as the closing price per Share as quoted on the New York Stock Exchange (the “NYSE”) on the date the dividend is paid. DEUs will vest and be delivered to you in the form of Shares in accordance with the vesting and payment schedules applicable to the underlying Performance Stock Units, and proportional to the actual number of Performance Stock Units that are earned and vested. Thus, the number of Shares delivered in conjunction with the DEUs credited to your Performance Stock Unit Award may be adjusted (upward or downward) to reflect the actual number of Performance Stock Units that are earned and vested.

5. **Time of Delivery.** Except as otherwise provided for in this Award Agreement, Shares issuable upon vesting of the Performance Stock Units and DEUs will be delivered to you in whole Shares rounding down for any fractional Shares as soon as is administratively feasible

following the delivery date specified in Section 6 below, except as otherwise set forth in Section 24.

6. **Normal Vesting.** Subject to the attainment of the performance metrics described in Appendix A and your continued employment other than as set forth in Sections 8, 10 or 11 below, your Performance Stock Unit Award will vest on the later of (a) the third anniversary of the Grant Date or (b) the “Certification Date” (as defined in Appendix A) for the performance results of the “Performance Cycle” (as defined in Appendix A). Except as provided in paragraphs 8, 9, 10 and 11 below, the Delivery Date of the Shares will be after the November 30th following the end of the Performance Cycle, but in any case, no earlier than the Certification Date following the close of the Performance Cycle and no later than 90 days after such November 30th. The value of the vested shares will be the average of the high and low of the stock price reported on the date of vesting.

7. **Termination of Employment.** Any Performance Stock Units and DEUs that have not vested as of your Termination of Employment, other than as set forth under Sections 8, 9, 10 and 11 herein, will immediately be forfeited, and your rights with respect to those Performance Stock Units and DEUs will end.

8. **Death or Disability.** If your Termination of Employment is a result of your death or Disability, your Performance Stock Unit Award will vest in full at 100% of the original target shares granted to you. Such vested Performance Stock Units and DEUs will be delivered to you as soon as administratively feasible following the date of Death or Disability event, but in no case after the later of the end of the calendar year in which the death or Disability occurs or two and a half months following the death or disability date. If you are deceased, the payment of your vested Performance Stock Units, consistent with the delivery timing described in the preceding sentence, will be made to your estate after the Committee or its designee has determined that the payee is the duly appointed executor or administrator of your estate.

9. **Retirement.** If, at the time of your Termination of Employment, you have attained age 55 and have completed at least five years of service, and you have performed satisfactorily, as determined in the sole discretion of your manager, and are not terminated for Cause, (a) your Performance Stock Unit Award will vest pro rata (standard rounding to the nearest Unit, in full-month increments) based on (i) the number of whole months that you have completed from the first day of the Performance Cycle through the end of the month in which your Termination of Employment occurs, divided by thirty-six (36), times (ii) the number of Performance Stock Units that are actually earned for the Performance Cycle in accordance with the terms of Appendix A; and (b) any remaining Performance Stock Units will be forfeited. Shares issuable for any portion of your Performance Stock Unit Award and DEUs that vest pursuant to this Section 9 will be delivered to you after the November 30th following end of the Performance Cycle, but in any case, no earlier than the Certification Date for the performance results for the Performance Cycle and no later than ninety (90) days after such November 30th. Notwithstanding the terms of this Section 9, a Termination of Employment within twelve (12) months of the Grant Date will result in the immediate forfeiture of your Performance Stock Unit Award, except as otherwise provided for under Sections 8, 10, or 11.

Notwithstanding the foregoing, if the Company receives an opinion of counsel that there has been a legal judgment and/or legal development in your jurisdiction that likely would result in the favorable retirement treatment, which otherwise would apply to the Performance Stock Units pursuant to this Section 9, being deemed unlawful and/or discriminatory, then the Company will not apply the favorable retirement treatment at the time of your Termination of Employment and the Performance Stock Units will be treated as they would under the rules that otherwise would have applied as if your Termination of Employment did not qualify as a retirement pursuant to this Section 9.

10. **Change in Control.** Except as may be otherwise provided by the Committee, if your employment is terminated following a Change in Control, as defined in the Plan, your Performance Stock Unit Award (or any other form of equity award or compensation that replaces your Performance Stock Unit Award as a result of the Change in Control) will immediately become fully vested at the Target Award, provided that:

(a) your employment is terminated by the Company or, if different, the Subsidiary employing you (the “Employer”) for any reason other than Cause, Disability or death in the twelve (12)-month period following the Change in Control; or

(b) you terminate your employment with the Company or the Employer after one of the following events within the twelve (12)-month period following the Change in Control:

- i. the Company or the Employer (1) assigns or causes to be assigned to you duties inconsistent in any material respect with your position as in effect immediately prior to the Change in Control; (2) makes or causes to be made any material adverse change in your position, authority, duties or responsibilities; or (3) takes or causes to be taken any other action which, in your reasonable judgment, would cause you to violate your ethical or professional obligations (after written notice of such judgment has been provided by you to the Company or the Employer and the Company or the Employer has been given a 15-day period within which to cure such action), or which results in a significant diminution in such position, authority, duties or responsibilities; or
- ii. the Company or the Employer, without your consent, (1) requires you to relocate to a principal place of employment more than fifty (50) miles from your existing place of employment; or (2) materially reduces your base salary, annual bonus, or retirement, welfare, stock incentive, perquisite (if any) and other benefits taken as a whole (collectively, a “Change in Control Termination”);

provided, however, that none of the events described in this sentence shall constitute a Change in Control Termination unless and until (w) you first notify the Company in writing describing in reasonable detail the condition which constitutes a Change in Control Termination within ninety (90) days of its occurrence, (x) the Company fails to cure such condition within thirty (30) days after the Company’s receipt of such written notice, (y) notwithstanding such efforts, the condition continues to exist, and (z) you terminate employment within sixty (60) days after the end of such thirty (30)-day cure period.

If you meet the requirements described in the previous sentences, your Performance Stock Unit Award will vest in full at 100% of your Target Award (or any other equity or compensation award granted in replacement of your Performance Stock Unit Award as a result of the Change in Control, as applicable). Such vested Performance Stock Units (or other equity or compensation award granted in replacement of your Performance Stock Unit Award as a result of the Change in Control, as applicable) will be delivered on the later of (1) as soon as administratively practicable after your Change in Control Termination or (2) the date that is six months following your Termination of Employment.

11. Termination of Employment as a Result of a Divestiture or Outsourcing. If the business in which you are employed is being separated from the Company as a result of a Disposition of Assets, Disposition of a Subsidiary or an Outsourcing Agreement, and, as of the closing date of the applicable transaction you are designated in the transaction documents (either individually or by classification) as a business employee (or similar designation) who will be terminating employment with the Company or a Subsidiary either because (i) you will remain with the separated business after the transaction or be transferred to the employment of the buyer or Outsourcing Agent as a result of the transaction, or (ii) you will not be offered continued employment by the Company or a Subsidiary, buyer or Outsourcing Agent after the close of the transaction, then (a) your Performance Stock Unit Award will vest pro rata (standard rounding to the nearest Unit, in full-month increments) on the closing date based on (i) the number of whole months from the first day of the Performance Cycle through the closing date of the applicable transaction divided by thirty-six (36), times (ii) the Target Award number of Performance Stock Units and (b) any remaining Performance Stock Units will be forfeited. In the case of a Divestiture through a Disposition of Assets or an Outsourcing Agreement for participants who have not reached Retirement eligibility (as described in paragraph 9. above) as of the close of the Disposition of Assets or the Outsourcing Agreement date, such vested Performance Stock Units will be delivered as soon as administratively practicable following the close of the Divestiture. In no event will such shares be delivered after the later of the end of the calendar year in which the Divestiture takes place or the date that is two and a half months after the Divestiture closing date. In the case of a Divestiture through a Disposition of Assets or an Outsourcing Agreement for participants who have reached Retirement eligibility (as described in paragraph 9. above) as of the close Disposition of Assets or the Outsourcing Agreement date, such vested Performance Stock Units will be delivered after the November 30th following the end of the Performance Cycle, but in any case, no earlier than the Certification Date for the performance results for the Performance Cycle and no later than 90 days after such November 30th. In the case of a Divestiture through a Disposition of a Subsidiary, the vested Performance Stock Units will be delivered as soon as administratively practicable following the close of the Divestiture. In no event will such vested shares be delivered after the later of the end of the calendar year in which the Divestiture takes place or the date that is two and a half months after the Divestiture closing date. If you become entitled to the pro-rated vesting described in this Section 11, you will not be entitled to any further vesting in your Performance Stock Unit Award unless you are transferred to employment with the Company in a position outside of the business that is being separated from the Company (with the intent of continued employment with the Company outside of the separated business) after the closing date of the applicable transaction, but prior to

your Termination of Employment as a result of the Disposition of Assets, Disposition of a Subsidiary or an Outsourcing Agreement.

Notwithstanding the foregoing, you will not be eligible for such pro-rata vesting if, (i) your Termination of Employment occurs on or prior to the closing date of such Disposition of Assets or Disposition of a Subsidiary, as applicable, or on such later date as is specifically provided in the applicable transaction agreement or related agreements, or on the effective date of such Outsourcing Agreement applicable to you (the “Applicable Employment Date”), and (ii) you are offered Comparable Employment with the buyer, successor company or outsourcing agent, as applicable, but do not commence such employment on the Applicable Employment Date.

For the purposes of this Section 11, (a) “Comparable Employment” shall mean employment at a base salary rate and bonus target that is at least equal to the base salary rate and bonus target in effect immediately prior to your Termination of Employment and at a location that is no more than fifty (50) miles from your existing place of employment; (b) “Disposition of Assets” shall mean the disposition by the Company or a Subsidiary of all or a portion of the assets used by the Company or Subsidiary in a trade or business to an unrelated corporation or entity; (c) “Disposition of a Subsidiary” shall mean the disposition by the Company or a Subsidiary of its interest in a subsidiary or controlled entity to an unrelated individual or entity, provided that such subsidiary or entity ceases to be an affiliated company as a result of such disposition; and (d) “Outsourcing Agreement” shall mean a written agreement between the Company or a Subsidiary and an unrelated third party (“Outsourcing Agent”) pursuant to which the Company transfers the performance of services previously performed by employees of the Company or Subsidiary to the Outsourcing Agent, and the Outsourcing Agreement includes an obligation of the Outsourcing Agent to offer employment to any employee whose employment is being terminated as a result of or in connection with said Outsourcing Agreement.

12. **Responsibility for Taxes.** Regardless of any action the Company or the Employer takes with respect to any or all income tax, social insurance, payroll tax, payment on account or other tax-related items related to your participation in the Plan and legally applicable to you (“Tax-Related Items”), by accepting the Award, you acknowledge that the ultimate liability for all Tax-Related Items is and remains your responsibility and may exceed the amount actually withheld by the Company or the Employer. You further acknowledge that the Company and/or the Employer (1) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the Performance Stock Units, including, but not limited to, the grant, vesting or settlement of the Performance Stock Units, the issuance of Shares upon settlement of the Performance Stock Units, the subsequent sale of Shares acquired pursuant to such issuance and the receipt of any dividends and/or any DEUs; and (2) do not commit to and are under no obligation to structure the terms of the Award or any aspect of the Performance Stock Units to reduce or eliminate your liability for Tax-Related Items or achieve any particular tax result. Further, if you have become subject to tax in more than one jurisdiction, you acknowledge that the Company and/or the Employer (or former employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

Prior to any relevant taxable or tax withholding event, as applicable, you will pay or make adequate arrangements satisfactory to the Company and/or the Employer to satisfy all Tax-Related Items. In this regard, you authorize the Company and/or the Employer, or their respective agents, at their discretion, to satisfy any applicable withholding obligations with regard to all Tax-Related Items by one or a combination of the following:

- (1) withholding from your wages or other cash compensation paid to you by the Company and/or the Employer;
- (2) withholding from proceeds of the sale of Shares acquired upon vesting of the Performance Stock Units either through a voluntary sale or through a mandatory sale arranged by the Company (on your behalf pursuant to this authorization); or
- (3) withholding in Shares to be issued upon vesting of the Performance Stock Units;

provided, however, that if you are a Section 16 officer under the Exchange Act, then the Company will withhold in Shares upon the relevant taxable or tax withholding event, as applicable, unless the use of such withholding method is problematic under applicable tax or securities law or has materially adverse accounting consequences, in which case the obligation for Tax-Related Items may be satisfied by one or a combination of methods (1) and (2) above.

The Company may withhold or account for Tax-Related Items by considering applicable minimum statutory withholding amounts or other applicable withholding rates, including maximum applicable rates, in which case you will have no entitlement to the Shares equivalent to any over-withheld amount in cash. Notwithstanding the foregoing, to avoid a prohibited acceleration under Section 409A of the Code, if Shares are withheld to satisfy any Tax-Related Items arising prior to the date of settlement of the Performance Stock Units for any portion of the Award that is subject to Section 409A, the number of Shares withheld will not exceed the number of Shares that equals the liability for the Tax-Related Items. If the obligation for Tax-Related Items is satisfied by withholding in Shares, for tax purposes, you are deemed to have been issued the full number of Shares subject to the vested Performance Stock Units, notwithstanding that a number of the Shares are held back solely for the purpose of paying the Tax-Related Items due as a result of any aspect of your participation in the Plan.

Finally, you shall pay to the Company or the Employer any amount of Tax-Related Items that the Company or the Employer may be required to withhold or account for as a result of your participation in the Plan that cannot be satisfied by the means previously described. The Company may refuse to issue or deliver the Shares or the proceeds of the sale of Shares if you fail to comply with your obligations in connection with the Tax-Related Items.

13. **Transfer of Award.** You may not transfer any interest in the Performance Stock Units except by will or the laws of descent and distribution. Any other attempt to dispose of your interest in the Performance Stock Units will be null and void.

14. **Covenant; Forfeiture of Award; Agreement to Reimburse Company.**

(a) If you have been terminated for Cause, any Performance Stock Units shall be immediately rescinded and, in addition, you hereby agree and promise immediately to deliver

to the Company the number of Shares (or, in the discretion of the Committee, the cash value of said Shares) you received for Performance Stock Units that vested during the period six months prior to your Termination of Employment through the date of Termination of Employment.

(b) If, after your Termination of Employment, the Committee determines in its sole discretion that while you were an employee of the Company or a Subsidiary you engaged in activity that would have constituted grounds for the Company or Subsidiary to terminate your employment for Cause, then you hereby agree and promise immediately to deliver to the Company the number of Shares (or, in the discretion of the Committee, the cash value of said Shares) you received for Performance Stock Units that vested during the period six months prior to your Termination of Employment through the date of Termination of Employment.

(c) If the Committee determines, in its sole discretion, that at any time after your Termination of Employment and prior to the second anniversary of your Termination of Employment you (i) disclosed business confidential or proprietary information related to any business of the Company or Subsidiary or (ii) have entered into an employment or consultation arrangement (including any arrangement for employment or service as an agent, partner, stockholder, consultant, officer or director) with any entity or person engaged in a business and (A) such employment or consultation arrangement would likely (in the Committee's sole discretion) result in the disclosure of business confidential or proprietary information related to any business of the Company or a Subsidiary to a business that is competitive with any Company or Subsidiary business as to which you have had access to business strategic or confidential information, and (B) the Committee has not approved the arrangement in writing, then you hereby agree and promise immediately to deliver to the Company the number of Shares (or, in the discretion of the Committee, the cash value of said shares) you received for Performance Stock Units that vested during the period six (6) months prior to your Termination of Employment through the date of Termination of Employment.

(d) The Committee shall be entitled to require that you repay all or part of any amount received (whether in cash or Shares) pursuant to the terms of this Award (i) to the extent it deems it necessary or appropriate to comply with any current or future rules of the Securities Exchange Commission, the NYSE or any other governmental agency, as they may be amended from time to time, (ii) to the extent it deems it necessary or appropriate to comply with the requirements of the Sarbanes-Oxley Act of 2002, the Dodd-Frank Wall Street Reform and Consumer Protection Act, or other applicable law, regulation or stock exchange listing requirement, as may be in effect from time to time, or (iii) to the extent otherwise deemed appropriate by the Committee to recover any overpayment or mistaken payment that was based on deficient financial information, and you hereby agree and promise to promptly remit to the Company any such amount.

15. **Adjustments.** In the event of any stock split, reverse stock split, dividend or other distribution (whether in the form of cash, Shares, other securities or other property), extraordinary cash dividend, recapitalization, merger, consolidation, split-up, spin-off, reorganization, combination, repurchase or exchange of Shares or other securities, the issuance of warrants or other rights to purchase Shares or other securities, or other similar corporate transaction or event, the Committee shall adjust the number and kind of Shares covered by the Performance Stock Units and other relevant provisions to the extent necessary to prevent dilution

or enlargement of the benefits or potential benefits intended to be provided by the Performance Stock Units.

16. **Restrictions on Payment of Shares.** Payment of Shares for your Performance Stock Units is subject to the conditions that, to the extent required at the time of delivery, (a) the Shares underlying the Performance Stock Units will be duly listed, upon official notice of redemption, upon the NYSE, and (b) a Registration Statement under the U.S. Securities Act of 1933, as amended, with respect to the Shares will be effective. The Company will not be required to deliver any Shares until all applicable federal, state, foreign and local laws and regulations have been complied with and all legal matters in connection with the issuance and delivery of the Shares have been approved by counsel of the Company.

17. **Insider Trading; Market Abuse Laws.** By accepting the Award, you acknowledge that you have read and understand the Company's insider trading policy, and are aware of and understand your obligations under federal securities laws in respect of trading in the Company's securities. The Company will have the right to recover, or receive reimbursement for, any compensation or profit realized on the disposition of Shares received for Performance Stock Units to the extent that the Company has a right of recovery or reimbursement under applicable securities laws.

You acknowledge that, depending on your or your broker's country of residence or where the Shares are listed, you may be subject to insider trading restrictions and/or market abuse laws, which may affect your ability to accept, acquire, sell or otherwise dispose of Shares, rights to Shares (*e.g.*, Performance Stock Units) or rights linked to the value of Shares under the Plan during such times as you are considered to have "inside information" regarding the Company (as defined by the laws or regulations in your country). Local insider trading laws and regulations may prohibit the cancellation or amendment of orders you placed before you possessed inside information. Furthermore, you could be prohibited from (i) disclosing the inside information to any third party (other than on a "need to know" basis) and (ii) "tipping" third parties or causing them otherwise to buy or sell securities. Keep in mind third parties includes fellow employees. Any restrictions under these laws or regulations are separate from and in addition to any restrictions that may be imposed under the Company's insider trading policy. You acknowledge that it is your responsibility to comply with any applicable restrictions, and you should speak to your personal advisor on this matter.

18. **Plan Terms Govern.** The vesting and settlement of Performance Stock Units, the disposition of any Shares received for Performance Stock Units, and the treatment of any gain on the disposition of these Shares are subject to the terms of the Plan and any rules that the Committee may prescribe. The Plan document, as may be amended from time to time, is incorporated into this Award Agreement. Capitalized terms used in this Award Agreement have the meaning set forth in the Plan, unless otherwise stated in this Award Agreement. In the event of any conflict between the terms of the Plan and the terms of this Award Agreement, the Plan will control. By accepting the Award, you acknowledge receipt of the Plan, as in effect on the date of this Award Agreement.

19. **Data Privacy.** By accepting the Award, you hereby explicitly and unambiguously consent to the collection, use and transfer, in electronic or other form, of your personal data as

described in this Award Agreement and any other grant materials by and among, as applicable, the Company, your Employer and any other Subsidiaries for the exclusive purpose of implementing, administering and managing your participation in the Plan.

You understand that the Company and the Employer may hold certain personal information about you, including, but not limited to, your name, home address, email address and telephone number, date of birth, social insurance number, passport or other identification number, salary, nationality, job title, any Shares or directorships held in the Company, details of all Performance Stock Units or any other entitlement to Shares awarded, canceled, exercised, vested, unvested or outstanding in your favor (“Data”), for the exclusive purpose of implementing, administering and managing the Plan.

You understand that Data may be transferred to any third parties assisting the Company with the implementation, administration and management of the Plan. You understand that these recipients of Data may be located in the United States or elsewhere, and that the recipients’ country (e.g., the United States) may have different data privacy laws and protections than your country. You understand that if you reside outside the United States you may request a list with the names and addresses of any potential recipients of Data by contacting your local Human Resources Representative. You authorize the Company and the recipients assisting the Company (presently or in the future) with implementing, administering and managing the Plan to receive, possess, use, retain and transfer Data, in electronic or other form, for the sole purpose of implementing, administering and managing your participation in the Plan. You understand that Data will be held only as long as is necessary to implement, administer and manage your participation in the Plan. You understand that if you reside outside the United States you may at any time view Data, request additional information about the storage and processing of Data, require any necessary amendments to Data or refuse or withdraw the consents herein, in any case without cost, by contacting in writing your local Human Resources Representative. Further, you understand that you are providing the consents herein on a purely voluntary basis. If you do not consent, or if you later seek to revoke the consents, your employment or service with the Employer will not be affected; the only consequence of refusing or withdrawing the consents is that the Company would not be able to grant Performance Stock Units or other equity awards to you or administer or maintain such awards. Therefore, you understand that refusing or withdrawing your consent may affect your ability to participate in the Plan. For more information on the consequences of your refusal to consent or withdrawal of consent, you understand that you may contact your local Human Resources Representative.

20. **Nature of Grant.** By accepting the Award, you acknowledge, understand and agree that:

- (a) the Plan is established voluntarily by the Company, it is discretionary in nature and it may be modified, amended, suspended or terminated by the Company at any time;
- (b) the grant of the Performance Stock Units is exceptional, voluntary and occasional and does not create any contractual or other right to receive future grants of Performance Stock Units, or benefits in lieu of Performance Stock Units, even if Performance Stock Units have been granted repeatedly in the past;

(c) all decisions with respect to future Performance Stock Unit grants, if any, will be at the sole discretion of the Company;

(d) your participation in the Plan shall not be interpreted to form an employment contract or relationship with the Company or any Subsidiary nor create a right to further employment with the Employer and shall not interfere with the ability of the Employer to terminate your employment relationship at any time;

(e) you are voluntarily participating in the Plan;

(f) the Performance Stock Units and the Shares subject to the Performance Stock Units, and the value of and income from same, are not intended to replace any pension rights or compensation;

(g) the Performance Stock Units and the Shares subject to the Performance Stock Units, and the value of and income from same, are not part of normal or expected compensation or salary for purposes of calculating any severance, resignation, termination, redundancy, dismissal, end of service payments, holiday pay, bonuses, long-service awards, leave-related payments, pension or retirement or welfare benefits or similar mandatory payments;

(h) the future value of the underlying Shares is unknown and cannot be predicted with certainty;

(i) in consideration of the grant of the Performance Stock Units, no claim or entitlement to compensation or damages shall arise from forfeiture of the Performance Stock Units resulting from termination of your employment with the Company or the Employer (for any reason whatsoever and whether or not in breach of local labor laws); and except where expressly prohibited under applicable law, you irrevocably release the Company and the Employer 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, you shall be deemed irrevocably to have waived your entitlement to pursue such claim;

(j) the Performance Stock Units and the Shares subject to the Performance Stock Units, and the value of and income from same, are not granted as consideration for, or in connection with, any service you may provide as a director of any Subsidiary;

(k) the Performance Stock Units and the benefits under the Plan, if any, will not automatically transfer to another company in the case of a merger, take-over or transfer of liability;

(l) payment of your Performance Stock Units is not secured by a trust, insurance contract or other funding medium, and you do not have any interest in any fund or specific asset of the Company by reason of this Award or the account established on your behalf;

(m) you have no rights as a stockholder of the Company pursuant to the Performance Stock Units until Shares are actually delivered to you; and

(n) if you reside outside the United States,

(A) the Performance Stock Units and the Shares subject to the Performance Stock Units, and the value of and income from same, are not part of normal or expected compensation or salary for any purpose; and

(B) neither the Company, the Employer, nor any other Subsidiary will be liable for any foreign exchange rate fluctuation between any local currency and the U.S. dollar that may affect the value of the Performance Stock Units, any amounts due to you pursuant to the settlement of the Performance Stock Units or the subsequent sale of any Shares acquired upon settlement.

21. **No Advice Regarding Grant.** The Company is not providing any tax, legal or financial advice, nor is the Company making any recommendations regarding your participation in the Plan or your acquisition or sale of the underlying Shares. You should consult with your own personal tax, legal and financial advisors regarding your participation in the Plan before taking any action related to the Plan.

22. **Incorporation of Other Agreements.** This Award Agreement and the Plan constitute the entire understanding between you and the Company regarding the Performance Stock Units. This Award Agreement supersedes any prior agreements, commitments or negotiations concerning the Performance Stock Units.

23. **Severability.** The invalidity or unenforceability of any provision of this Award will not affect the validity or enforceability of the other provisions of the Award Agreement, which will remain in full force and effect. Moreover, if any provision is found to be excessively broad in duration, scope or covered activity, the provision will be construed so as to be enforceable to the maximum extent compatible with applicable law.

24. **Delayed Payment.** Notwithstanding anything in this Award Agreement to the contrary, if you (i) are subject to U.S. federal income tax on any part of the payment of the Performance Stock Units or DEUs, (ii) are a “specified employee” within the meaning of section 409A(a)(2)(B)(i) of the Code and the regulations thereunder, and (iii) are or will become eligible for retirement prior to the vesting terms (as set forth in Section 6 above) of some or all of the Performance Stock Units and DEUs or the Award is otherwise considered an item of “nonqualified deferred compensation” subject to Section 409A of the Code, then any payment of Performance Stock Units and DEUs that is made on account of your separation from service within the meaning of section 409A(a)(2)(A)(i) of the Code and the regulations thereunder shall be delayed until six months following such separation from service

25. **Language.** You acknowledge that you are sufficiently proficient in English to understand the terms and conditions of the Award Agreement. Furthermore, if you have received this Award Agreement or any other document related to the Plan translated into a language other than English and if the meaning of the translated version is different than the English version, the English version will control.

26. **Electronic Delivery and Acceptance.** The Company may, in its sole discretion, decide to deliver any documents related to current or future participation in the Plan by electronic means. You hereby consent to receive such documents by electronic delivery and

agree 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.

27. **Imposition of Other Requirements.** The Company reserves the right to impose other requirements on your participation in the Plan, including but not limited to such requirements as described in Appendix A, if applicable, on the Performance Stock Units and on any Shares acquired under the Plan, to the extent the Company determines it is necessary or advisable in order to comply with applicable law or facilitate the administration of the Plan, and to require you to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

28. **Governing Law and Venue.** The Award Agreement is to be governed by and construed in accordance with the laws of Switzerland, without regard to the conflict of laws principles thereof.

For purposes of litigating any dispute that arises under this grant or this Award Agreement, the parties hereby submit to and consent to the jurisdiction of the State of Pennsylvania and agree that such litigation shall be conducted in the courts of Chester County, Pennsylvania, or the federal courts for the United States for the Eastern District of Pennsylvania, where this Award is made and/or to be performed.

29. **Waiver.** You acknowledge that a waiver by the Company of breach of any provision of the Award Agreement will not operate or be construed as a waiver of any other provision of the Award Agreement, or of any subsequent breach by you or any other Participant.

30. **Country Specific Terms.** Notwithstanding any provisions in the Award Agreement, the Performance Stock Unit Award will be subject to any special terms and conditions for your country set forth in Appendix B attached hereto. Moreover, if you relocate to one of the countries included in Appendix B, the special terms and conditions for such country will apply to you, to the extent the Company determines that the application of such terms and conditions is necessary or advisable for legal or administrative reasons. Appendix B constitutes part of the Award Agreement.

31. **Foreign Asset/Account Reporting; Exchange Control Requirements.** Certain applicable foreign asset and/or foreign account reporting requirements and exchange controls may affect your ability to acquire or hold Shares acquired under the Plan or cash received from participating in the Plan (including from any dividends paid on Shares acquired under the Plan) in a brokerage or bank account outside your country. You may be required to report such accounts, assets or transactions to the tax or other authorities in your country. You may also be required to repatriate sale proceeds or other funds received as a result of your participation in the Plan to your country through a designated bank or broker and/or within a certain time after receipt. You acknowledge that you are responsible for complying with any applicable regulations, and that you should speak to your personal legal advisor for any details.

* * * * *

By accepting this Award, you agree to the following:

(i) you have carefully read, fully understand and agree to all of the terms and conditions described in this Award Agreement and the Plan; and

(ii) you understand and agree that this Award Agreement and the Plan constitute the entire understanding between you and the Company regarding the Award, and that any prior agreements, commitments or negotiations concerning the Performance Stock Units are replaced and superseded.

(iii) FOR EU/EEA PARTICIPANTS ONLY: you declare that you expressly agree with the data processing practices described in the “Data Privacy Information and Consent” section of the EU/EEA Countries appendix (the “Data Privacy Provisions”), and consent to the collection, processing and use of data by the Company and the transfer of data to the recipients mentioned in the Data Privacy Provisions, including recipients located in countries which do not provide an adequate level of protection from an EU/EEA data protection law perspective, for the purposes described in the Data Privacy Provisions. You understand that providing your signature below (or accepting the award agreement electronically) is a condition of receiving the equity award under the equity incentive plan and that the Company may cancel the equity award if a signature is not provided. You understand that you may withdraw your consent at any time with future effect for any or no reason as described in the Data Privacy Provisions.

Terrence R. Curtin
Chief Executive Officer,
TE Connectivity

APPENDIX A

PERFORMANCE METRICS APPLICABLE TO FISCAL YEAR 2019 PERFORMANCE STOCK UNIT AWARDS

1. Purpose – This Appendix A to the Award Agreement provides the terms and conditions of your Performance Stock Unit Award granted on [XXXX], 2018. The purpose of this Appendix A is to describe the terms under which you will earn Performance Stock Units (“PSUs”) granted to you under your Performance Stock Unit Award through the applicable Performance Cycle. (Note that the Shares earned under the Performance Stock Unit Award will not be delivered to you unless the applicable vesting requirements set forth in the Award Agreement are met.) For purposes of your Performance Stock Unit Award, the “Performance Cycle” is the three fiscal year period beginning with the first day of fiscal year 2019 and ending on the last day of fiscal year 2021.

2. Vesting – The vesting terms applicable to your Performance Stock Unit Award are described in the Award Agreement. This Appendix A describes how many PSUs you will earn pursuant to the performance metrics under Performance Stock Unit Award and that will be eligible to vest, provided that you also meet the applicable vesting requirements described in the Award Agreement.

3. Performance Metric – The performance metric which will be measured to determine how many PSUs will be earned and eligible to vest is the three-year average growth rate of adjusted earnings per share (“relative EPS performance”) from continuing operations, evaluated over the three-year Performance Cycle. In determining the relative EPS performance, the Company will use the Diluted EPS before Abnormal Items data published in Bloomberg News for the companies included in the benchmark described below.

The relative EPS performance will be calculated by ranking the Company’s three-year average EPS growth rate versus that of all eligible S&P 500 Non-Financial companies. The calculation of the Company’s relative EPS performance will be conducted under written procedures adopted by the Committee at the time the Performance Stock Unit Award is granted. (The approved calculation procedures will be made available to you upon written request sent to Executive Compensation, Attention Director of Executive Compensation, 1050 Westlakes Drive, Berwyn, PA 19312, USA)

4. Determination of PSUs Earned – The number of PSUs earned over the Performance Cycle will be determined based on the Company’s relative EPS performance for the Performance Cycle. The performance results, as determined at the end of the Performance Cycle based on the performance metric, will be applied to the Target Award. Depending on the Company’s relative EPS performance during the Performance Cycle, 0% to 200% of the Target Award will vest, based on the following scale:

	Threshold	Target	Maximum
Performance Zone (relative EPS growth % ranking)	25 th	50 th	75 th
PSUs Earned (% of PSUs earned and eligible to vest)	50%	100%	200%

Performance results below the 25th percentile result in zero PSUs earned for the Performance Cycle. Performance results between the 25th and 75th percentile will be interpolated on a straight-line basis. Performance results at or above the 75th percentile are capped at 200%.

5. **Certification Date** – The date on which the Committee certifies performance results at the end of the Performance Cycle is the Certification Date for purposes of the Award Agreement.

6. **PSUs Earned** – Once the Committee determines the number of PSUs that are earned based on the performance metric, that number of units will be credited to your Performance Stock Unit account and will be eligible to vest, subject to the other terms of this Award Agreement.

7. **Committee Discretion** – All decisions regarding the interpretation of your Performance Stock Unit Award and the calculation of Performance Stock Units earned under your Performance Stock Unit Award, including without limitation, any and all matters relating to the calculation of the Company's relative EPS performance, will be made in the sole and absolute discretion of the Committee. All determinations of the Committee will be final, binding and conclusive on all parties.

8. **Governing Document** – This Appendix A is incorporated into and constitutes a part of the Award Agreement.

**APPENDIX B
TO THE
TERMS AND CONDITIONS
OF
PERFORMANCE STOCK UNIT AWARD

UNDER THE
TE CONNECTIVITY LTD.
2007 STOCK AND INCENTIVE PLAN**

Capitalized terms not specifically defined in this Appendix B have the same meaning assigned to them in the Plan and/or the Award Agreement to which this Appendix B is attached.

Terms and Conditions

This Appendix B includes additional terms and conditions that govern the grant of Performance Stock Units in your country. If you are a citizen or resident of a country other than the one in which you are currently residing and/or working, transfer residency and/or employment to another country after the grant but prior to the vesting of the Performance Stock Units, or are considered a resident of another country for local law purposes, the Company may, in its discretion, determine to what extent the additional terms and conditions contained herein will apply to you.

Notifications

This Appendix B also includes information regarding exchange controls and certain other issues of which you should be aware with respect to your participation in the Plan. The information is based on the securities and other laws in effect in the respective countries as of November 2018. Such laws are often complex and change frequently. As a result, the Company strongly recommends that you not rely on the information noted herein as the only source of information relating to the consequences of your participation in the Plan because the information may be out of date when the Performance Stock Units or DEUs vest, the receipt of any dividends or the subsequent sale of the Shares. In addition, the information is general in nature and may not apply to your particular situation, and the Company is not in a position to assure you of any particular result. Accordingly, you should seek appropriate professional advice as to how the relevant laws in your country may apply to your situation. If you are a citizen or resident of a country other than the one in which you are currently residing and/or working, transfer residency and/or employment to another country after the Performance Stock Units are granted to you, or are considered a resident of another country for local law purposes, the notifications contained herein may not be applicable to you.

EU/EEA COUNTRIES

Terms and Conditions

The following terms and conditions will apply if you are a resident in a European Union (“EU”) / European Economic Area (“EEA”) country.

Data Privacy Information and Consent. The following provisions replace Section 19 of the Award Agreement:

(a) *Data Collection and Usage. The Company and the Employer collect, process and use certain personal information about you, including, but not limited to, your name, home address, telephone number, email address, date of birth, social insurance number, passport or other identification number, salary, nationality, job title, any shares or directorships held in the Company, details of all Performance Stock Units, and any other rights to Shares awarded, canceled, exercised, vested, unvested or outstanding in your favor (“Data”), for purposes of implementing, administering and managing your participation in the Plan. The legal basis, where required, for the processing of Data is the explicit declaration of the consent you provide when signing or electronically agreeing to the Award Agreement.*

(b) *Stock Plan Administration Service Providers. The Company transfers Data to UBS Financial Services Inc. and certain of its affiliates (“UBS”), which is assisting the Company with the implementation, administration and management of the Plan. You may be asked to agree on separate terms and data processing practices with UBS, with such agreement being a condition to your ability to participate in the Plan.*

(c) *Other Service Provider Data Recipients. The Company and the Employer also may transfer Data to other third party service providers, if necessary to ensure compliance with applicable tax, exchange control, securities and labor law. Such third party service providers may include the Company’s legal counsel as well as its auditor/accountant/third party vendor (currently Deloitte, Willis Towers Watson, UBS). Wherever possible, the Company will anonymize data, but you understand that your Data may need to be transferred to such providers to ensure compliance with applicable law and/or tax requirements.*

(d) *International Data Transfers. The Company, UBS and its other service providers described above under (c) have operations in the United States. Your country or jurisdiction may have different data privacy laws and protections than the United States. For example, the European Commission has issued a limited adequacy finding with respect to the United States that applies only to the extent companies register for the EU-U.S. Privacy Shield program. The Company has registered for the EU-U.S. Privacy Shield program and, as such, may transfer Data from the EU to the U.S. in reliance on the program.*

(e) *Data Retention. The Company will hold and use Data only as long as is necessary to implement, administer and manage your participation in the Plan, or as required to comply with legal or regulatory obligations, including under tax, exchange control, labor and securities laws. This period may extend beyond your employment with the Employer. When the Company or the Employer no longer need Data for any of the above purposes, they will cease processing it in this*

context and remove it from all of their systems used for such purposes to the fullest extent practicable.

(f) **Voluntariness and Consequences of Consent Denial or Withdrawal.** *Participation in the Plan is voluntary and you are providing the consents herein on a purely voluntary basis. If you do not consent, or if you later seek to revoke the consent, your salary from or employment relationship with the Employer will not be affected. The only consequence of refusing or withdrawing consent is that the Company would not be able to grant the Performance Stock Units under the Plan or administer or maintain your participation in the Plan. Therefore, you understand that refusing or withdrawing your consent may affect your ability to participate in the Plan. For more information on the consequences of your refusal to consent or withdrawal of consent, you understand that you may contact your local human resources representative.*

(g) **Data Subject Rights.** *You may have a number of rights under data privacy laws in your jurisdiction. Depending on where you are based, such rights may include the right to (i) request access to or copies of Data the Company processes, (ii) rectify incorrect Data, (iii) delete Data, (iv) restrict the processing of Data, (v) restrict the portability of Data, (vi) lodge complaints with competent authorities in your jurisdiction, and/or (vii) receive a list with the names and addresses of any potential recipients of Data. To receive clarification regarding these rights or to exercise these rights, you can contact your local human resources representative.*

CHINA

Terms and Conditions

The following terms and conditions will apply if you are subject to exchange control restrictions and regulations in China, including the requirements imposed by the State Administration of Foreign Exchange ("SAFE"), as determined by the Company in its sole discretion.

Vesting and Termination. The following provisions supplement Sections 6, 7, 8, 9 and 10 of the Award Agreement:

Notwithstanding anything in Section 9 of the Award Agreement to the contrary, if your Performance Stock Unit Award and DEUs vest pursuant to Section 9(a) of the Award Agreement upon your Termination of Employment, they will vest on a pro rata basis as described in Section 9(a) at Target, as indicated in Section 4 of Appendix A. Shares issuable pursuant to Section 9(a) will be delivered to you as soon as is administratively feasible following your Termination of Employment.

You agree to maintain any Shares you obtain upon vesting in an account with the designated broker prior to sale.

You understand and agree that, regardless of the reason for your Termination of Employment, any Shares acquired under the Plan must be sold no later than sixty (60) days from your Termination of Employment, or within any such other period as may be permitted by the Company or requested by SAFE. You understand that any Shares acquired under the Plan that have not been sold within sixty (60) days of your termination or within such other period as may be permitted by the Company or required by SAFE will be automatically sold by the designated

broker pursuant to this authorization. You acknowledge that the broker is not required to sell the Shares at any particular price and that the Company, the Employer or any other Subsidiary, as well as the broker, cannot be held responsible for any loss of proceeds due to the sale.

Exchange Control Requirements. You understand and agree that, pursuant to local exchange control requirements, you will be required to repatriate the cash proceeds from the sale of the Shares issued upon the vesting of the Performance Stock Units and the DEUs as well as any cash dividends paid on such Shares to China. You further understand that, under applicable laws, such repatriation of your cash proceeds will need to be effectuated through a special exchange control account established by the Company, the Employer or any other Subsidiary, and you hereby consent and agree that any proceeds from the sale of any Shares you acquire or from cash dividends paid on such Shares will be transferred to such special account prior to being delivered to you. You also understand that the Company will deliver the proceeds to you as soon as possible, but there may be delays in distributing the funds to you due to exchange control requirements in China. Proceeds may be paid to you in U.S. dollars or local currency at the Company's discretion. If the proceeds are paid to you in U.S. dollars, you may be required to set up a U.S. dollar bank account in China so that the proceeds may be deposited into this account. If the proceeds are paid to you in local currency, the Company is under no obligation to secure any particular exchange conversion rate and the Company may face delays in converting the proceeds to local currency due to exchange control restrictions. You further agree to comply with any other requirements that may be imposed by the Company in the future in order to facilitate compliance with exchange control requirements in China.

Additional Restrictions. The Performance Stock Units and DEUs will not vest and the Shares will not be issued at vesting unless the Company determines that such vesting and the issuance and delivery of Shares complies with all applicable laws. Further, the Company is under no obligation to vest the Performance Stock Units / DEUs and/or issue Shares if the Company's SAFE approval becomes invalid or ceases to be in effect by the time you vest in the Performance Stock Units and DEUs.

UNITED KINGDOM

Terms and Conditions

Retirement. Due to local regulatory requirements, you acknowledge and agree that Section 9 of the Award Agreement will not apply in its entirety as long as you reside in the U.K.

Responsibility for Taxes. The following provisions supplement Section 12 of the Award Agreement:

Without limitation to Section 12 of the Award Agreement, you hereby agree that you are liable for all Tax-Related Items and hereby covenant to pay all such Tax-Related Items, as and when requested by the Company or the Employer, as applicable, or by Her Majesty's Revenue & Customs ("HMRC") (or any other tax authority or any other relevant authority). You also hereby agree to indemnify and keep indemnified the Company and the Employer, as applicable, against any Tax-Related Items that they are required to pay or withhold or have paid or will pay on your behalf to HMRC (or any other tax authority or any other relevant authority).

Notwithstanding the foregoing, if you are a director or executive officer of the Company (within the meaning of Section 13(k) of the Exchange Act), the terms of immediately foregoing provision will not apply. In this case, the amount of the income tax not collected within ninety (90) days of the end of the U.K. tax year in which an event giving rise to the Tax-Related Items occurs may constitute a benefit to you on which additional income tax and National Insurance contributions may be payable. You will be responsible for reporting and paying any income tax due on this additional benefit directly to HMRC under the self-assessment regime and for reimbursing the Company or the Employer, as applicable, for the value of any National Insurance contributions due on this additional benefit, which may be recovered from you by the Company or the Employer at any time thereafter by any of the means referred to in this Section 12.

UNITED STATES

Terms and Conditions

Restrictive Covenants. Notwithstanding anything in the Award Agreement to the contrary, by accepting the Award, you acknowledge, understand and agree to the following provisions:

(a) **Restrictions on Solicitation of Company's Employees.** You agree that during your employment with your Employer, the Company and any Subsidiary and for a period of 12 months following your Termination of Employment, for any reason, you will not, directly or indirectly, solicit or induce, or attempt to solicit or induce, any employee or contract/temporary employee of the Company or any of its Subsidiaries to leave his/her employment with the Company or respective Subsidiary, or to otherwise hire or employ any employee of Company or any of its Subsidiaries who at any time worked for, under, or with you.

The following provisions apply to all US employees except for those whose work site is in California:

(a) **Restrictions On Competition.** You agree that during the period of your employment with your Employer, the Company and any Subsidiary and for a period of 12 months following your Termination of Employment, for any reason, you will not, in any country of the world in which you have done business on behalf of your Employer, the Company or any Subsidiary at any time during the last 12 months prior to the date of your Termination of Employment, engage in or enter into any kind of employment or gainful occupation, directly or indirectly, in any Competing Business where your responsibilities include the manufacture, sale, purchasing, research, development, or business plans of any product, process, function or service which is directly competitive with or similar to any Company or Subsidiary product, process, function or service that you were exposed to within 12 months prior to your Termination of Employment. For purposes of this Agreement, the term "Competing Business" shall mean any person or other entity which sells or attempts to sell any products or services which are the same as or similar to the products and services sold, leased or otherwise distributed by Company or any Subsidiary at any time during the last 12 months prior to your Termination of Employment, or which has under development a product or service that is in competition with a product or service, whether existing or under development, of Company or any Subsidiary.

(b) Restrictions on Solicitation of Company's Customers. You agree that during your employment with your Employer, Company and any Subsidiary and for 12 months following your Termination of Employment, for any reason, you will not directly or indirectly encourage any customers or suppliers to refrain from or stop doing business with the Company or any Subsidiary, either on your behalf or on behalf of any other party or entity.

CREDIT SUPPORT AGREEMENT
BETWEEN
TYCO ELECTRONICS GROUP S.A.
AND
CROWN SUBSEA COMMUNICATIONS HOLDING, INC.
DATED AS OF NOVEMBER 2, 2018

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CREDIT SUPPORT AGREEMENT

This CREDIT SUPPORT AGREEMENT, dated as of November 2, 2018 (as amended, modified or supplemented from time to time in accordance with its terms, this "Agreement"), is made and entered into by and between TYCO ELECTRONICS GROUP S.A., a Luxembourg public limited liability company (*Société Anonyme*), having its registered office at 17, Bd. Grand-Duchesse Charlotte, L-1331, Luxembourg, and registered with the Luxembourg Register of Commerce and Companies under number B123549 (the "Company"), and CROWN SUBSEA COMMUNICATIONS HOLDING, INC., a Delaware corporation (the "Contractor").

RECITALS

A. WHEREAS, the Company and the Contractor entered into that certain Stock Purchase Agreement, dated as of September 16, 2018 (as amended, modified or supplemented from time to time in accordance with its terms, the "Purchase Agreement");

B. WHEREAS, in furtherance of the transactions contemplated by the Purchase Agreement, the Parties (as defined below) desire that the Company shall provide or cause to be provided to the Contractor (and/or one or more Subsidiaries of the Contractor) certain credit support on a transitional basis and in accordance with the terms and subject to the conditions set forth herein; and

C. WHEREAS, the Purchase Agreement requires execution and delivery of this Agreement by the Company and the Contractor at or prior to the Closing (as defined in the Purchase Agreement).

NOW, THEREFORE, in consideration of the foregoing and the representations, warranties, covenants and agreements set forth in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are acknowledged, the Parties, intending to be legally bound, agree as follows:

ARTICLE I DEFINITIONS

Section 1.01. Certain Defined Terms.

(a) Unless otherwise defined herein, all capitalized terms used herein shall have the same meanings as in the Purchase Agreement and/or the Credit Agreement, as applicable.

(b) The following capitalized terms used in this Agreement shall have the meanings set forth below:

"Agreement" shall have the meaning set forth in the Preamble.

"Base Criteria" means the terms contained in Annex I to Schedule A hereto and that the total term of the applicable Supported Obligation (inclusive of construction period and warranty period) does not exceed seven years.

"Board" means the board of directors (or equivalent governing body) of the Purchaser (as such term is defined in the Purchase Agreement).

"Board Observer" shall have the meaning set forth Section 7.01(d).

"Business Day" shall have the meaning assigned to such term in the Credit Agreement.

"Change of Control" shall have the meaning assigned to such term in the Credit Agreement.

"Claimed Amount" shall have the meaning set forth in Section 4.01.

"Company" shall have the meaning set forth in the Preamble.

"Company Material Adverse Effect" means a material adverse effect on (a) the business, property, operations or financial condition of the Company and its Subsidiaries taken as a whole or (b) the rights or remedies of the Contractor hereunder.

“Confidential Information” means information furnished to a Party by the other Party or its representatives irrespective of the form of communication, including oral as well as written and electronic communications (hereinafter collectively referred to as the “Information”), together with any and all analyses, compilations, abstracts, studies, summaries or other documents, reports or records prepared by the applicable Party or its directors, officers, employees, members, managers, partners, attorneys, affiliates, lenders, potential co-investors, advisors, representatives and agents that contain or otherwise reflect, in whole or in part, or are generated from any Information.

“Contractor” shall have the meaning set forth in the Preamble.

“Credit Agreement” means the Credit Agreement, dated as the date hereof, among, *inter alios*, the Contractor, the lenders from time to time party thereto and Goldman Sachs Bank USA, as administrative agent.

“Customer” means with respect to any Supported Obligation, the counterparty of the Contractor or the applicable Supported Party, as applicable, benefiting from the applicable TE Support Instrument.

“Debtor Relief Laws” shall have the meaning assigned to such term in the Credit Agreement.

“Disbursed Amount” shall have the meaning set forth in Section 4.01.

“Disposition” or “Dispose” shall have the meaning assigned to such term in the Credit Agreement.

“Dispute Period” shall have the meaning set forth in Section 4.01.

“Effective Date” means the date of this Agreement.

“Excluded New Supported Obligation” shall have the meaning set forth in the definition of “New Supported Obligation”.

“Existing Supported Obligation” means each performance, financial and/or other obligation of the Contractor or the applicable Supported Party, as applicable, relating to uncompleted work and/or financial commitments in existence as of the Effective Date (including, without limitation, such obligations with respect to which any Pre-Effectiveness Credit Support Requirement applies) for which the Company is providing credit support (including, without limitation, such obligations pursuant to the agreements listed on Schedule B hereto); it being understood and agreed that the Contractor shall not amend, restate or otherwise modify any Existing Supported Obligation so long as the TE Support Instrument supporting such Existing Supported Obligation remains in effect without the prior written consent of the Company (such consent not to be unreasonably withheld, conditioned or delayed); *provided* that, it is understood and agreed that the Company shall be deemed to have acted reasonably in withholding consent to any amendment, restatement or modification that would increase the Contractor’s liability or extend any of the time periods (including, without limitation, the time periods with respect to construction periods, milestones or warranties) under the applicable Existing Supported Obligation.

“Existing TE Support Instrument” means each guarantee, surety bond, letter of credit or other credit support provided by the Company (including, without limitation, the guarantees, surety bonds and letters of credit listed on Schedule C hereto), guaranteeing or supporting the performance of any Existing Supported Obligation.

“Governmental Authority” shall have the meaning assigned to such term in the Credit Agreement.

“GPC Dunant” shall mean the commercial agreement specified as “GPC Dunant” in Schedule B.

“Hawaiki” shall mean the commercial agreement specified as “Hawaiki” in Schedule B.

“Immaterial Subsidiary” shall have the meaning assigned to such term in the Credit Agreement.

“Incorporated Provisions” shall have the meaning set forth in Section 1.02.

“Indebtedness” shall have the meaning assigned to such term in the Credit Agreement.

“Investment” shall have the meaning assigned to such term in the Credit Agreement.

“Material Adverse Effect” shall have the meaning assigned to the term “Material Adverse Effect”, as set forth in the Credit Agreement; provided that, references to the rights and remedies of the “Administrative Agent” or the “Lenders” shall instead be a reference to the rights and remedies of the Company under the TE Support Documents.

“Material Indebtedness” shall mean (a) the Indebtedness evidenced by the Credit Agreement (regardless of the amount outstanding (if any) thereunder) and (b) any other Indebtedness having an outstanding principal amount in excess of the Threshold Amount.

“Material Subsidiary” shall mean a Restricted Subsidiary of the Contractor that is not an Immaterial Subsidiary.

“Mitigation Obligations” shall have the meaning set forth in Section 4.04.

“New Supported Obligation” means each performance, financial and/or other obligation of the Contractor or the applicable Supported Party, as applicable, supported by a New TE Support Instrument; *provided* that each New Supported Obligation may be any obligation (including any related liquidated damages and/or warranties) of the Contractor or such Supported Party under a commercial contract, which commercial contract (a) conforms to the general standards and guidelines set forth in Schedule A hereto that are applicable to the applicable New Supported Obligation (or such other standards agreed to by the Company), (b) is entered into by the Contractor or such Supported Party after the Effective Date and prior to the Termination Date and (c) governed by and construed in accordance with the laws of the State of New York, the laws of England, in the case the local government is a Customer, the local laws of such government, and the laws of each other jurisdiction that is reasonably acceptable to the Company; *provided* that, it being understood and agreed that, (x) any New Supported Obligation that is entered into with an existing Customer in substantially the same form as an Existing Supported Obligation with such Customer (including a New Supported Obligation that is entered into with respect to a contract variance under an Existing Supported Obligation) shall be deemed to satisfy the requirements of clauses (a) and (c) above (such New Supported Obligations, a “Excluded New Supported Obligation”) so long as such New Supported Obligation satisfies the Base Criteria and (y) so long as the TE Support Instrument supporting such New Supported Obligation remains in effect, the Contractor shall not (I) prior to the Termination Date, amend, restate or otherwise modify any New Supported Obligation with respect to the items set forth in clauses (a) and (c) hereof to the extent it would not otherwise meet such criteria and be able to satisfy each of the conditions set forth in Section 3.02 at the time of such amendment, restatement or modification if a New TE Support Instrument were being issued in respect of such New Supported Obligation (as reasonably determined by the Contractor in good faith, subject to delivery of a description and written certification as required pursuant to clause (x) of the proviso in Section 3.01(c)), in each case, without the prior written consent of the Company (such consent not to be unreasonably withheld, conditioned or delayed) and (II) after the Termination Date, without the prior written consent of the Company (such consent not to be unreasonably withheld, conditioned or delayed); *provided* that, it is understood and agreed that the Company shall be deemed to have acted reasonably in withholding consent to any amendment, restatement or modification that would increase the Contractor’s liability or extend any of the time periods (including, without limitation, the time periods with respect to construction periods, milestones or warranties) under the applicable New Supported Obligation).

“New TE Support Instruments” shall have the meaning set forth in Section 3.01.

“New TE Support Instruments Cap” means the maximum aggregate amount of obligations of the Company with respect to New TE Support Instruments outstanding hereunder from time to time, as such maximum aggregate amount may be decreased from time to time in accordance with Section 3.03. As of the Effective Date the New TE Support Instruments Cap is \$300,000,000.

“Organization Documents” shall have the meaning assigned to such term in the Credit Agreement

“Outstanding Amount” shall have the meaning set forth in Section 4.01.

“Party” means the Company and the Contractor individually, and “Parties” means the Company and the Contractor collectively, and, in each case, their respective permitted successors and assigns.

“Payment Failure Event” shall have the meaning set forth in Section 4.01.

“Person” shall have the meaning assigned to such term in the Credit Agreement.

"Pre-Effectiveness Credit Support Requirement" means the obligation of the Contractor or the applicable Supported Party pursuant to the terms of an Existing Supported Obligation to obtain (a) an extension in the maturity of an Existing TE Support Instrument or (b) an increase in the aggregate amount of an Existing TE Support Instrument (or issue a new Existing TE Support Instrument) due, in the case of clauses (a) and (b), to the occurrence of an event or other triggering condition prior to the Effective Date (including the occurrence, prior to the Effective Date, of a contract variance related to an Existing Supported Obligation), which event or condition permitted such Customer to demand and/or require, as applicable, extension in the maturity or an increase to (or issuance of) such Existing TE Support Instrument pursuant to such Existing Supported Obligation; *provided* that any extension of the maturity of an Existing TE Support Instrument to the specified date certain of provisional acceptance or the end of the construction period as required by the applicable Existing Supported Obligation as in effect on the Effective Date (without the requirement for such extension also requiring the occurrence of any other event or other triggering condition) shall be deemed to be a Pre-Effectiveness Credit Support Requirement regardless of when such extension actually occurs; *provided, further*, that, notwithstanding anything herein to the contrary, any obligation of the Contractor or the applicable Supported Party (x) to provide credit support in respect of GPC Dunant up to an amount not to exceed \$105,000,000 shall be a Pre-Effectiveness Credit Support Requirement and (y) to provide credit support during the warranty period under Section 6 of Haiwaki shall be a Pre-Effectiveness Credit Support Requirement.

"Purchase Agreement" shall have the meaning set forth in the Recitals.

"Related Parties" means, with respect to any Person, such Person's Affiliates and the partners, directors, officers, employees, agents, trustees and advisors of such Person and of such Person's Affiliates.

"Responsible Officer" shall have the meaning assigned to such term in the Credit Agreement.

"Restricted Payment" shall have the meaning assigned to such term in the Credit Agreement.

"Restricted Subsidiary" means any Subsidiary of the Contractor other than an Unrestricted Subsidiary.

"Supported Obligation" means an Existing Supported Obligation or a New Supported Obligation.

"Supported Party" means a wholly-owned subsidiary of the Contractor that is obligated in respect of a Supported Obligation.

"TE Support Documents" means, collectively, (a) this Agreement and (b) any agreement creating or perfecting rights in cash collateral pursuant to the provisions of Section 4.03 of this Agreement.

"TE Support Instruments" means, collectively, the Existing TE Support Instruments and the New TE Support Instruments.

"TE Support Instrument Termination Date" means, with respect to any TE Support Instrument, the date on which, pursuant to the terms of such TE Support Instrument, the obligations of the Company thereunder terminate or are released.

"Termination Date" means the earliest of (a) the third anniversary of the Effective Date, (b) the date the Company provides written notice to the Contractor of the occurrence of the Termination Date after occurrence of a Termination Event and (c) the occurrence of a Termination Event under clause (c)(iii), (e) or (h) of such definition.

"Termination Event" means the occurrence of any of the following events:

(a) the Contractor fails to pay (x) any Disbursed Amount when due or (y) any fee or other amount payable hereunder or under any other TE Support Document when due and, solely in the case of this clause (y), such failure remains unremedied for a period of five (5) Business Days;

(b) any representation, warranty, certification or other statement of fact made or deemed made by or on behalf of the Contractor herein or in any other TE Support Document or any amendment or modification hereof or thereof or waiver hereunder or thereunder or in any certificate, document, report, financial statement or other document furnished by or on behalf of the Contractor under or in connection with this Agreement or any other TE Support Document, proves to have been inaccurate in any material respect on or as of the date made or deemed made and such incorrect representation, warranty, certification or statement of fact, if capable of being cured, remains so incorrect for thirty (30) days after receipt by the Contractor of written notice thereof by the Company;

(c) the Contractor fails to perform or observe any other covenant, term, condition or agreement contained in this Agreement or any other TE Support Document (other than as provided in subsections (a) and (b) of this definition) and (i) in the case of the covenants set forth in Section 7.01, such default shall continue unremedied for a period of thirty (30) days after notice thereof to the Contractor from the Company, (ii) except as set forth in clause (iii) below, in the case of the covenants set forth in Section 7.02, such default shall continue unremedied for a period of fifteen (15) days after notice thereof to the Contractor from the Company and (iii) automatically if the Contractor fails to perform or observe Section 7.03 of this Agreement;

(d) the Contractor or any of its Material Subsidiaries shall (i) default in making any payment of any principal of, or interest on, any Material Indebtedness (but excluding the obligations hereunder) beyond the applicable grace period with respect thereto, if any, specified in the agreement or instrument relating to such Material Indebtedness or (ii) default in the observance or performance of any other agreement or condition relating to any such Material Indebtedness or contained in any instrument or agreement evidencing, securing or relating thereto, or any other event shall occur or condition exist, the effect of which default or other event or condition is to cause, or to permit the holder or beneficiary of such Material Indebtedness (or a trustee or agent on behalf of such holder or beneficiary) to cause, with the giving of notice if required, such Material Indebtedness to become due prior to its stated maturity or (in the case of any such Indebtedness constituting a Guarantee Obligation) to become payable or to cause any commitment to extend credit thereunder to be terminated; provided that clause (d)(ii) shall not apply to (A) secured Indebtedness that becomes due as a result of the sale, transfer or other disposition (including as a result of a casualty or condemnation event) of the property or assets securing such Indebtedness (to the extent such sale, transfer or other disposition is not prohibited under this Agreement) or (B) termination events or similar events occurring under any Swap Agreement (as defined in the Credit Agreement) (it being understood that clause (d)(i) will apply to any failure to make any payment required as a result of any such termination or similar event); provided, further, that clause (d)(ii) shall not apply if such failure is remedied or waived by the holders of such Material Indebtedness prior to the earlier of (x) the Company giving notice of the Termination Date pursuant to the definition thereof and (y) the requirement to deliver cash collateral pursuant to a request under Section 4.03 (it being agreed that, solely to the extent that the Termination Date shall not have occurred prior to any such remedy or waiver by the holders of such Material Indebtedness, the Company shall release such cash collateral upon such remedy or waiver);

(e) an Event of Default under Section 8.1(f) of the Credit Agreement occurs;

(f) one or more final judgments or decrees shall be entered against the Contractor or any Restricted Subsidiary (other than an Immaterial Subsidiary) involving in the aggregate a liability (to the extent not covered by independent third party insurance as to which the insurer has been notified of such judgment or order and has not denied coverage) of the Threshold Amount or more, and all such judgments or decrees shall not have been vacated, discharged, stayed or bonded pending appeal within thirty days from the entry thereof;

(g) any material provision of any TE Support Document, at any time after its execution and delivery and for any reason other than as expressly permitted hereunder or thereunder or as a result of acts or omissions by the Company or the satisfaction in full of all the obligations hereunder (other than indemnities and other contingent indemnification and reimbursement liabilities that survive the Termination Date) ceases to be in full force and effect; or any Supported Party contests in writing the validity or enforceability of any provision of any TE Support Document (other than as a result of payment in full of the obligations hereunder (other than indemnities and other contingent indemnification and reimbursement liabilities that survive the Termination Date)); or the Contractor denies in writing that it has any or further liability or obligation under any TE Support Document, or purports in writing to revoke or rescind any TE Support Document (other than as a result of payment in full of the obligations hereunder (other than indemnities and other contingent indemnification and reimbursement liabilities that survive the Termination Date)); or

(h) a Change of Control occurs.

"Threshold Amount" shall have the meaning assigned to such term in the Credit Agreement.

"Unrestricted Subsidiary" shall have the meaning assigned to such term in the Credit Agreement.

"Unused TE Support Commitment" shall mean an amount not less than \$0, equal to, as determined at any given time: (a) the New TE Support Instruments Cap at such time (as may be decreased in accordance with the terms of this Agreement) *minus* (b) the sum of (i) the aggregate stated amount of all New TE Support Instruments issued and outstanding at such time and (ii) any Outstanding Amounts (including any Claimed Amount subject to a dispute as set forth in Section 4.01) under any New TE Support Instruments at such time.

Section 1.02. Definitions and Other Incorporated Provisions. Certain defined terms and provisions herein are incorporated by reference from, or defined with reference to, the Credit Agreement (such defined terms and other provisions, collectively, the “Incorporated Provisions”) solely for the convenience of the parties hereto in documenting this Agreement and the transactions referred to herein. Each such Incorporated Provision shall be incorporated or referred to as though all references herein to the “Agreement” and all references to the “Lenders”, “Required Lenders” the “Borrower” and terms of similar import are references to this Agreement, the Company and the Contractor, respectively, and other changes shall be made (as required by the context) so that the Incorporated Provisions are made solely for the benefit of the Company with respect to this Agreement. No Incorporated Provision shall be amended, waived or otherwise modified for purposes of this Agreement without the prior written consent of the Company, notwithstanding any amendment, waiver or other modification (including any refinancing or replacement thereof) by the parties to the Credit Agreement after the Effective Date, except as expressly contemplated by this Agreement (or through any reference to Material Indebtedness), and without the Company’s prior written consent (not to be unreasonably withheld, conditioned or delayed), such Incorporated Provisions shall remain in effect hereunder as they existed prior to such amendment, waiver or modification. If this Agreement remains in effect after the commitments under the Credit Agreement have been terminated and the loans and other obligations thereunder have been repaid in full, the Incorporated Provisions shall continue to be incorporated herein by reference, (and without limitation the covenants incorporated herein shall continue to be in full force and effect) as set forth above as such provisions were in effect hereunder on the date of such termination or repayment. The Contractor shall be the entity that is the “Borrower” under the Credit Agreement, and if the Contractor ceases to be the “Borrower” under the Credit Agreement or enters into a merger or consolidation of which it is not the surviving entity or sells all or substantially all of its assets in a transaction that does not constitute a Termination Event, then at the reasonable request of the Company such successor entity shall join this Agreement and assume the obligations of the Contractor hereunder.

ARTICLE II EXISTING CREDIT SUPPORT

Section 2.01. Maintenance and Issuance of Existing TE Support Instruments. The Parties hereby agree that (a) solely with respect to any Pre-Effectiveness Credit Support Requirement, an Existing TE Support Instrument shall, pursuant to a written request provided pursuant to Section 3.01(c), be issued, renewed or modified by the Company, in each case, following the Effective Date in accordance with, and as contemplated by, the applicable Existing Supported Obligation, (b) each Existing TE Support Instrument that is in effect following the Effective Date shall remain in effect as contemplated by the applicable Existing Supported Obligation and (c) the obligations of the Company under each Existing TE Support Instrument shall continue in full force and effect, with such continuance subject to (x) the Mitigation Obligations with respect to such Existing TE Support Instrument and (y) the reduction, termination or release in accordance with the terms of such Existing TE Support Instrument, until the applicable TE Support Instrument Termination Date.

ARTICLE III NEW CREDIT SUPPORT

Section 3.01. Issuance of New TE Support Instruments.

(a) Upon the written request of the Contractor and subject to the conditions to issuance described in Section 3.02, the Company will provide to the Contractor corporate guarantees (or amend or modify existing corporate guarantees) (the “New TE Support Instruments”) to be used by the Contractor or the applicable Supported Party, as applicable, as support for (i) New Supported Obligations or (ii) any Existing Supported Obligation (other than any Existing Supported Obligation that is the subject of a Pre-Effectiveness Credit Support Requirement); *provided* that, with respect to an increase in the aggregate amount of an Existing TE Support Instrument, only the increased portion of such TE Support Instrument shall constitute the issuance of a New TE Support Instrument for purposes hereof.

(b) Each New TE Support Instruments shall be provided under documentation in the form attached hereto as Exhibit I or with such changes to such form as are reasonably acceptable to the Company; *provided* that, to the extent the New Supported Obligation is for the benefit of a Customer with an Existing Supported Obligation, the New TE Support Instrument that will be issued may, at the election of the Contractor, be provided in substantially the same form as the applicable Existing TE Support Instrument provided by the Company to such Customer.

(c) To request the issuance of a New TE Support Instrument or the issuance, renewal or modification of an Existing TE Support Instrument to satisfy a Pre-Effectiveness Credit Support Requirement, the Contractor shall deliver to the Company reasonably in advance of the requested date of issuance, renewal or modification (and in no event fewer than seven (7) Business Days or, to the extent that the consent of the Company is required therefor (including, without limitation, as a result of

proposed changes to the form attached hereto as Exhibit I or the governing law of the related New Supported Obligation being other than the laws of the State of New York, the laws of England or applicable local law in the case of a government Customer, fifteen (15) Business Days or such longer period as reasonably determined by the Company to the extent necessary to negotiate and execute documentation with the Contractor and the applicable Customer with respect thereto) a written notice requesting the issuance of a New TE Support Instrument or Existing TE Support Instrument: (i) specifying the date of issuance (which shall be a Business Day), (ii) the stated amount of such New TE Support Instrument or Existing TE Support Instrument and (iii) the name and address of the Customer with respect thereto; provided that, (A) solely in the case of a New TE Support Instrument that is issued with respect to a New Supported Obligation (but not with respect to an Excluded New Supported Obligation or Existing Supported Obligation), prior to giving any such written notice, the Contractor or the applicable Supported Party shall have provided to the Company as soon as reasonably practicable after the time of the Contractor's submission of (x) its applicable initial bid therefor, a reasonably detailed description of the applicable New Supported Obligation demonstrating satisfaction of the attributes and compliance in all material respects with the documentation standards set forth in Schedule A that are applicable to the relevant New Supported Obligation and certifying in writing as to compliance with the factual matters set forth in (I) the proviso to item 1 of Schedule A, (II) items 5, 6 and 7 and (III) items 9 through 17 as well as (y) any relevant updates as are appropriate in the event of the submission of modifications to the applicable initial bid, including copies of the material underlying agreement creating or constituting such New Supported Obligation; it being agreed that any determination and confirmation to the Contractor by the Company of the satisfaction of such New Supported Obligation's satisfaction of the attributes and compliance with the documentation standards set forth in Schedule A shall not be unreasonably withheld, conditioned or delayed (subject to Annex I to Schedule A) and (B) solely in the case of a New TE Support Instrument that is issued with respect to an Excluded New Supported Obligation or an Existing Supported Obligation prior to giving any such written notice, the Contractor or the applicable Supported Party shall have provided to the Company as soon as reasonably practicable evidence reasonably satisfactory to the Company of such Supported Obligation's compliance with the Base Criteria. Any request for a New TE Support Instrument shall be deemed to constitute a representation and warranty by the Contractor of the satisfaction of the conditions set forth in Section 3.02 as of the proposed date of issuance of the New TE Support Instrument.

(d) The Parties hereto agree that once issued, any New TE Support Instrument may remain outstanding beyond the Termination Date without requiring any cash collateral or other credit support (except as otherwise expressly contemplated by Section 4.01 or 4.03 of this Agreement).

Section 3.02. Conditions to Issuance of the New TE Support Instruments. The obligation of the Company to issue New TE Support Instruments hereunder prior to the Termination Date shall be subject to the following conditions precedent:

(a) The stated amount of a New TE Support Instrument shall not cause the sum of (i) the aggregate stated amount of all New TE Support Instruments issued and outstanding at such time (after giving effect to the issuance of such New TE Support Instrument) of and (ii) any Outstanding Amounts (including any Claimed Amount subject to a dispute as set forth in Section 4.01) under any New TE Support Instruments at such time to exceed the New TE Support Instruments Cap;

(b) With respect to any New TE Support Instrument to be issued to a Customer with existing TE Support Instruments, any default, event of default or termination event (however so described) shall be continuing under any TE Support Document, as a result of TE Support Instruments issued in favor of such Customer;

(c) The representations and warranties of the Contractor and each other Supported Party contained in Article VI herein or any other TE Support Document shall be true and correct in all material respects on and as of the date of the issuance of such New TE Support Instrument, except to the extent that such representations and warranties specifically refer to an earlier date, in which case they shall be true and correct in all material respects as of such earlier date; and

(d) The applicable New Supported Obligation shall be in full force and effect, and shall be contingent, no default, event of default or termination event (however so described) shall have occurred or be continuing thereunder with respect to the Contractor or the applicable Supported Party, as applicable, and such New Supported Obligation shall not constitute Indebtedness for borrowed money of the Contractor or such Supported Party.

Section 3.03. Termination and Reduction of the New TE Support Instruments Cap

(a) The availability of New TE Support Instruments under this Agreement shall terminate and the New TE Support Instruments Cap shall be reduced to \$0 on the Termination Date.

(b) The New TE Support Instruments Cap may be reduced at any time and from time to time at the sole option of the Contractor by written notice from the Contractor to the Company. The Contractor may at its sole option return for cancellation any outstanding New TE Support Instruments.

(c) Notwithstanding any reduction of the New TE Support Instruments Cap, the occurrence of the Termination Date and/or the occurrence of a Termination Event, (i) the Company's obligations with respect to maintaining Existing TE Support Instruments shall continue in full force and effect and (ii) each outstanding TE Support Instrument shall continue in full force and effect in accordance with its terms until the applicable TE Support Instrument Termination Date. In addition, it is understood and agreed that the issuance and/or cancellation of a New TE Support Instrument shall not reduce the New TE Support Instruments Cap, and the issuance of New TE Support Instruments under this Agreement shall be revolving in nature.

ARTICLE IV TE SUPPORT INSTRUMENTS.

Section 4.01. Claims Payment. Not later than 11:00 a.m. New York City time on (a) the fifth Business Day following the earlier of (i) any date on which any claim against the Company for payment being made under a TE Support Instrument and (ii) any date on which any written claim by a Customer is made that the Contractor or the applicable Supported Party has failed to make a payment to a Customer when such payment is due and payable under the terms of the applicable Supported Obligation, in each case, the Contractor will pay the Company the amount claimed (the "Claimed Amount"); provided that if and for so long as, in the case of this clause (ii), (x) the Contractor or applicable Supporting Party is disputing its liability to the claiming Customer under the applicable Supported Obligation and (y) the Contractor is in compliance with its obligations under Article V of this Agreement with respect to such dispute, then until such disputed liability has been determined by a final non-appealable court judgment or arbitral award or pursuant to a written settlement or admission approved by the Company and the Contractor, the Contractor's obligation to pay the Claimed Amount to the Company under this Section 4.01 shall not be deemed to have occurred and the Unused TE Support Commitment shall be reduced by an amount equal to the Claimed Amount (the period of such suspension, a "Dispute Period") and (b) the first Business Day following any payment by the Company of a Claimed Amount under any TE Support Instrument, the Contractor will reimburse the Company the amount paid (the "Disbursed Amount"). A credit exposure fee will accrue on any Claimed Amount or Disbursed Amount that is not paid by the time required by the preceding sentence (after giving effect to any Dispute Period) (an "Outstanding Amount" and when the Outstanding Amount (excluding Claimed Amounts during a Dispute Period) shall at any time exceed \$1,000,000 in the aggregate, a "Payment Failure Event" shall be deemed to have occurred) at a per annum rate equal to the current interest rate determined at the default rate of the funded term loans under the Credit Agreement, which fee shall accrue daily and be payable in cash upon demand.

Section 4.02. Ranking and Collateral. The obligations of the Contractor or other Supported Party to the Company arising under the New TE Support Instruments shall constitute general, senior and unsubordinated obligations of the Contractor or other Supported Party, as applicable.

Section 4.03. Cash Collateralization. Upon the earlier of (a) the occurrence of a Termination Event described in clause (c)(iii), (e) or (h) of the definition thereof or (b) within ten (10) Business Days' of written request by the Company following the occurrence of any other Termination Event, the Contractor shall, with respect to all then issued and outstanding New TE Support Instruments, pledge or deliver to the Company, as collateral for such New TE Support Instruments, cash or deposit account balances or, if the Company shall agree in its sole discretion, other credit support, in each case in an aggregate amount equal to the stated amount of all such New TE Support Instruments pursuant to documentation in form and substance reasonably satisfactory to the Company.

Section 4.04. Contractor Cooperation to Facilitate Reduction of TE Support Instruments and Occurrence of TE Support Instrument Termination Dates.

(a) The Contractor hereby agrees to use commercially reasonable efforts to, as promptly as reasonably practicable following the Effective Date, (x) obtain or confirm the reduction, cancellation, termination and/or return of each TE Support Instrument in accordance with the terms thereof and (y) cause the TE Support Instrument Termination Date with respect to each TE Support Instrument to occur in a timely manner in accordance with the documentation governing the related Supported Obligation (collectively, the "Mitigation Obligations"), which shall include:

(i) using commercially reasonable efforts to complete, fulfill and otherwise discharge the Supported Obligation supported by such TE Support Instrument as soon as practicable following the Effective Date; and

(ii) providing written notices, status updates and certifications (including completion certifications) to the Customer with respect to such TE Support Instrument as required by the terms thereof and/or the applicable Supported Obligation or as may be useful to facilitate the reduction, cancellation, termination, return or timely occurrence of the TE Support Instrument Termination Date with respect to such TE Support Instrument.

(b) All costs and expenses incurred in connection with the reduction, cancellation, release or return of the TE Support Instruments shall be borne by the Contractor in accordance with Section 8.05.

Section 4.05. Support Instrument Fee. The Contractor shall pay to the Company quarterly in arrears (commencing on the last day of the first full fiscal quarter of the Contractor after the Effective Date), in immediately available funds, a guarantee fee with respect to each outstanding New TE Support Instrument equal to 3.00% per annum of the average daily stated amount thereof.

Section 4.06. Facility Fee. The Contractor shall pay to the Company quarterly in arrears (commencing on the last day of the first full fiscal quarter of the Contractor after the Effective Date), in immediately available funds, a commitment fee equal to the product of (x) 1.00% per annum and (y) the average daily amount of the Unused TE Support Commitment.

ARTICLE V CLAIMS MANAGEMENT; DISPUTE RESOLUTION

The Contractor shall, and shall cause each applicable Supported Party to, upon the reasonable written request of the Company, keep the Company informed in reasonable detail of any claim in excess of \$1,000,000, including any litigation or arbitration, made or threatened in writing to be made by a Customer under any Supported Obligation, including any litigation or arbitration and any material development with respect thereto, any settlement proposal and any interim or final award or decision issued by a court or in an arbitration proceeding. If so requested by the Company, the Contractor shall direct legal counsel representing it or the applicable Supported Party in connection with such claim, dispute or proceeding to make available to the Company its analysis (or a reasonably detailed summary thereof) of the legal matters relating thereto (other than, for the avoidance of doubt, any analysis relating to any dispute between the Company and the Contractor) on the same basis as such analysis is made available to the Contractor or such Supported Party, in each case subject to Section 8.02; provided that (i) the Contractor shall have the right to redact any portion of any analysis that the Contractor, in its reasonable discretion, determines is proprietary or confidential and which it reasonably believes is not reasonably required by the Company in order to evaluate or monitor the claim, dispute or proceeding and, in each case, which it has not provided to any letter of credit issuer or surety provider and (ii) to the extent that the Contractor or its counsel shall determine that providing any analysis by the Contractor's counsel would destroy attorney-client privilege with respect to such analysis, the Company agrees that as a condition to receiving such analysis the Company will enter into a common interest agreement with the Contractor or take such other actions as is reasonably determined by the Contractor (upon advice of counsel) to be necessary to protect the Contractor's attorney-client privilege with respect to such analysis. The Company shall, upon the reasonable request of the Contractor, cooperate in good faith with the Contractor, and use commercially reasonable efforts, to dispute, mitigate or reduce any Disbursed Amounts (including, in the sole discretion of the Company, by withholding payment of any Claimed Amounts) during a Dispute Period.

The Contractor shall, and shall cause each Supported Party to, defend (and not settle) any claim under any TE Support Instrument and/or the related Supported Obligation, including through final appeal, unless the Company consents in writing otherwise (not to be unreasonably withheld, delayed or conditioned); provided that, it is agreed that any settlement that (a) includes (x) an unconditional release of the Company from all liability or claims that are the subject matter of such Proceeding and (y) confidentiality provisions, in each case, in form and substance reasonably satisfactory to the Company, and (b) does not include any statement as to any admission of fault, culpability or failure to act by or on behalf of the Company shall be deemed acceptable to the Company. In the event a claim is made in writing against the Contractor or the Company during the continuance of a Payment Failure Event or following the Termination Date, the Company shall be entitled to assume the defense of such claim, with legal counsel selected by the Company, upon the delivery to the Contractor of written notice of its election to do so.

ARTICLE VI REPRESENTATIONS AND WARRANTIES

The Contractor represents and warrants to the Company that:

Section 6.01. Existence, Compliance with Law. The Contractor and each Supported Party (a) is duly organized or formed, validly existing and, as applicable, in good standing under the laws of the jurisdiction of its organization, (b) has all requisite power and authority, and the legal right, to own and operate its property, to lease the property it operates as lessee and to conduct the business in which it is currently engaged, (c) is duly qualified as a foreign corporation or other organization and in good standing under the laws of each jurisdiction where its ownership, lease or operation of property or the conduct of its business requires such qualification and (d) is in compliance with all Requirements of Law; except in each case (other than with respect to clause (a)), to the extent that failure to do so could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

Section 6.02. Authorization; No Contravention. The Contractor and each Supported Party has taken all necessary organizational action to authorize the execution, delivery and performance of the TE Support Documents to which it is a party and, in the case of the Contractor, to authorize the issuances of New TE Support Instruments on the terms and conditions of this Agreement and the execution, delivery and performance by the Contractor and each Supported Party of TE Support Documents to which it is a party, the issuance of New TE Support Instruments hereunder and the use of the proceeds thereof will not (a) contravene the terms of the Organizational Documents of such Person, (b) violate any Requirement of Law or any Contractual Obligation of any Supported Party and (c) will not result in, or require, the creation or imposition of any Lien on any of their respective properties or revenues pursuant to any Requirement of Law or any such Contractual Obligation (other than Liens not prohibited by this Agreement); except with respect to any contravention, or violation referred to in clause (b) to the extent such contravention or violation could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

Section 6.03. Governmental Authorization; Other Consents. No consent or authorization of, filing with, notice to or other act by or in respect of, any Governmental Authority or any other Person is required in connection with the issuances of New TE Support Instruments hereunder or with the execution, delivery, performance, validity or enforceability of this Agreement or any of the TE Support Documents, except (i) consents, authorizations, filings and notices which have been obtained or made and are in full force and effect and (ii) those consents, authorizations, filings and notices, the failure of which to obtain or make could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

Section 6.04. Binding Effect. This Agreement has been, and each other TE Support Document, when delivered hereunder, will have been, duly executed and delivered by the Contractor and each Supported Party that is party thereto. This Agreement constitutes, and each other TE Support Document when so delivered will constitute, a legal, valid and binding obligation of such Person, enforceable against each Person that is party thereto in accordance with its terms.

Section 6.05. No Material Adverse Effect. Since the Effective Date, there has been no development or event that has had or could reasonably be expected to have a Material Adverse Effect.

Section 6.06. Absence of Termination Event. No Termination Event, or any event or condition that with the giving of notice or passage of time, or both, would constitute a Termination Event, has occurred and is continuing.

ARTICLE VII COVENANTS AND UNDERTAKINGS OF THE CONTRACTOR

Section 7.01. Affirmative Covenants. So long as any TE Support Instruments shall remain outstanding and/or there shall remain outstanding any Unused TE Support Commitment, the Contractor shall, and shall cause each Subsidiary to:

(a) Promptly provide (i) the financial statements required by Section 6.1 of the Credit Agreement (subject to the exceptions and qualifications set forth therein), (ii) each certificate and notice required to be provided to the administrative agent or the lenders under the Credit Agreement pursuant to Sections 6.2(b), 6.2(c), 6.2(d), 6.2(f) and [6.2(h)] and 6.7 of the Credit Agreement (subject to the exceptions and qualifications set forth therein) and (iii) written notice to the Company of the occurrence of any Termination Event or the occurrence of any event that, if uncured, with the passage of time would result in a Termination Event.

(b) Commencing with the first full fiscal quarter ending after the Effective Date, if requested by the Company prior to five (5) Business Days prior to the end of each applicable fiscal quarter, the Contractor shall provide written reports to the Company containing an update on the status of any projects related to Supported Obligations, including the percentage completion of such projects at the end of such quarter, the estimated date for project acceptance or such other milestone that would permit the occurrence of the TE Support Instrument Termination Date with respect to any associated TE Support Instruments, any change or expected change in the total valuation of such projects and any expected delays with respect to such projects. Additionally, at the Company's written request, the Contractor shall promptly (and in no event more than ten Business Days after the date of such request) make available appropriate representatives of the Contractor for a meeting (which may be a conference telephone call) with representatives of the Company to discuss the information contained in such report; provided that the Company may not request more than one such in-person meeting during each fiscal quarter.

(c) Promptly (and in no event more than five Business Days after receipt or delivery thereof) provide copies of all material notices and reports (i) received by the Contractor or any of its Subsidiaries under any Supported Obligation or (ii) delivered by the Contractor or any of its Subsidiaries to the Customer under any Supported Obligation;

(d) Promptly (a) following (but in no event more than 15 days after) the end of each fiscal quarter of the Contractor, the Contractor shall deliver to the Company a reasonably detailed report setting forth the affirmative steps taken by the Contractor during the preceding fiscal quarter with respect to the Mitigation Obligations, including an update as to the actions discussed during the preceding fiscal quarter's meeting described in the following sentence and (b) (and in no event more than five Business Days) following the Contractor's delivery of the report described in clause (a), the Contractor shall make available appropriate representatives of the Contractor for a meeting (which may be a conference telephone call) with representatives of the Company to discuss the information contained in such report and coordinate on the actions taken with respect to the Mitigation Obligations in the current fiscal quarter; and

(e) Permit the Company to appoint a representative (such representative, who may not be an employee, director, non-voting observer or Affiliate (for each) of any competitor of the Contractor or its Affiliates, a "Board Observer") to be present (whether in person or by telephone) in a non-voting, observer capacity at all meetings of the Board (including any special meeting of the Board) and any meeting of any executive (or comparable) committee (other than any compensation committee) of the Board; provided that notwithstanding anything to the contrary in this Agreement, the Contractor shall be entitled to withhold any information or materials and exclude the Board Observers from any meeting, or any portion thereof, as is reasonably determined by the Contractor (upon advice of counsel) if access to such information or materials or attendance at such meeting would (A) adversely affect the attorney-client or work product privilege between the Contractor or its Affiliates, as applicable, and its counsel, (B) result in an actual or potential conflict of interest between the Contractor, any of its Subsidiaries or Affiliates or such Board and the Board Observer and/or the Company or its Affiliates (including as to discussions or materials regarding any Indebtedness or discussions relating to the Company or its Affiliates) or (C) would result in an actual breach of a written agreement with a third party that restricts the sharing of such information (and not entered into in contemplation of the foregoing) (the foregoing restrictions in this proviso collectively, the "Board Observer Restrictions"). The Contractor shall make commercially reasonable efforts to notify the Board Observer in advance if the Contractor anticipates the Board Observer will be excluded from a material portion of a Board meeting. Prior to such appointment, the Board Observer shall cooperate in good faith with the Contractor to enter into a reasonable and customary confidentiality agreement with respect to confidential materials received by the Board Observer in his capacity as such (it being understood and agreed that such confidentiality agreement shall permit the Board Observer to share such confidential information with the Company subject to Section 8.02), and the Company shall instruct the Board Observer to abide by the terms of the Contractor's insider trading policy or guidelines and other guidelines and confidentiality obligations as if the Board Observer were a member of the Board and the Company shall be responsible for ensuring that the Board Observer diligently observes such policies, guidelines and obligations. Once appointed, the Contractor shall send the Board Observer all applicable notices, and the Board Observer shall be entitled to receive all information and other materials (including meeting notices and agendas) that are distributed to the members of the Board, all at substantially the same time and in the substantially same manner as such notices, agenda, information and other materials are provided to the members of the Board subject to the Board Observer Restrictions; provided that, in connection with the Board Observer attending any such meetings or receiving such information and materials, the Company hereby agrees that, in addition to the obligations of the Board Observer in their confidentiality agreements noted above and its obligations in Section 8.02, the Company shall not disclose or provide any non-public information to Persons other than Affiliates of the Company, other than disclosures and Persons expressly authorized by the Contractor. The Contractor shall provide the Board Observer with the same travel and expense reimbursement with respect to the Board Observer's attendance at Board as is provided to the directors (or equivalent position) of the Contractor.

Section 7.02. Negative Covenants. So long as any TE Support Instruments shall remain outstanding and/or there shall remain outstanding any Unused TE Support Commitment, the Contractor shall not and shall not permit its Restricted Subsidiaries to:

(a) Liens. Create, incur, assume or suffer to exist any Lien upon any of its property, whether now owned or hereafter acquired, except as permitted by the Credit Agreement.

(b) Indebtedness. Create, issue, incur, assume, become liable in respect of or suffer to exist any Indebtedness, except as permitted by the Credit Agreement.

(c) Fundamental Changes. Enter into any merger, consolidation or amalgamation, or liquidate, wind up or dissolve itself (or suffer any liquidation or dissolution), or Dispose of all or substantially all of its property or business, except as permitted by the Credit Agreement.

(d) Dispositions. Dispose of any of its property, whether now owned or hereafter acquired, or, in the case of any Restricted Subsidiary, issue or sell any shares of such Restricted Subsidiary's Capital Stock to any Person, except as permitted by the Credit Agreement.

(e) Restricted Investments. Make, directly or indirectly, any Restricted Investment (as defined in the Credit Agreement), except as permitted by the Credit Agreement.

(f) Transactions with Affiliates. Enter into any transaction, including any purchase, sale, lease or exchange of property, the rendering of any service or the payment of any management, advisory or similar fees, with any Affiliate (other than Holdings, the Borrower or any Restricted Subsidiary) unless such transaction is permitted by the Credit Agreement (including, without limitation and to the extent permitted under the Credit Agreement, transactions in connection with investment agreements, consulting agreements or employment agreements entered into by the Contractor or any of its subsidiaries with past or current members of Cerberus Operations and Advisory Company (or successor entity thereof) and/or the engagement of any such member as an officer or employee of the Contractor or any of its subsidiaries); *provided* that the aggregate amount of management, advisory or similar fees payable to such Affiliates (but excluding, for the avoidance of doubt, payment of any reasonable out-of-pocket costs and expenses and indemnities, and payments in respect of services at the actual cost of such services provided by past or current members of Cerberus Operations and Advisory Company (or successor entity thereof)) shall not exceed \$1,500,000 in any fiscal year.

Section 7.03. Restricted Payments (Distributions). So long as any TE Support Instruments shall remain outstanding and/or there shall remain outstanding any Unused TE Support Commitment, the Contractor shall not and shall not permit its Restricted Subsidiaries to make, directly or indirectly, any Restricted Payment (as defined in the Credit Agreement) (other than a Restricted Investment (as defined in the Credit Agreement)), except as permitted by the Credit Agreement (other than Sections 7.6(g), (h), (j) or (m) of the Credit Agreement; such sections, the “Non-Ordinary Course RP Baskets” and the sections of Section 7.6 of the Credit Agreement other than such sections, the “Ordinary Course RP Baskets”); *provided* that to the extent that sum of (i) stated amount of all TE Support Instruments issued and outstanding at such time, (ii) the Unused TE Support Commitment and (iii) any Outstanding Amounts (including any Claimed Amount subject to a dispute as set forth in Section 4.01) under any TE Support Instruments at such time is less than \$100,000,000, the Contractor shall have the right to make Restricted Payments pursuant to both the Ordinary Course RP Baskets and Non-Ordinary Course RP Baskets.

Notwithstanding the foregoing in Sections 7.02 and 7.03, during a Payment Failure Event, the Contractor shall not be able to (i) incur additional Permitted Additional Ratio Debt (as defined in the Credit Agreement) or incur any Indebtedness by utilizing Section 7.2(g) or (u) of the Credit Agreement or incur any Indebtedness for borrowed money by utilizing Section 7.2(p) of the Credit Agreement, (ii) incur Liens pursuant to Section 7.3(p) or (dd) of the Credit Agreement, (iii) make Dispositions that utilize Section 7.5(j) of the Credit Agreement or any Permitted Acquisition or other Restricted Investment (as defined in the Credit Agreement) that utilize the Non-Ordinary Course RP Baskets, (iv) make Restricted Payments (other than a Restricted Investment (as defined in the Credit Agreement)) that utilize the Non-Ordinary Course RP Baskets or (v) enter into any merger, consolidation or amalgamation, or liquidate, wind up or dissolve itself (or suffer any liquidation or dissolution), or Dispose of all or substantially all of its property or business.

ARTICLE VIII GENERAL PROVISIONS

Section 8.01. Independent Contractors. Nothing in this Agreement shall be deemed in any way or for any purpose to constitute any Party an agent of another unaffiliated Party in the conduct of such other Party's business. Each Party shall act as an independent contractor and not as the agent of the other Party, maintaining control over its employees, its subcontractors and their employees and complying with all withholding of income at source requirements, whether federal, state, local or foreign.

Section 8.02. Treatment of Confidential Information.

(a) The Parties shall not, and shall cause all of Representatives not to, disclose to any other Person or use, except for purposes of this Agreement, any Confidential Information of the other Party; provided, however, that each Party may disclose Confidential Information of the other Party, to the extent permitted by Applicable Law: (i) to its Representatives on a need-to-know basis in connection with the performance of such Party's obligations under this Agreement; (ii) in any report, statement, testimony or other submission to any Governmental Authority having jurisdiction over the disclosing Party; or (iii) in order to comply with Applicable Law or in response to any summons, subpoena or other legal process or formal or informal investigative demand issued to the disclosing Party in the course of any litigation, investigation or administrative proceeding. Notwithstanding anything to the contrary in the preceding sentence, in the event that a Party becomes legally compelled (based on advice of counsel) by deposition, interrogatory, request for documents subpoena, civil investigative demand or similar judicial or administrative process to disclose any Confidential Information of the other Party, such disclosing Party (to the extent legally permitted) shall provide the other Party with prompt prior written notice of such requirement, and, to the extent reasonably practicable, cooperate with the other Party (at such other Party's expense) to obtain a protective order or similar remedy to cause such Confidential Information not to be disclosed, including interposing all available objections thereto, such as objections based on settlement privilege. In the event that such protective order or other similar remedy is not obtained, the disclosing Party shall furnish only that portion of the Confidential Information which it is

advised by counsel that it is legally compelled to disclose, and shall exercise its commercially reasonable efforts (at such other Party's expense) to obtain assurance that confidential treatment will be accorded such Confidential Information.

(b) Each Party shall, and shall cause its Representatives to, protect the Confidential Information of the other Party by using the same degree of care to prevent the unauthorized disclosure of such Confidential Information as the Party uses to protect its own confidential information of a like nature.

(c) Each Party shall cause its Representatives to agree to be bound by the same restrictions on use and disclosure of Confidential Information as bind the Party pursuant to this Agreement in advance of the disclosure of any such Confidential Information to them.

Section 8.03. Rules of Construction. Interpretation of this Agreement shall be governed by the rules of construction set forth in Section 1.2 of the Purchase Agreement (except the Incorporated Provisions shall be governed by the rules of construction set forth in the Credit Agreement as modified by Section 1.02 of this Agreement).

Section 8.04. Notices. All notices and other communications under this Agreement shall be made in accordance with Section 10.1 of the Purchase Agreement.

Section 8.05. Expenses; Indemnity; Damage Waiver.

(a) Costs and Expenses. The Contractor shall pay (i) all reasonable and documented out-of-pocket expenses incurred by the Company in connection with the issuance of any New TE Support Instrument or any demand for payment under any TE Support Instrument and (ii) all reasonable and documented out-of-pocket expenses incurred by the Company (but limited in the case of legal expenses, to the fees and expenses of one firm of outside counsel), in connection with the enforcement or protection of its rights (A) in connection with this Agreement and the other TE Support Documents, including its rights under this Section, or (B) in connection with TE Support Instruments.

(b) Indemnification by the Contractor. The Contractor shall indemnify the Company (and any sub-agent thereof) and each of its Related Parties (each such Person being called an "Indemnitee") against, and hold each Indemnitee harmless from, any and all losses, claims, damages, liabilities and related expenses (but in the case of legal fees, limited to the fees, charges and disbursements of one primary firm of outside counsel for the Indemnitees, taken as a whole) incurred by any Indemnitee or asserted against any Indemnitee by any Person (including the Contractor or any of its Subsidiaries) other than such Indemnitee and its Related Parties arising out of, in connection with, or as a result of (i) the execution or delivery of this Agreement, any other TE Support Document or any agreement or instrument contemplated hereby or thereby, the performance by the parties hereto of their respective obligations hereunder or thereunder or the consummation of the transactions contemplated hereby or thereby, (ii) any TE Support Instrument or the use or proposed use of the proceeds therefrom (including any refusal by the Company to honor a demand for payment under a TE Support Instrument if the documents presented in connection with such demand do not strictly comply with the terms of such TE Support Instrument) or (iii) any claim, litigation, investigation or proceeding relating to any of the foregoing, whether based on contract, tort or any other theory, whether brought by a third party or by the Contractor or any of its Subsidiaries, and regardless of whether any Indemnitee is a party thereto; provided that such indemnity shall not, as to any Indemnitee, be available to the extent that such losses, claims, damages, liabilities or related expenses (x) are determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from the gross negligence or willful misconduct of such Indemnitee or (y) result from a claim brought by the Contractor or any of its Subsidiaries against an Indemnitee for breach in bad faith of such Indemnitee's obligations hereunder or under any other TE Support Document, if the Contractor or such Subsidiary has obtained a final and nonappealable judgment in its favor on such claim as determined by a court of competent jurisdiction.

(c) Waiver of Consequential Damages, Etc. To the fullest extent permitted by applicable law, the each Party shall not assert, and hereby waives, and acknowledges that no other Person shall have, any claim against any other Party or their Related Persons, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Agreement, any other TE Support Document or any agreement or instrument contemplated hereby, the transactions contemplated hereby or thereby, any TE Support Instrument or the use of the proceeds thereof. No Party or their Related Persons referred to in subsection (b) above shall be liable for any damages arising from the use by others of any information or other materials distributed to such party by such Person through telecommunications, electronic or other information transmission systems in connection with this Agreement or the other TE Support Documents or the transactions contemplated hereby or thereby.

(d) Payments. All amounts due under this Section shall be payable not later than twenty Business Days after demand therefor.

(e) Survival. The agreements in this Section shall survive the termination of this Agreement and the repayment, satisfaction or discharge of all the other obligations of the Contractor hereunder and under the other TE Support Documents.

Section 8.06. Severability. If any term or provision of this Agreement is held invalid, illegal or unenforceable in any respect under any Applicable Law, as a matter of public policy or on any other grounds, the validity, legality and enforceability of all other terms and provisions of this Agreement will not in any way be affected or impaired. If the final judgment of a court of competent jurisdiction or other Governmental Authority declares that any term or provision hereof is invalid, illegal or unenforceable, the Parties agree that the court making such determination will have the power to reduce the scope, duration, area or applicability of the term or provision, to delete specific words or phrases, or to replace any invalid, illegal or unenforceable term or provision with a term or provision that is valid, legal and enforceable and that comes closest to expressing the intention of the invalid, illegal or unenforceable term or provision.

Section 8.07. Assignment. This Agreement will be binding upon and inure to the benefit of and be enforceable by the respective successors and permitted assigns of the Parties. Neither Party may assign (whether by operation of law or otherwise) this Agreement or any rights, interests or obligations provided by this Agreement without the prior written consent of the other Party (not to be unreasonably withheld or delayed); provided that such consent of the Contractor shall not be necessary with respect to an assignment by the Company to an Affiliate of the Company so long as, such Affiliate (x) has a net worth of at least \$1,000,000,000 and (y) assumes all of the rights and obligations of the Company hereunder.

Section 8.08. No Third-Party Beneficiaries. This Agreement is for the sole benefit of the Parties and their respective successors and permitted assigns and, nothing in this Agreement shall create or be deemed to create any third-party beneficiary rights in any Person not a party to this Agreement, including any Affiliates of any Party.

Section 8.09. Entire Agreement. This Agreement (including the Exhibits and Schedules hereto) and the Purchase Agreement (and all exhibits and schedules thereto) collectively constitute and contain the entire agreement and understanding of the Parties with respect to the subject matter hereof and thereof and supersede all prior negotiations, correspondence, understandings, agreements and contracts, whether written or oral, among the Parties respecting the subject matter hereof and thereof.

Section 8.10. Amendment. This Agreement (including all exhibits and schedules hereto) may be amended, restated, supplemented or otherwise modified, only by written agreement duly executed by each Party.

Section 8.11. Waiver. Each Party may (a) waive any breaches or inaccuracies in the representations and warranties of the other Party contained in this Agreement or in any TE Support Document or (b) waive compliance with any covenant, agreement or condition of the other Party contained in this Agreement but such waiver of compliance with any such covenant, agreement or condition shall not operate as a waiver of, or estoppel with respect to, any subsequent or other failure. Any such waiver shall be in a written instrument duly executed by the waiving Party. No failure on the part of either Party to exercise, and no delay in exercising, any right, power or remedy under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of such right, power or remedy by such Party preclude any other or further exercise thereof or the exercise of any other right, power or remedy. The rights and remedies herein provided shall be cumulative and not exclusive of any rights or remedies provided by law (including, without limitation, the declaration of the Termination Date and a request for cash collateral pursuant to Section 4.03).

Section 8.12. Governing Law. This Agreement and any Action that may be based upon, arise out of or relate or be incidental to this Agreement, the negotiation, execution, performance or consummation of this Agreement or the inducement of any Party to enter into this Agreement, whether for breach of contract, tortious conduct or otherwise, and whether now existing or hereafter arising (each, a "Dispute"), will be exclusively governed by and construed and enforced in accordance with the laws of the State of New York, without giving effect to any law or rule that would cause the laws of any jurisdiction other than the State of New York to be applied.

Section 8.13. Waiver of Jury Trial. To the maximum extent permitted by Applicable Law, each Party irrevocably and unconditionally waives any right to trial by jury in any forum in respect of any Dispute and covenants that neither it nor any of its Affiliates or Representatives will assert (whether as plaintiff, defendant or otherwise) any right to such trial by jury. Each Party certifies and acknowledges that (a) such Party has considered the implications of this waiver, (b) such Party makes this waiver voluntarily and (c) such waiver constitutes a material inducement upon which the other Party is relying and will rely in entering into this Agreement. Each Party may file an original counterpart or a copy of this Section 8.13 with any court as written evidence of the consent of each Party to the waiver of its right to trial by jury.

Section 8.14. Non-Recourse. All claims, obligations, liabilities or causes of action (whether in contract or in tort, in law or in equity or granted by statute) that may be based upon, in respect of, arise under, out or by reason of, be connected with or relate in any manner to this Agreement, or the negotiation, execution or performance of this Agreement (including any representation or warranty made in, in connection with, or as an inducement to, this Agreement), may be made only against (and are expressly limited to) the entities that are expressly identified as Parties to this Agreement. No Person who is not a Party, including any past, present or future director, officer, employee, incorporator, member, partner, manager, stockholder, Affiliate, agent, attorney or representative of, and any financial advisor or lender to, any Party or any director, officer, employee, incorporator, member, partner, manager, stockholder, Affiliate, agent, attorney or representative of, and any financial advisor or lender to, any of the foregoing ("Nonparty Affiliates"), shall have any liability (whether in contract or in tort, in law or in equity or granted by statute) for any claims, causes of action, obligations or liabilities arising under, out of, in connection with or related in any manner to, this Agreement or based on, in respect of or by reason of this Agreement or its negotiation, execution, performance or breach; and, to the maximum extent permitted by Applicable Law, each Party hereby waives and releases all such liabilities, claims, causes of action and obligations against any such Nonparty Affiliates.

Section 8.15. Counterparts. This Agreement may be executed in counterparts, each of which will be deemed an original, but all of which when taken together shall constitute one and the same instrument. Facsimiles, e-mail transmission of .pdf signatures or other electronic copies of signatures shall be deemed to be originals.

ARTICLE IX COMPANY REPRESENTATIONS AND WARRANTIES

The Company represents and warrants to the Contractor that as of the date hereof:

Section 9.01. Existence, Compliance with Law. The Company (a) is duly organized or formed, validly existing and, as applicable, in good standing under the laws of the jurisdiction of its organization, (b) has all requisite power and authority, and the legal right, to own and operate its property, to lease the property it operates as lessee and to conduct the business in which it is currently engaged, (c) is duly qualified as a foreign corporation or other organization and in good standing under the laws of each jurisdiction where its ownership, lease or operation of property or the conduct of its business requires such qualification and (d) is in compliance with all Requirements of Law; except in each case (other than with respect to clause (a)), to the extent that failure to do so could not, individually or in the aggregate, reasonably be expected to have a Company Material Adverse Effect.

Section 9.02. Authorization; No Contravention. The Company has taken all necessary organizational action to authorize the execution, delivery and performance of the TE Support Documents to which it is a party and to authorize the issuances of TE Support Instruments on the terms and conditions of this Agreement and the execution, delivery and performance by the Company of TE Support Documents to which it is a party, the issuance of TE Support Instruments hereunder and the use of the proceeds thereof will not (a) contravene the terms of the Organizational Documents of such Person and (b) violate any Requirement of Law or any Contractual Obligation of such Person; except with respect to any contravention, or violation referred to in clause (b) to the extent such contravention or violation could not, individually or in the aggregate, reasonably be expected to have a Company Material Adverse Effect.

Section 9.03. Governmental Authorization; Other Consents. No consent or authorization of, filing with, notice to or other act by or in respect of, any Governmental Authority or any other Person is required in connection with the issuances of TE Support Instruments hereunder or with the execution, delivery, performance, validity or enforceability of this Agreement or any of the TE Support Documents, except (i) consents, authorizations, filings and notices which have been obtained or made and are in full force and effect and (ii) those consents, authorizations, filings and notices, the failure of which to obtain or make could not, individually or in the aggregate, reasonably be expected to have a Company Material Adverse Effect.

Section 9.04. Binding Effect. This Agreement has been, and each other TE Support Document to which it is a party, when delivered hereunder, will have been, duly executed and delivered by the Company. This Agreement constitutes, and each other TE Support Document when so delivered will constitute, a legal, valid and binding obligation of such Person, enforceable against each Person that is party thereto in accordance with its terms.

[REMAINDER OF THE PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed on the date first written above by their respective duly authorized officers.

TYCO ELECTRONICS GROUP S.A.

By: /s/ Jeanne M. Quirk

Name: Jeanne M. Quirk

Title: Authorized Representative

CROWN SUBSEA COMMUNICATIONS HOLDING, INC.

By: /s/ Thomas M. Lynch

Name: Thomas M. Lynch

Title: Chief Executive Officer and President

SUBSIDIARIES OF TE CONNECTIVITY LTD.
(as of November 7, 2019)

Argentina	TE Connectivity Argentina S.R.L.
	Tyco Networks (Argentina) S.R.L.
	Tyco Submarine Systems de Argentina S.A.
Australia	Grangehurst Enterprises Pty. Ltd.
	TE Connectivity Australia Pty Ltd
Austria	Tyco Electronics Austria GmbH
Barbados	Corcom West Indies Limited
	TE Connectivity Atlantic Holding Ltd.
Belgium	TE Connectivity Belgium BVBA
Bermuda	Tyco Electronics Eta Limited
	Tyco Electronics Holdings (Bermuda) No. 7 Limited
	Tyco Electronics Lambda
Brazil	Seacon Produtos e Servicos Opticos e Eletricos Ltda.
	TE Connectivity Brasil Indústria de Eletrônicos Ltda.
British Virgin Islands	Kenabell Holding Limited
Canada	TE Connectivity ULC
	Tyco Electronics Canada ULC
Chile	TE Connectivity Industrial y Comercial Chile Limitada
China	Alpha Technics (Xiamen) Limited
	Deutsch Connectors Trading (Shanghai) Co., Ltd.
	Hirschmann Car Communication (Shanghai) Co. Ltd.
	Intercontec Connector System (Shanghai) Co., Ltd. (80%)
	MEAS Shenzhen Limited
	Measurement Specialties (Chengdu) Ltd.
	Measurement Specialties (China) Ltd.
	Measurement Technology (Chengdu) Ltd.
	Raychem Shanghai Cable Accessories Limited
	Raychem (Shanghai) Trading Ltd.
	Shanghai CII Electronics Co., Ltd (50%)
	Sibas Electronics (Xiamen) Co., Ltd.
	TE Connectivity Connectors (Suzhou) Co., Ltd.
	TE Connectivity (Kunshan) Company Limited
	TE Connectivity (Suzhou) Co., Ltd.
	Tyco Electronics AMP Guangdong Ltd
	Tyco Electronics AMP Qingdao Ltd.
	Tyco Electronics AMP Shanghai Ltd. (92.31%)
	Tyco Electronics (Dongguan) Ltd
	Tyco Electronics (Kunshan) Ltd
	Tyco Electronics (Qingdao) Ltd.

	Tyco Electronics (Shanghai) Co., Ltd
	Tyco Electronics (Shenzhen) Co. Ltd.
	Tyco Electronics (Suzhou) Ltd.
	Tyco Electronics Technology (SIP) Ltd.
	Tyco Electronics (Zhuhai) Ltd
	Wema Environmental Technologies (Shanghai) Co., Ltd.
Colombia	TE Connectivity Colombia S.A.S.
Costa Rica	Creganna Medical s.r.l.
Cyprus	Acalon Holdings Limited
	Raychem Technologies Limited
Czech Republic	Tyco Electronics Czech s.r.o.
	Tyco Electronics EC Trutnov s.r.o.
Denmark	TE Connectivity (Denmark) ApS
Dominican Republic	Raychem Dominicana S.A.
Finland	Tyco Electronics Finland Oy
France	Carrier Kheops BAC
	Compagnie Deutsch Distribution
	Connecteurs Electriques Deutsch
	Deutsch
	Deutsch Group
	Hirschmann Car Communication S.A.S.
	MEAS Europe
	MEAS France
	Tyco Electronics France SAS
	Tyco Electronics Group S.A. (French Branch)
	Tyco Electronics Holding France
	Tyco Electronics Identio
	TYCO ELECTRONICS-SIMEL
Germany	Cablotec GmbH
	Comtec Systeme GmbH
	Grundbesitz "Bohmland 16" GmbH
	Hirschmann Car Communication GmbH
	Interfaba GmbH
	Kissling Dienstleistungen GmbH
	Kissling Elektrotechnik GmbH
	MTConnectivity Connectors GmbH (74.8%)
	TE Connectivity EMEA Holding GmbH
	TE Connectivity Germany GmbH
	TE Connectivity Industrial GmbH
	TE Connectivity Sensors Germany GmbH
	TE Connectivity Sensors Germany Holding AG
	Tyco Electronics EC Verwaltungsgesellschaft mbH
	Tyco Electronics Germany Holdings GmbH
	Tyco Electronics Raychem GmbH

Gibraltar	Tyco Electronics (Gibraltar) Limited
Greece	Tyco Electronics Hellas MEPE
Guernsey	Cregstar Bidco Limited
Hong Kong	ADC Communications Hong Kong Limited (In Members' Voluntary Liquidation)
	Alpha Technics Asia Limited
	AMP Products Pacific Limited (In Members' Voluntary Liquidation)
	Deutsch Connectors Hong Kong Limited (In Members' Voluntary Liquidation)
	F.A.I. Technology (Hong Kong) Limited
	MEAS Asia Limited
	Raychem China Limited
	TE Connectivity (HKZ) Holding Limited
	TE Connectivity HK Limited
	Tyco Electronics H.K. Limited
	Tyco Electronics Hong Kong Holdings No. 2 Limited
	Tyco Electronics Hong Kong Holdings No. 3 Limited
	Wema System Hong Kong Limited
	Wema System Production and Distribution HK Limited
Hungary	Hirschmann Car Communication Kft.
	Tyco Electronics Hungary Termelő Kft
India	CII Guardian International Limited (39.43%)
	Deutsch India Power Connectors (Pvt) Ltd
	RAYCHEM-RPG Private Limited (50%)
	TE Connectivity India Private Limited
	TE Connectivity Services India Private Limited
	Wema Automotive System Private Limited
Indonesia	PT KRONE Indonesia (70%)
	PT. Tyco Electronics Indonesia
Ireland	Creganna Finance Ireland Limited
	Creganna Medical Ireland Limited
	Creganna Unlimited Company
	MEAS Ireland (Betatherm) Limited
	TE Connectivity Ireland Limited
	Tyco Electronics Group S.A. (Branch Office)
	Tyco Electronics Ireland Limited
Isle Of Man	Creganna Medical Technology Unlimited
	Creganna Solutions Limited
Israel	TE Connectivity Israel Ltd.
Italy	TE Connectivity Italia Distribution S.r.l.
	TE Connectivity Italia S.r.l.
Japan	Nikkiso-Therm Co., Ltd. (50.06%)
	Tyco Electronics Japan G.K.
Kenya	Tyco Electronics UK Ltd. (Kenya Branch)

Luxembourg	TE Connectivity Holding International I S.A.
	TE Connectivity Holding International II S.a r.l.
	TE Connectivity Investments Holding S.à r.l.
	TE Connectivity LATAM Holding S.à r.l.
	TE Connectivity MOG Europe S.a r.l.
	TE Connectivity MOG Holding S.a r.l.
	TE Connectivity (US) Holding I S.à r.l.
	TE Connectivity (US) Holding II S.à r.l.
	Tyco Electronics Group S.A.
Malaysia	TE Connectivity Manufacturing Sdn. Bhd. (In Member's Voluntary Liquidation)
	Tyco Electronics (Malaysia) Sdn. Bhd.
Mexico	AMP Amermex, S.A. de C.V.
	Cima de Acuna S.A. de C.V.
	Corcom, S.A. de C.V.
	Deutsch Servicios S. de R.L. De C.V.
	Hirschmann Car Communication, S. de R.L. de C.V.
	Kemex Holding Company, S.A. de C.V.
	Potter & Brumfield de Mexico, S.A. de C.V.
	Raychem Juarez, S.A. de C.V.
	Seacon Global Production, S. de R.L. de C.V.
	Termistores de Tecate, S.A. de C.V.
	Tyco Electronics Mexico, S. de R.L. de C.V.
	Tyco Electronics Tecnologias S. de R.L. de C.V.
	Tyco Submarine Systems, S.A. de C.V.
Morocco	TE Connectivity Morocco SARL
Netherlands	TE Connectivity Nederland B.V.
	TE Connectivity Netherlands (Turkey) B.V.
	Tyco Electronics Netherlands (India) Cooperatief U.A.
	Tyco Electronics Wireless Systems B.V.
New Zealand	Tyco Electronics NZ Limited
Nigeria	TE Connectivity Technology Solutions Limited
Norway	Precision Subsea AS
	Tyco Electronics Norge AS
	Wema System AS
Paraguay	TE Connectivity Paraguay S.R.L.
Peru	TE Connectivity Peru S.A.C.
	TyCom Networks (Peru) S.A.
Philippines	Tyco Electronics Philippines, Inc.
Poland	TE Connectivity Industrial Poland sp. z o.o.
	TE Connectivity Poland Services sp. z o.o.
	TYCO Electronics Polska Sp.z.o.o.

Portugal	Tyco Electronics Componentes Electromecanicos Lda.
Romania	TE Connectivity Sensor Solutions S.R.L.
Russia	Tyco Electronics RUS Limited Liability Company
Saudi Arabia	Raychem Saudi Arabia Limited (49%) Tyco Electronics Saudi Arabia Limited
Singapore	ADC Communications (SEA) Pte. Ltd. Creganna Medical Pte. Limited Tyco Electronics Singapore Pte Ltd
Slovakia	Kissling Invest Slovensko s.r.o. Kissling Slovensko s.r.o.
South Africa	TE Connectivity South Africa Proprietary Limited
South Korea	Advanced Tube Technologies, Ltd. (50%) Tyco Electronics AMP Korea Co., Ltd. Tyco Electronics Raychem Korea Limited
Spain	Electro Mecánica Cormar S.A. TE Connectivity Spain S.L.U. Tyco Iberia, S.L. Tyco Networks Iberica, S.L.
Sweden	TE Connectivity Svenska AB
Switzerland	Jaquet Technology Group AG Kissling Swiss Switches AG MEAS Switzerland S.a r.l. TE Connectivity Atlantic Switzerland GmbH TE Connectivity Holding GmbH TE Connectivity Holding International II S.a r.l., Luxembourg (LU), Schaffhausen branch TE Connectivity Holding International II S.a r.l., Luxembourg (LU), Schaffhausen E-Finance branch TE Connectivity Ltd. TE Connectivity MOG Sales GmbH Tyco Electronics (Schweiz) Holding II GmbH TE Connectivity (Schweiz) Management AG TE Connectivity Services GmbH TE Connectivity Solutions GmbH Tyco Electronics Finance Alpha GmbH Tyco International Services GmbH (49.9375%) Wema System AG
Taiwan	Raychem Pacific Corporation (50%) Taliq Taiwan Limited Tyco Electronics Holdings (Bermuda) No. 7 Limited, Taiwan Branch
Thailand	TE Connectivity Distribution (Thailand) Limited TE Connectivity Manufacturing (Thailand) Company Limited Wema Environmental Technologies Ltd.

Tunisia	TE Connectivity Tunisia Sarl
Turkey	Tyco Elektronik AMP Ticaret Limited Sirketi
Ukraine	Tyco Electronics Ukraine Limited
United Arab Emirates	Tyco Electronics Middle East FZE
United Kingdom	ADC Communications (UK) Ltd. Advanced Fiber Products Limited Critchley Group Limited Deutsch GB Limited Deutsch UK Polamco Limited Seacon (Europe) Limited Servo Interconnect Limited TE Connectivity Limited Tyco Electronics Corby Limited Tyco Electronics Motors Ltd Tyco Electronics Precision Engineering Ltd. Tyco Electronics UK Holdings Ltd Tyco Electronics UK Ltd.
United States	999 Arques Corp. (37.5%) AdvancedCath Technologies, LLC Alpha Sensors, Inc. American Sensor Technologies, Inc. Brantner and Associates, Inc. Brantner Holding LLC Codenoll Technology Corporation (73.99%) Cotsworks LLC (40%) Creganna Medical Devices, Inc. Elmos USA, Inc. Hirschmann Car Communication, Inc. Howard A. Schaevitz Technologies, Inc. Kissling Electrotec, Incorporated LADD Distribution LLC LSA, LLC Measurement Specialties, Inc. MicroGroup, Inc. Precision Interconnect LLC Precision Wire Components, LLC Raychem International LLC Raychem International Manufacturing LLC Silicon Microstructures, Inc. TacPro, LLC TE Connectivity Corporation TE Connectivity MOG Inc. TE Connectivity Phoenix Optix Inc. TE Connectivity US Group Holding II Inc. TE Connectivity US Group Holding Inc. TE Connectivity (US) Holding LLC The Whitaker LLC

	Tyco Electronics Latin America Holding LLC
	Tyco Electronics RIMC Holding LLC
	Wema Americas LLC
Uruguay	Tyco Electronics Uruguay S.A. (in liquidation)
Venezuela	AMP de Venezuela, C.A.
	Tyco Electronics de Venezuela, C.A.
Vietnam	TE Connectivity Vietnam Holding Company Limited

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the Registration Statements on Form S-3 (File No. 333-228859) and Form S-8 (File Nos. 333-216677, 333-180085, 333-144355, 333-144369, 333-167445, and 333-171127) of our reports dated November 12, 2019, relating to the financial statements and financial statement schedule of TE Connectivity Ltd. and subsidiaries and the effectiveness of TE Connectivity Ltd. and subsidiaries' internal control over financial reporting, appearing in this Annual Report on Form 10-K of TE Connectivity Ltd. for the fiscal year ended September 27, 2019.

/s/ Deloitte & Touche LLP

Philadelphia, Pennsylvania
November 12, 2019

POWER OF ATTORNEY

Each person whose signature appears below, as a Director of TE Connectivity Ltd. (the “Company”), a Swiss corporation with its general offices at Rheinstrasse 20, CH-8200 Schaffhausen, Switzerland, does hereby make, constitute and appoint Terrence R. Curtin, Chief Executive Officer, Heath A. Mitts, Executive Vice President and Chief Financial Officer, John S. Jenkins, Jr., Executive Vice President and General Counsel, or any one of them acting alone, his or her true and lawful attorneys, with full power of substitution and resubstitution, in his or her name, place and stead, in any and all capacities, to execute and sign the Company’s Annual Report on Form 10-K for the fiscal year ended September 27, 2019, and any and all amendments thereto, and documents in connection therewith, to be filed with the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended, giving and granting unto said attorneys full power and authority to do and perform such actions as fully as they might have done or could do if personally present and executing any of said documents.

Dated and effective as of the 11th of November 2019.

/s/ Thomas J. Lynch

Thomas J. Lynch, Director

/s/ Yong Nam

Yong Nam, Director

/s/ Pierre R. Brondeau

Pierre R. Brondeau, Director

/s/ Daniel J. Phelan

Daniel J. Phelan, Director

/s/ Terrence R. Curtin

Terrence R. Curtin, Director

/s/ Paula A. Sneed

Paula A. Sneed, Director

/s/ Carol A. Davidson

Carol A. Davidson, Director

/s/ Abhijit Y. Talwalkar

Abhijit Y. Talwalkar, Director

/s/ William A. Jeffrey

William A. Jeffrey, Director

/s/ Mark C. Trudeau

Mark C. Trudeau, Director

/s/ David M. Kerko

David M. Kerko, Director

/s/ Laura H. Wright

Laura H. Wright, Director

CERTIFICATION OF CHIEF EXECUTIVE OFFICER

I, Terrence R. Curtin, certify that:

1. I have reviewed this Annual Report on Form 10-K of TE Connectivity Ltd.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions);
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 12, 2019

/s/ Terrence R. Curtin
 Terrence R. Curtin
 Chief Executive Officer

CERTIFICATION OF CHIEF FINANCIAL OFFICER

I, Heath A. Mitts, certify that:

1. I have reviewed this Annual Report on Form 10-K of TE Connectivity Ltd.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions);
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 12, 2019

/s/ Heath A. Mitts

Heath A. Mitts

Executive Vice President and Chief Financial Officer
