TE connectivity

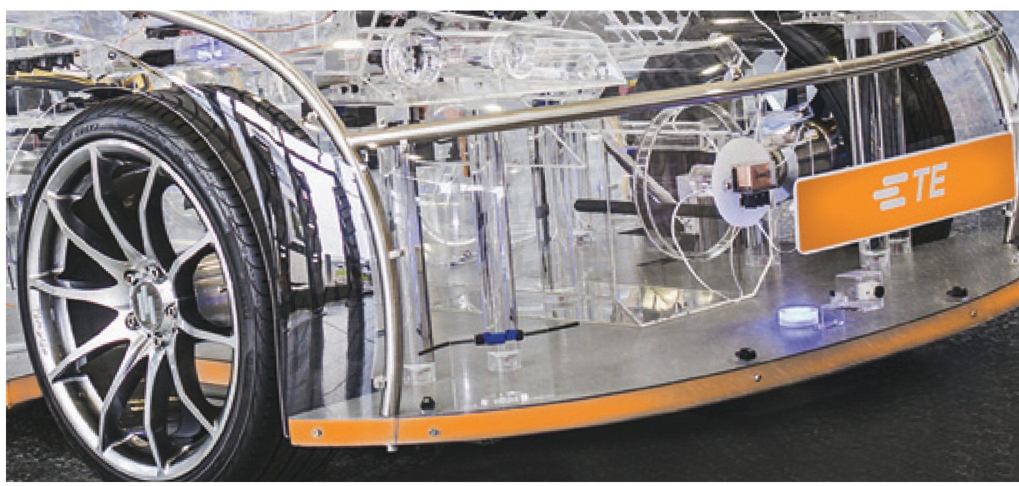
2015 ANNUAL REPORT

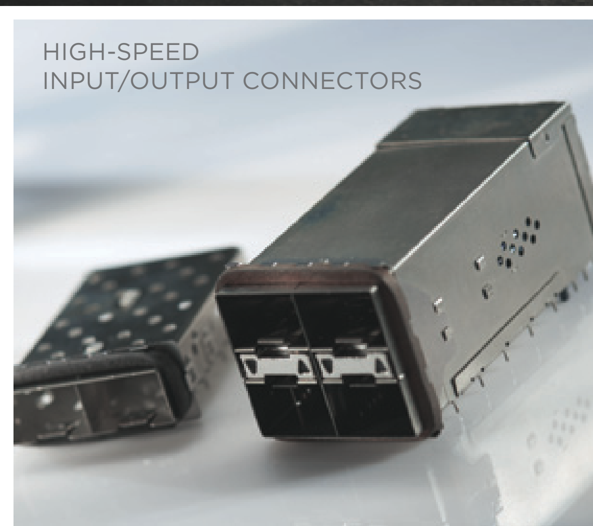
EVERY CONNECTION COUNTS


TE
connectivity


WHEEL SPEED
SENSOR


TE'S DEUTSCH
RUGGED CONNECTORS




HIGH-SPEED
INPUT/OUTPUT CONNECTORS

THE CONNECTED WORLD

TE's connectivity and sensor solutions are key enablers in our increasingly connected world. Smarter factories, connected vehicles, safer and more advanced medical devices, and data everywhere are underlying market trends creating significant opportunities for TE. Our dedication to innovation, focus on solutions for harsh environments, and commitment to delivering extraordinary customer experiences allows us to capitalize on these opportunities and more.

$170 BILLION
Connectivity and Sensor Market

**6% estimated annual market growth rate over the next 5 years*

GROWING 6%* ANNUALLY

2016
6.4 BILLION
CONNECTED THINGS*

BY 2020
20.8 BILLION
CONNECTED THINGS*

**Source: Gartner, "Gartner Says 6.4 Billion Connected 'Things' Will Be in Use in 2016, Up 30 Percent From 2015"*

TOM LYNCH, CHAIRMAN & CEO

MESSAGE TO OUR STAKEHOLDERS

The trends making our connected world safer, greener, smarter, and more connected are driving greater demand for electronics and TE Connectivity's leading connectivity and sensor solutions. Globally, this demand represents a $170 billion market opportunity for TE, with strong underlying growth drivers. As the world leader in connectivity and a leader in sensors, we are in a great position to capitalize on this significant and growing market opportunity.

It was a very good year for TE despite another year of global uncertainty. TE led our industry, with $12.2 billion in sales, up 4 percent on an organic basis, and up 10 percent on a constant currency basis. Adjusted earnings per share (EPS) of $3.60 were up 9 percent and up 19 percent on a constant currency basis. Adjusted operating margins exceeded 16 percent for the first time in our history, reflecting our strong portfolio mix and productivity improvements generated from our TE Operating Advantage (TEOA) business system.

We also continued our balanced and disciplined approach to capital allocation. We completed four acquisitions and returned $1.7 billion to our shareholders. We raised our dividend by 14 percent, making it the fifth consecutive year of double-digit dividend increase, and repurchased 18 million shares. Since 2007, we have reduced our outstanding share count by approximately 20 percent.

A Strong Portfolio

During Fiscal Year (FY) 2015, we continued the consistent execution of our strategy to strengthen our position as the world leader in connectivity and establish a leadership position in sensors. We strengthened our connectivity and sensor portfolio with four acquisitions and the $3 billion divestiture of the Broadband Network Solutions (BNS) business. As a result, we established TE as a leader in the very attractive sensors market and expanded our position in harsh environment applications. Today, over 90 percent of our sales are focused on connectivity and sensor solutions, and 80 percent of our portfolio addresses harsh environment applications, a 40 percent increase over five years.

The Industry Leader in Harsh Environments

TE is the industry leader in harsh environment applications – applications that cannot fail even under the most extreme conditions. For example, in our medical business, our products are used in life saving procedures and improve patient outcomes. Our customers rely on our engineering depth, breadth of high-quality products, and unique ability to work side-by-side during the design process to develop their next generation of products for these critical applications.

During the year we expanded our position in harsh environment applications with a deep pipeline of design wins across our portfolio, most notably in our automotive business. In our medical business, which is part of our Industrial Solutions segment, we broadened our business through the acquisition of AdvancedCath, giving TE an even larger position in the medical device market in the growing minimally invasive catheter applications.

90% SALES

CONNECTIVITY AND SENSOR SOLUTIONS

A World Leader in Sensors

In FY 2015, we established the company as a leading sensor supplier, with sales of approximately $750 million. With the acquisitions of Measurement Specialties and American Sensor Technologies, TE now has an unmatched range of technology in the sensor industry.

During the year, we won strategic programs across several industries. For example, TE's sensors are designed into the next generation of thermostats to detect motion and are monitoring blood temperatures and patient safety during surgery. In our automotive business, we doubled our content opportunity in the vehicle, and leveraged our leadership position to win several new programs. And in our aerospace business, we won new customers and expanded existing relationships due to our leading sensors that measure pressure, load, and monitor flap positions in aircraft.

We expect above-market sales growth going forward, as we leverage our global leadership position across the markets we serve, our broad range of sensor technologies, and our deep industry and application expertise. Also, as customers demand more functionality in smaller packaging, we believe that integrated solutions leveraging our connector and sensor portfolios will be a competitive advantage and a significant opportunity for TE.

Delivering Extraordinary Customer Experiences

Delivering an Extraordinary Customer Experience (ECE) is our mission, and TEOA is a key driver of our performance to achieve that mission. Since its launch several years ago, TEOA enabled our industry leadership in innovation, quality, delivery, and service and support. TEOA efforts drive continuous improvements in safety, productivity, and financial performance throughout the company. Deeply entrenched across all businesses and functions, TEOA strengthens TE's

“We continued the consistent execution of our strategy to strengthen our position as the world leader in connectivity and establish a leadership position in sensors.”

competitive advantage with customers as we improve on-time delivery and speed-to-market.

Innovating for Our Customers

Innovation is a TE core value, and FY 2015 was another year of progress for TE and our customers. We received several awards in FY 2015, including the prestigious Thomson Reuters Top 100 Global Innovators award for the fifth consecutive year and Best Innovation Practices from a Multinational Company recognition from the Shanghai government. We also announced a partnership with Andretti Technologies, the technology incubation and advanced engineering business of Andretti Autosport, to develop and test new technologies that perform at greater speeds and promote clean energy and sustainability for the transportation and mobility industries. Finally, in its eighth and best year yet, TE’s annual engineer conference – TEchCon – brought together over 500 TE engineers to advance innovation globally. These advancements are important for our customers and our efforts to recruit the best new talent for TE.

Our Commitment to Inclusion and Diversity

TE’s Inclusion and Diversity program surfaces the best ideas and is a key strategic commitment across the company, and our support for inclusion and diversity expands to individuals at all levels in the company.

In FY 2015, we launched several investments and efforts to accelerate our progress and increase the representation of women in leadership and engineering. We expanded TE’s Women’s Network globally, hosted a series of Women’s Leadership Forums around the world, kicked off a sponsorship program for women called “eXcel,” and co-founded a consortium effort to focus on early- to mid-career women’s development with the launch scheduled for early 2016.

Since 2010, the percentage of women in senior leadership roles has doubled.

Looking Forward

The underlying trends driving growth in our markets remain strong, even as markets ebb and flow. We believe these trends will continue for a very long time. The world continues to demand safer products, cleaner environments, greater energy efficiency, and smarter, more connected technology. TE has never been better positioned to capitalize on these trends. We have the world’s leading portfolio of connectivity and sensor solutions, are the clear leader in attractive harsh environment markets, and have the financial strength to make the investments to meet our customers’ needs.

These are very exciting times for TE. I want to thank our customers and shareholders for their continued support, and our employees for their commitment to our customers and the communities in which they live.

Tom Lynch

Tom Lynch

Chairman and Chief Executive Officer

See non-GAAP measures for descriptions and reconciliations of Organic Sales Growth, Sales in Constant Currency, Adjusted Operating Margin, Adjusted Earnings Per Share, and Adjusted Earnings Per Share in Constant Currency.

TERRENCE CURTIN, PRESIDENT

CONTENT GROWTH

The continued acceleration of connected things creates significant opportunities for our customers to grow their businesses, drive innovation, and remain competitive. In FY 2015, we broadened our product range to capture these opportunities by aggressively expanding our sensor portfolio and making acquisitions in high-growth markets such as Medical. Demand for TE content is rising with the increasing demand for innovation and connectivity in our end markets. Some examples:

In aerospace, the demand for inflight entertainment and avionics systems that enable passengers, aircrafts, and crew to be connected is growing. In addition, composite airframes to improve fuel efficiency have increased the requirement for innovative approaches to aircraft grounding systems. Combined, these advances increase the opportunity for TE content - including our weight- and space-saving sensors, high-speed connectors, and fiber optic solutions - on emerging platforms up to 25 percent.

In our automotive business, the expansion of our sensors product line has doubled our content opportunity per car from $200 to almost $400 per vehicle. We expect the demand for TE content to continue to rise as automotive OEMs increase their production of smarter, more fuel efficient, and semi-autonomous vehicles in the future.

In today's factory, TE products address approximately five percent of the content in the factory. As more factories transition into digitally smart environments, we expect our content opportunity to increase to 15 percent due to the need for advanced and flexible manufacturing systems, and the increased use of sensors in robots that will drive higher levels of connections.

We believe the market opportunity is significant for TE. We expect these opportunities, coupled with our technology leadership, will lead to above market growth as TE content per application increases in the end markets we serve.

Terrence Curtin

Terrence R. Curtin

President

INNOVATION LEADERSHIP

13,500* PATENTS granted or pending

$625M invested in R&D and Engineering FY 15

7,000+ ENGINEERS globally

ENGINEERING CLOSE TO OUR CUSTOMERS

The success of our innovation culture has led to numerous recognitions. For the fifth consecutive year, Thomson Reuters named TE Connectivity as a top global innovator. This recognition confirms the value we provide to our customers — and boosts our capacity to attract and recruit the best new engineering talent.

2015 THOMSON REUTERS

TOP 100

GLOBAL INNOVATORS

2015

BEST INNOVATION PRACTICES FROM A MULTINATIONAL COMPANY

Recognition from the Shanghai government

** Excludes patent information for our Circuit Protection business unit*

CAR

250M

Connected vehicles on the roadways by 2020*

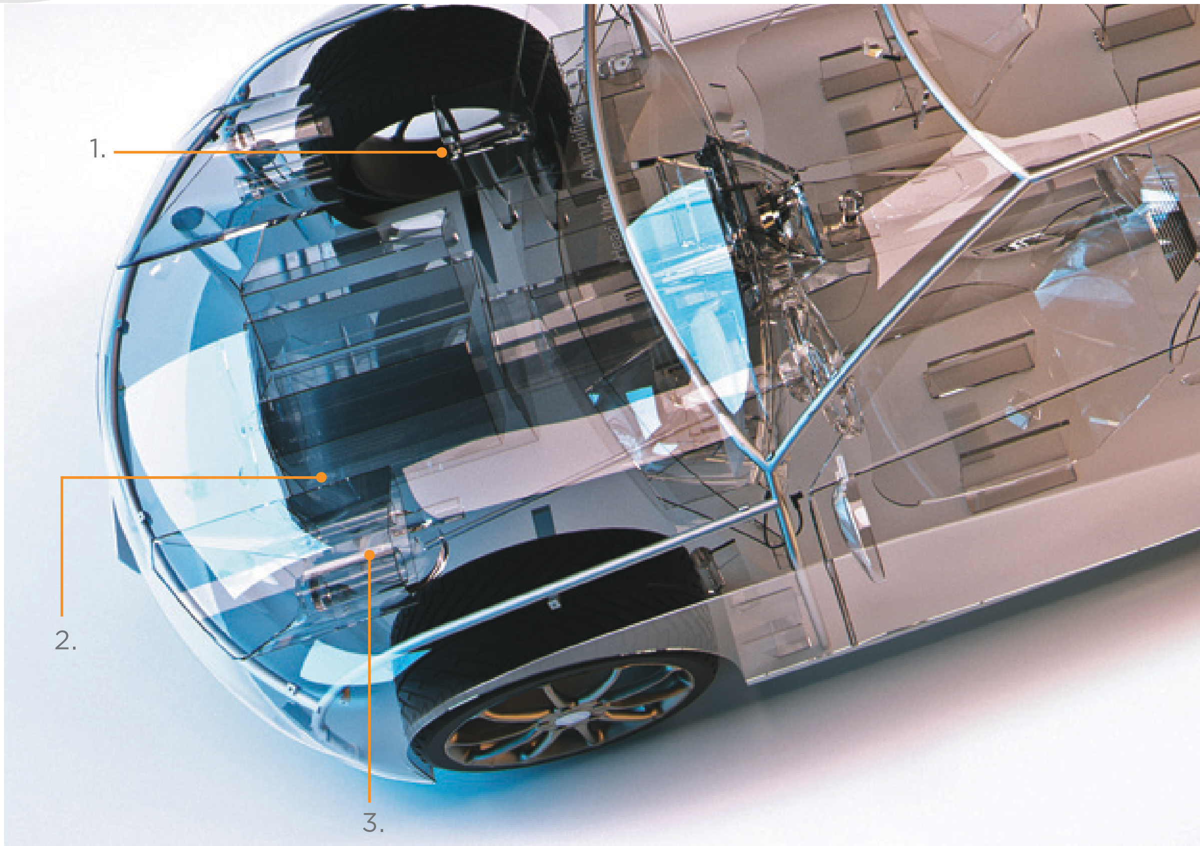
4-6%

TE content growth per year as a result of electronification

Redefining convenience, re-engineering travel. The connected car is transforming how we experience daily travel. When equipped with TE's connectivity and sensor solutions, automobiles are using TE's advanced technology to enhance communication, safety, and performance – within the car, between vehicles, and to other devices and machines.

TE connectors and sensors are automating anti-lock brake systems (ABS) to optimize traction and steering control. For in-vehicle electronics, our solutions help detect and report potential mechanical failures before these occur and avoid accidents by detecting vehicle surroundings. TE's innovations are enabling automobiles to transmit information outside of the vehicle – to the connected home – enabling entirely new conveniences to the consumer. TE's commitment to lighter, smaller, and more efficient technology makes these conveniences possible while also improving fuel efficiency and lowering emissions.

Gartner, "Predicts 2015: The Internet of Things"



TE products inside:

ANTI-LOCK BRAKE SYSTEM (ABS)

1. Wheel Speed Sensors

These sensors monitor and send speed data to the engine control system and ABS, to improve ride, handling, and safety.

2. Press-fit Technology

This technique mechanically connects a terminal to a printed circuit board, eliminates the solder process and provides better mechanical and electrical performance in harsh environments. Our technique offers added capacity for interconnections even when space in the vehicle is limited.

3. Mechatronic Solutions

TE helps to integrate mechanical components and electrical hardware – including sensors – into a single unit. The result is reliable, versatile vehicle applications, including ABS and crash sensor assemblies.

CONN

FACTORY

20%

Efficiency improvement expected from smart factories

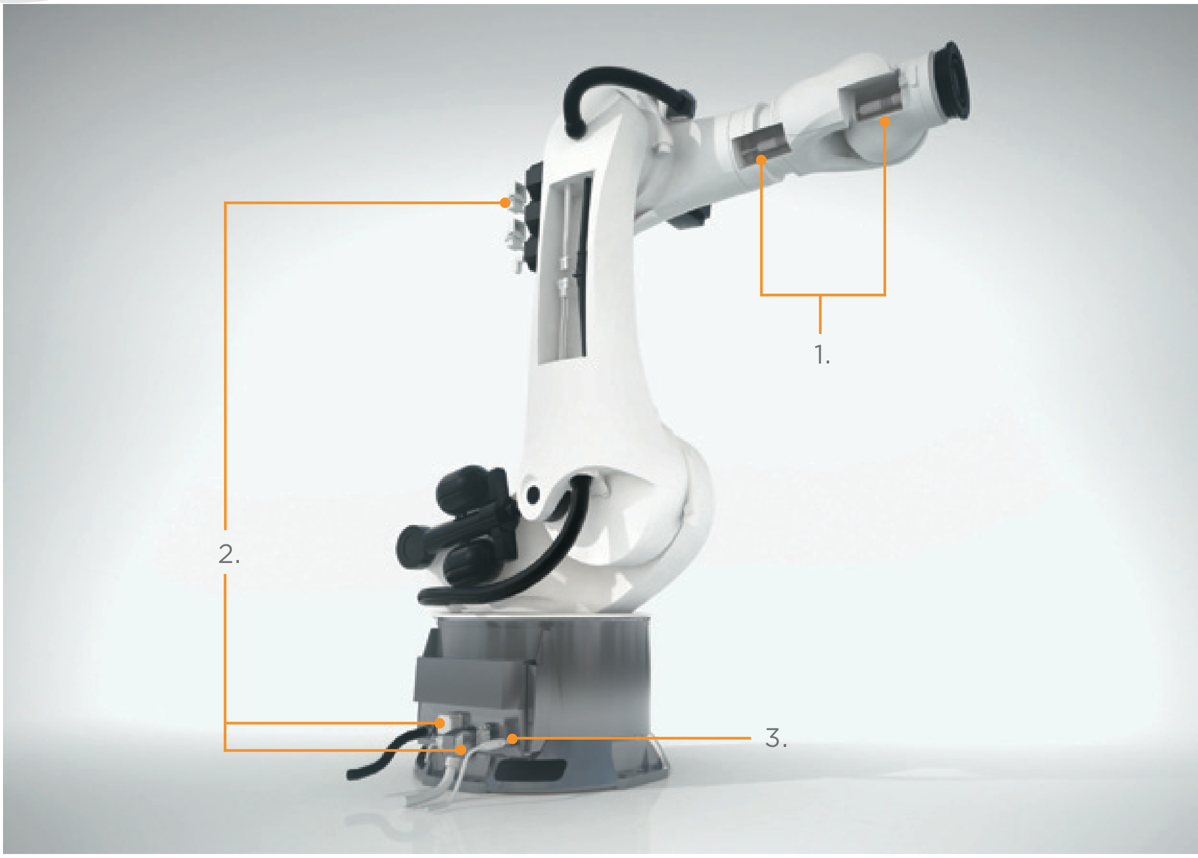
15%

Increase in robotics installations expected between 2016 and 2018*

Fast, precise, and safe. Inside the always-on smart factory, people and robots collaborate to transform assembly lines into self-monitoring, adaptive learning systems. When equipped with TE's connectivity and sensor solutions, these systems can reliably and efficiently generate and transmit – in real-time, to other machines anywhere – data, power, and signal. The result is a new level of interoperability, capable of providing customized on-demand production, while reducing manufacturing costs.

In the factory, robots make factories smarter and more efficient. In a connected factory with sensors, robots can learn tasks and predict human behavior by copying – and repeating – human action. This leads to an infrastructure which can respond to changing production volumes and needs. TE solutions for the connected factory enable industrial machines to quickly leverage vast amounts of real-time production data to immediately adjust production, in ways that strategically achieve efficiency, output, quality, and cost improvements.

**International Federation of Robotics, "World Robotics: Industrial Robotics 2015"*



TE products inside:

ROBOTIC ARM

1. ARISO Contactless Connectivity

Traditional connectors require a physical connection to transfer power. TE's hybrid ARISO interconnection system offers fast, wireless connectivity for power, data, and signal. With more than 360° in rotational freedom, ARISO reliably delivers power, data, and signal – in harsh environments and without disruptions from water, dust, or vibration. This enables customers to position connections without physical wires and in places not previously possible.

2. Heavy Duty Connectors (HDC)

HDCs offer reliable performance in the most demanding and harshest environments. Configurable to meet any combination of power and signal connections that customers require, these connectors offer power, signal, and data transmission in one connector.

3. M8/M12 Connector System

This M8/M12 system safely and reliably enables secure, high-speed connections in mission-critical industrial machines, operating under the harshest conditions.

MEDICAL

0.0015"

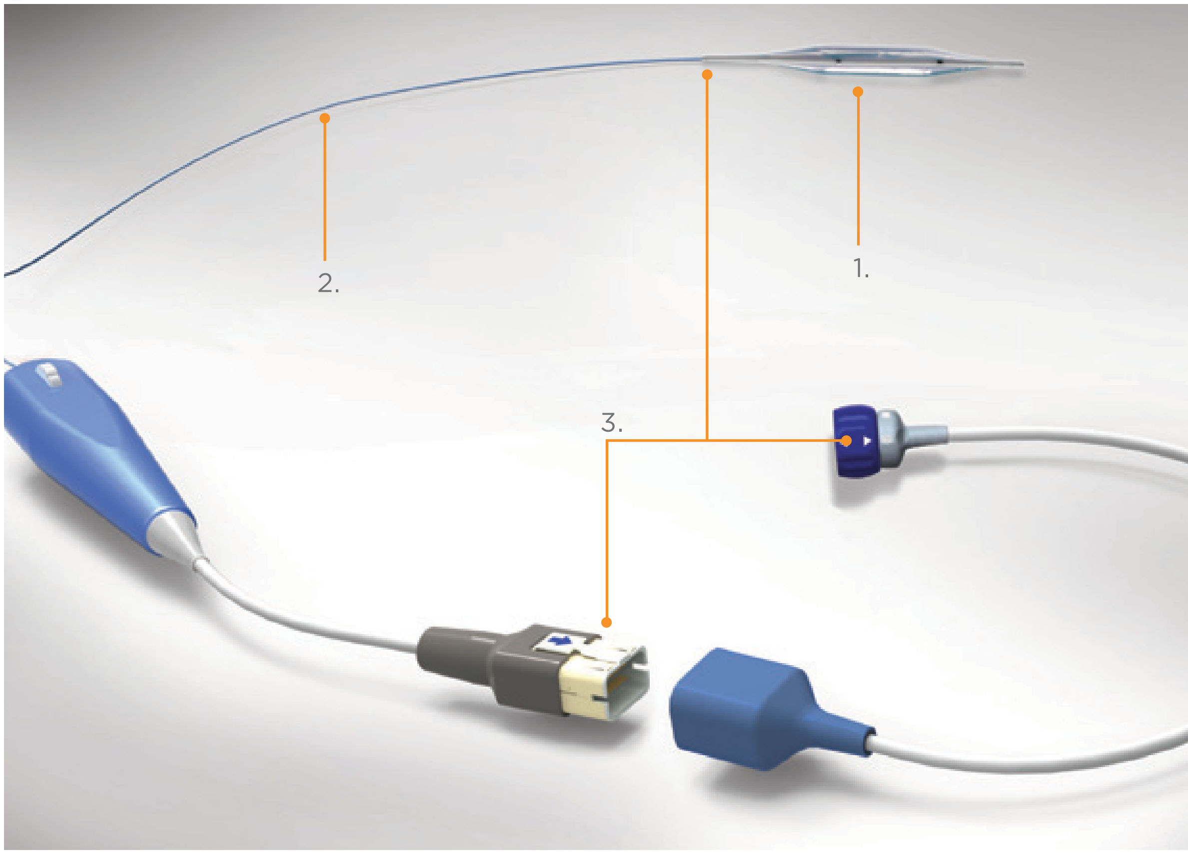
Wall thickness of TE's tubing for cardiovascular applications

7%

Market growth rate of minimally invasive procedures due to increased access and affordability

Smaller devices, minimizing risk, recovery, and cost. Custom-engineered, miniaturized medical devices are transforming healthcare. Equipped with pressure sensors and kink-resistant braids, TE's high-performance solutions for single-use catheters enable surgeons to accurately perform complex and life-saving procedures – such as replacing heart valves – with minimally invasive techniques. For patients, this means less trauma, shorter recovery time, and less risk of infection. For healthcare facilities, the result is lower operating costs and better performance in delivering critical patient services.

When an integrated catheter is engineered end-to-end by a single source, healthcare providers can seamlessly capture, record, and process critical patient data. With TE's customized, end-to-end medical-device solutions, physicians can perform complex procedures with greater ease, speed, and precision – at a lower cost.



TE products inside:

INTEGRATED CATHETER

1. Custom-Calibrated Sensors

For any point in the body, from concept to production, TE custom sensors are manufactured to exact specifications. In catheters, this technology improves therapy precision and accuracy in small areas, enabling surgeons to perform complex procedures with minimally invasive techniques.

2. Custom-Manufactured Catheters and Guidewires

TE catheters and guidewires are developed using advanced technology to meet customers' tight tolerances for a number of mechanical properties. Available in a variety of materials, our custom catheters and guidewires offer multiple tip configurations to meet extremely precise performance criteria. These enable life-saving procedures by allowing access to very narrow areas of the body.

3. Laser Processing

As specialists in laser welding and cutting for precision medical devices, TE can manufacture precise components for surgical instruments, catheters, connectors, and other medical devices for coronary, neurovascular, and orthopedic uses. This includes miniaturized devices designed to minimize trauma for patients, resulting in reduced recovery times, shorter hospital stays, and lower medical costs.

DATA CENTERS

2.4M

Emails sent per second, globally*

25-56

Gigabits per second of data transfer with TE's STRADA Whisper

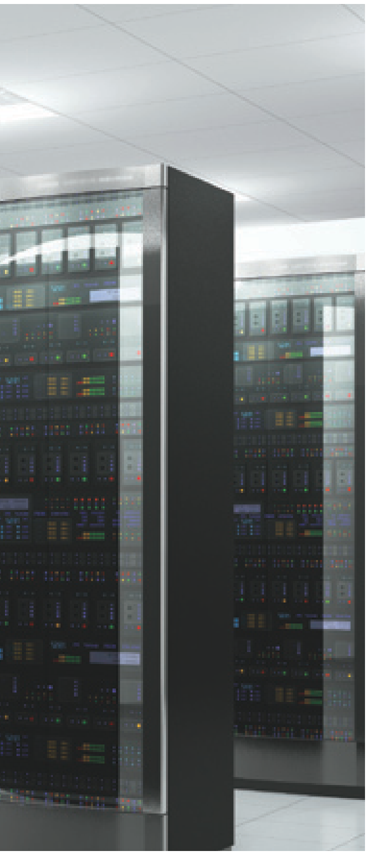
Accelerating data transmission, with more reliability and less power. In today's data center, machines must transfer data at unprecedented speeds. TE's connectivity solutions for the data center optimize the technology powering always-on operations, including today's clouds and big-data applications. Our high-performance connectors increase a data center's capacity to process, store, and transmit large volumes of data across a complex network of servers, routers, and storage devices – quickly, continuously, and efficiently.

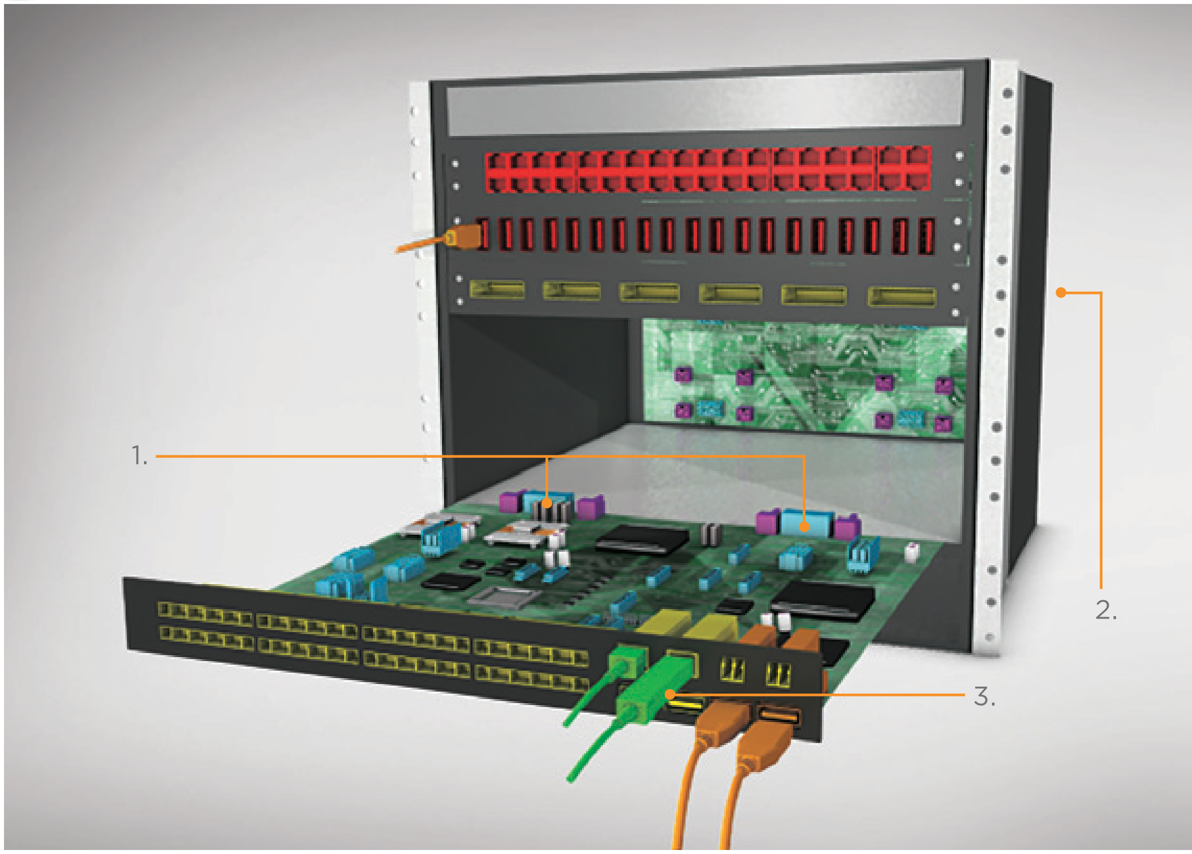
<1 DECIBEL (dB) OF INSERTION LOSS

Offered in TE's STRADA Whisper Backplane Connector

**World Wide Web Consortium (W3C), "1 Second – Internet Live Stats"*

ECTED





TE products inside:

SERVERS, STORAGE, SWITCHING, AND ROUTERS

1. STRADA Whisper Connectors

As demand for data rises, so does the need for higher speeds in the data center, and backplane connectors are critical to achieving those high data-transfer speeds. STRADA Whisper backplane connectors transfer data at 25 Gigabits per second (Gbps), offering scalability up to 56 Gbps. The connectors are designed to optimize data integrity by reducing noise and other inefficiencies in the data center.

2. Power for Open Compute Project (OCP)

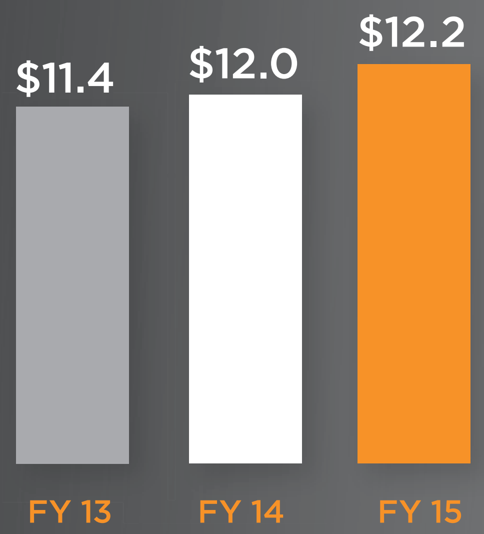
This plug-and-play power cable assembly is the only solution fully compatible with Open Compute Project (OCP) specifications. It reduces the number of bus bar connectors in a data-center rack – and streamlines the distribution of power.

3. High-Speed Input/Output Connectors

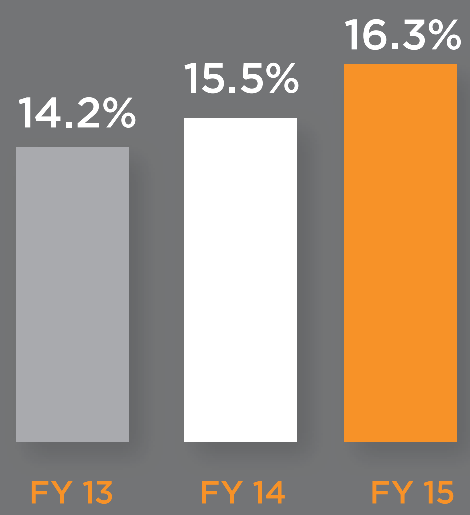
TE stands out in the marketplace for our broad portfolio of interconnect products that can deliver data 2.5 times faster than conventional solutions and future-proof technology that enables easier data center upgrades.

STRONG FINANCIAL PERFORMANCE

NET SALES
IN US$ BILLIONS



ADJUSTED OPERATING MARGIN*



**See Non-GAAP Measures*

TE SALES BY SEGMENT

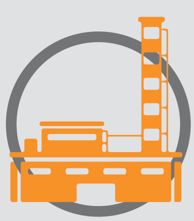
FY 15 SALES

TRANSPORTATION SOLUTIONS

$6.3B

INDUSTRIAL SOLUTIONS

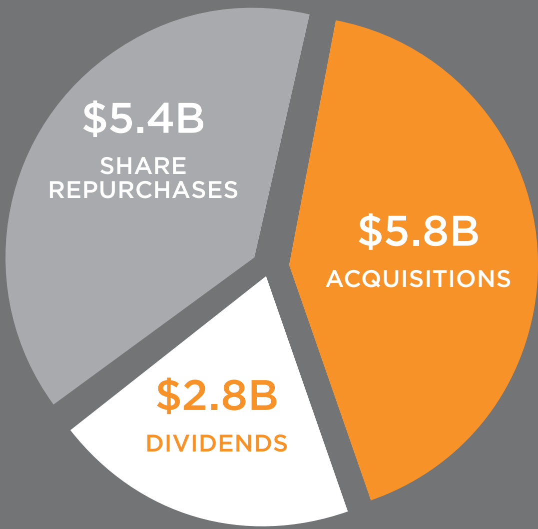
$3.2B



COMMUNICATIONS SOLUTIONS

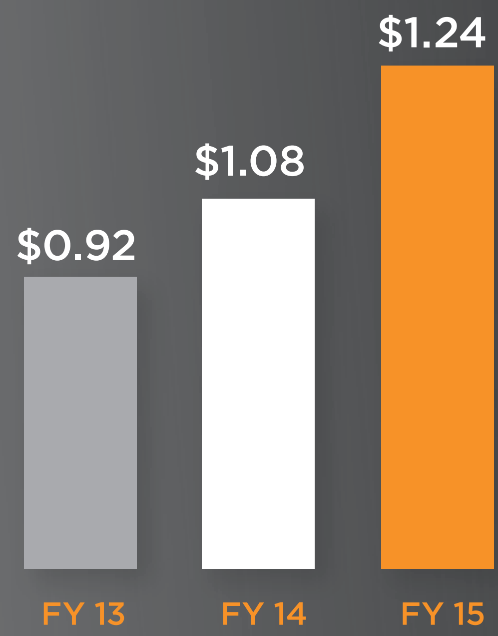
$2.7B

DEPLOYMENT OF CASH**
FY 08 THROUGH FY 15

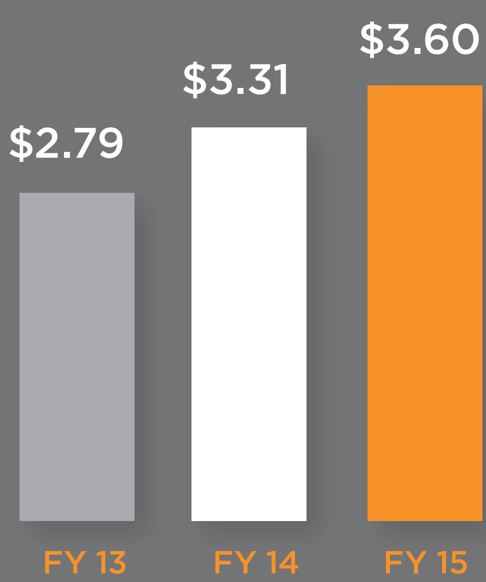


**Select uses of cash. Represents capital returned to shareholders and acquisition activity.

DIVIDENDS PAID PER SHARE

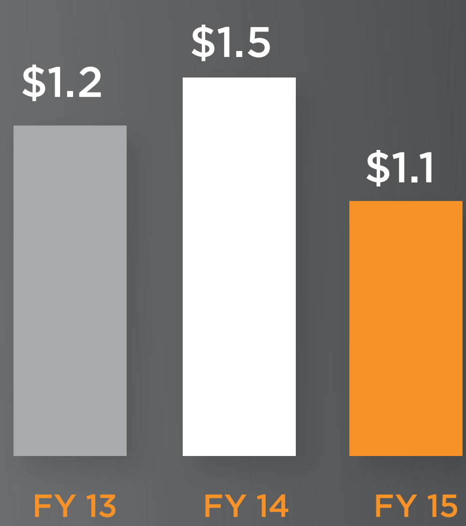


ADJUSTED EARNINGS PER SHARE*



*See Non-GAAP Measures

FREE CASH FLOW*
IN US$ BILLIONS



*See Non-GAAP Measures

TE CONNECTIVITY SHARE PERFORMANCE OVER 5 YEARS (NYSE: TEL) APPROX. **120%***

* As of September 25, 2015 and adjusted for dividends

COMMUNITY

TE employees are committed to making a difference in their communities. Worldwide, our employees support many non-profit organizations and causes, such as the United Way in the United States, including its annual "Day of Caring."

TE is committed to building stronger communities, engaging our employees, celebrating inclusion and diversity, and being mindful stewards of the environment. Notable TE achievements include:

- Named one of the World's Most Ethical Companies by The Ethisphere® Institute.
- Reduced greenhouse gas emissions 27 percent* and reduced water usage 34 percent.*
- Scored 90 out of 100 in the Human Rights Campaign Equality Index.
- Listed fourth in Assent Compliance's "Top 100 Conflict Minerals Influence Leaders."
- Established the Community Ambassador Program with over 100 TE employees, who are providing local leadership with our stakeholders, including employees, government officials, and community partners.

**FY 2010-2015, represents absolute reductions, and does not include sites related to our divested Broadband Network Solutions business or sites related to our recent acquisition of Measurement Specialties.*

OUR CORE VALUES

At TE, we believe that it takes more than strong performance to build a great company. It also requires an unwavering commitment to our core values and the highest standards of ethics and integrity.

INTEGRITY

ACCOUNTABILITY

TEAMWORK

INNOVATION

TE employees regularly participate in fund-raising activities for non-profit organizations, including the Special Olympics.

TE encourages problem solving in new ways, by supporting initiatives that inspire TE engineers to innovate.

2015 RECOGNITION

Ethisphere® Institute's World's Most Ethical Companies designation recognizes those organizations that have had a material impact on the way business is conducted by fostering a culture of ethics and transparency at every level of the company. In 2015, the designation was granted to only 132 companies globally, including TE Connectivity.

2015 WORLD'S MOST™ ETHICAL COMPANIES®
WWW.ETHISPHERE.COM

MEMBER OF
Dow Jones Sustainability Indices
In Collaboration with RobecoSAM

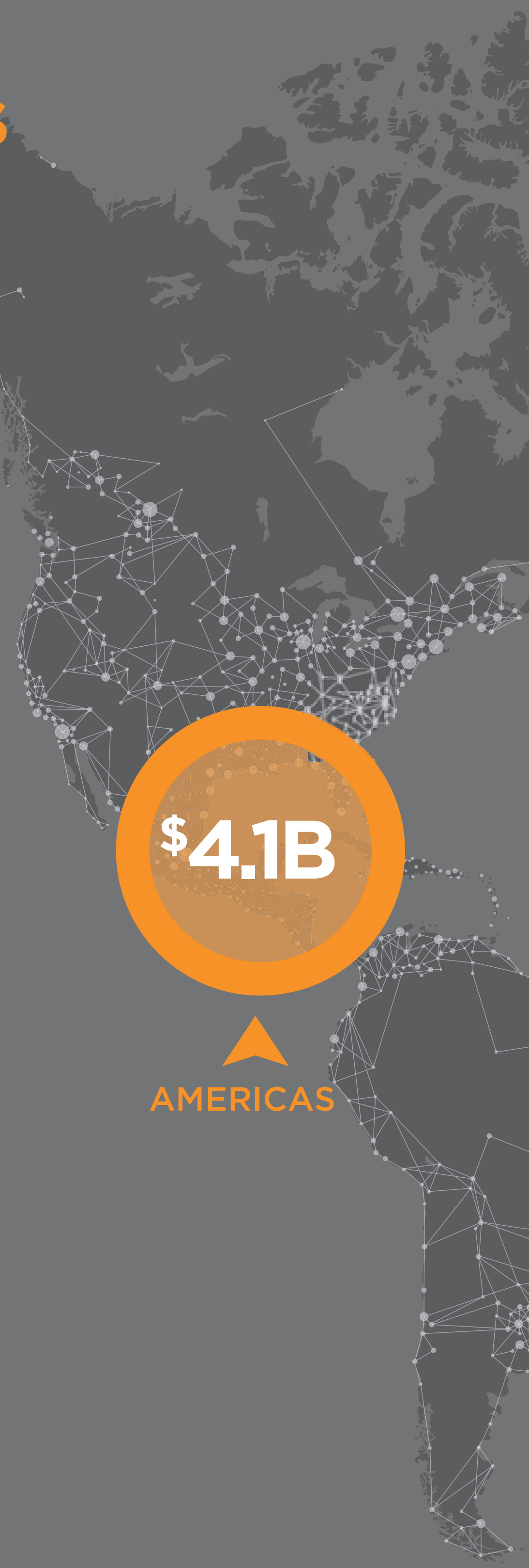
fourth consecutive year

1,400

CHARITABLE ORGANIZATIONS SUPPORTED

UNMATCHED RESOURCES CLOSE TO OUR CUSTOMERS

TE designs, manufactures, and delivers connectivity and sensor solutions to customers in nearly 150 countries. Our global reach enables us to work closely with our customers, identify and meet their local needs, and advance our mission to deliver extraordinary customer experiences.



AMERICAS

9 DESIGN CENTERS
41 MANUFACTURING SITES
2,250 ENGINEERS

CHINA

3 DESIGN CENTERS
14 MANUFACTURING SITES
2,170 ENGINEERS

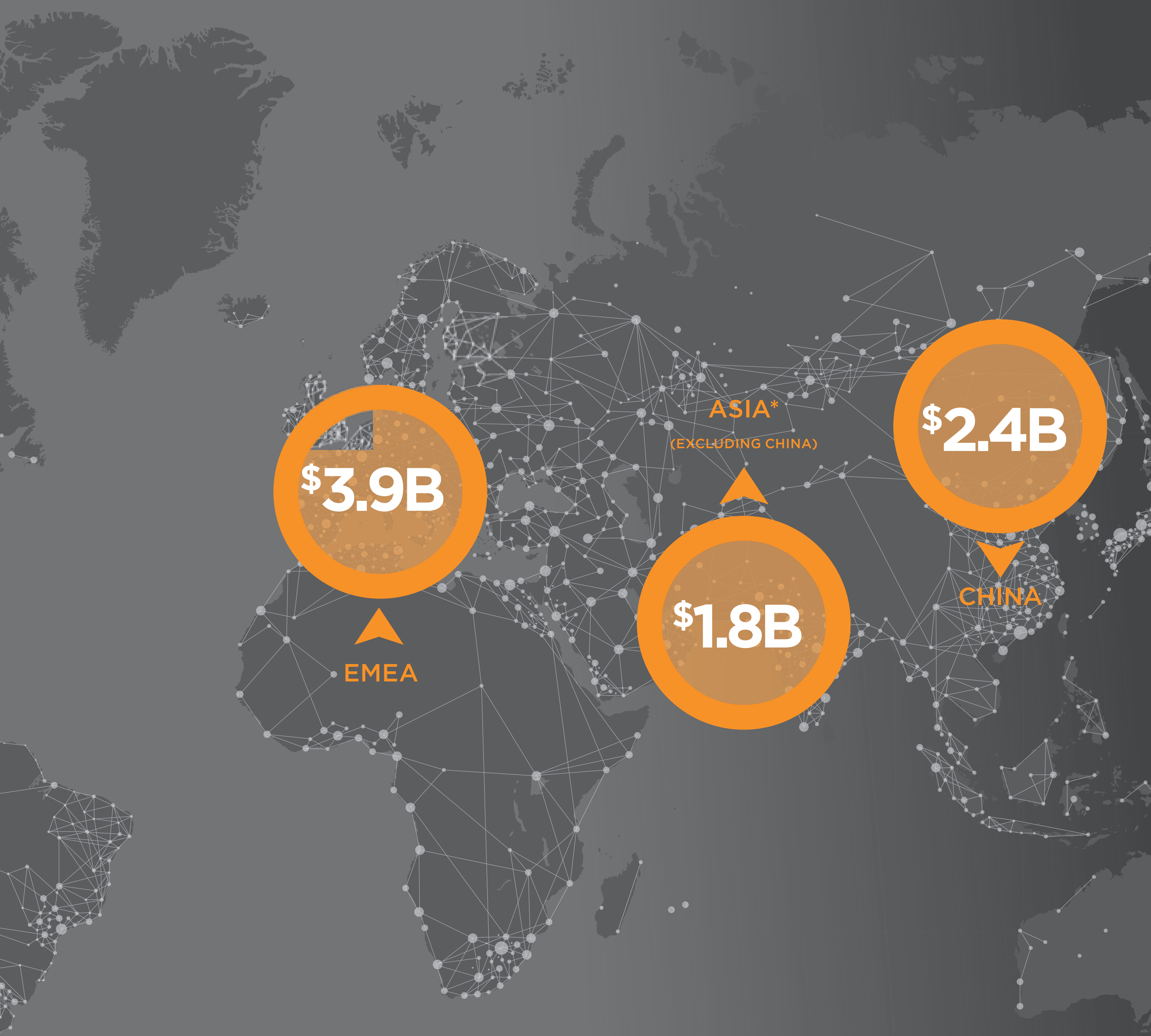
ASIA* (EXCLUDING CHINA)

3 DESIGN CENTERS
10 MANUFACTURING SITES
760 ENGINEERS

EUROPE, MIDDLE EAST, AFRICA (EMEA)

5 DESIGN CENTERS
30 MANUFACTURING SITES
2,020 ENGINEERS

Including India



$12.2B

FY 15 SALES WORLDWIDE

NON-GAAP MEASURES

"Organic Sales Growth," "Sales in Constant Currency," "Adjusted Operating Income," "Adjusted Operating Margin," "Adjusted Earnings Per Share," "Adjusted Earnings Per Share in Constant Currency" and "Free Cash Flow" are non-GAAP measures and should not be considered replacements for results in accordance with accounting principles generally accepted in the U.S. ("GAAP"). These non-GAAP measures may not be comparable to similarly-titled measures reported by other companies. The primary limitation of these measures is that they exclude the financial impact of items that would otherwise either increase or decrease our reported results. This limitation is best addressed by using these non-GAAP measures in combination with the most directly comparable GAAP measures in order to better understand the amounts, character and impact of any increase or decrease in reported amounts. The following provides additional information regarding these non-GAAP measures:

- Organic Sales Growth – is a useful measure of our underlying results and trends in the business. It is also a significant component in our incentive compensation plans. The difference between reported net sales growth (the most comparable GAAP measure) and Organic Sales Growth consists of the impact from foreign currency exchange rates and acquisitions and divestitures, if any. Organic Sales Growth is a useful measure of our performance because it excludes items that: i) are not completely under management's control, such as the impact of changes in foreign currency exchange rates; or ii) do not reflect the underlying growth of the company, such as acquisition and divestiture activity.

- Sales in Constant Currency – represents net sales (the most comparable GAAP measure) excluding the impact of fluctuations in foreign currency exchange rates between periods. We believe constant currency information provides valuable supplemental information regarding our net sales.

- Adjusted Operating Income – represents operating income (the most comparable GAAP measure) before special items including charges or income related to restructuring and other charges, acquisition related charges, impairment charges, and other income or charges, if any. We utilize Adjusted Operating Income to assess segment level core operating performance and to provide insight to management in evaluating segment operating plan execution and underlying market conditions. It also is a significant component in our incentive compensation plans. Adjusted Operating Income is a useful measure for investors because it provides insight into our underlying operating results, trends, and the comparability of these results between periods.

- Adjusted Operating Margin – represents operating margin (the most comparable GAAP measure) before special items including charges or income related to restructuring and other charges, acquisition related charges, impairment charges, and other income or charges, if any. We present Adjusted Operating Margin before special items to give investors a perspective on the underlying business results. This measure should be considered in conjunction with operating margin calculated using our GAAP results in order to understand the amounts, character and impact of adjustments to operating margin.

- Adjusted Earnings Per Share – represents diluted earnings per share from continuing operations attributable to TE Connectivity Ltd. (the most comparable GAAP measure) before special items, including charges or income related to restructuring and other charges, acquisition related charges, impairment charges, tax sharing income related to certain proposed adjustments to prior period tax returns and other tax items, certain significant special tax items, other income or charges, if any, and, if applicable, the related tax effects. We present Adjusted Earnings Per Share because we believe that it is appropriate for investors to consider results excluding these items in addition to results in accordance with GAAP. We believe such a measure provides a picture of our results that is more comparable among periods since it excludes the impact of special items, which may recur, but tend to be irregular as to timing, thereby making comparisons between periods more difficult. It also is a significant component in our incentive compensation plans.

- Adjusted Earnings Per Share in Constant Currency – represents Adjusted Earnings Per Share excluding the impact of fluctuations in foreign currency exchange rates between periods. We believe constant currency information provides valuable supplemental information regarding our earnings per share.

- Free Cash Flow (FCF) – is a useful measure of our ability to generate cash. The difference between net cash provided by continuing operating activities (the most comparable GAAP measure) and Free Cash Flow consists mainly of significant cash outflows and inflows that we believe are useful to identify. We believe Free Cash Flow provides useful information to investors as it provides insight into the primary cash flow metric used by management to monitor and evaluate cash flows generated from our operations.

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

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

RECONCILIATION OF NON-GAAP FINANCIAL MEASURES TO GAAP FINANCIAL MEASURES

US$ IN MILLIONS, EXCEPT PER SHARE DATA

FISCAL YEAR 2015		ADJUSTMENTS			
	U.S. GAAP	Acquisition Related Charges (1)	Restructuring and Other Charges, Net	Tax Items (2)	Adjusted (Non-GAAP) (3)
Operating Income	$ 1,749	$ 94	$ 149	$ -	$ 1,992
Operating Margin	14.3%				16.3%
Diluted Earnings per Share from Continuing Operations Attributable to TE Connectivity Ltd.	$ 3.01	$ 0.18	$ 0.29	$ 0.12	$ 3.60

(1) Includes $55 million of acquisition and integration costs, $36 million of non-cash amortization associated with fair value adjustments related to acquired inventories and customer order backlog recorded in cost of sales, and $3 million of restructuring costs.

(2) Includes $264 million of income tax benefits associated with the settlement of audits of prior year income tax returns as well as the related impact of $84 million to other expense pursuant to the tax sharing agreement with Tyco International and Covidien. Also includes $216 million of income tax charges associated with the tax impacts of certain intercompany legal entity restructurings made in connection with our integration of Measurement Specialties, Inc. and $29 million of income tax charges for the tax impacts of certain intercompany dividends related to the restructuring and sale of the Broadband Network Solutions business.

(3) See description of non-GAAP measures contained in this report.

FISCAL YEAR 2014		ADJUSTMENTS			
	U.S. GAAP	Acquisition Related Charges (1)	Restructuring and Other Charges, Net	Tax Items (2)	Adjusted (Non-GAAP) (3)
Operating Income	$ 1,805	$ 35	$ 19	$ -	$ 1,859
Operating Margin	15.1%				15.5%
Diluted Earnings per Share from Continuing Operations Attributable to TE Connectivity Ltd.	$ 3.87	$ 0.07	$ 0.04	$ (0.67)	$ 3.31

(1) Includes $31 million of acquisition and integration costs and $4 million of non-cash amortization associated with fair value adjustments primarily related to acquired inventories and customer order backlog recorded in cost of sales.

(2) Includes income tax benefits of $282 million recognized in connection with a reduction in the valuation allowance associated with certain tax loss carryforwards and income tax expense related to adjustments to prior year income tax returns. In addition, includes other income related to reimbursements by Tyco International and Covidien in connection with pre-separation tax matters, including $18 million related to our share of a settlement agreement entered into by Tyco International with a former subsidiary.

(3) See description of non-GAAP measures contained in this report.

FISCAL YEAR 2013		ADJUSTMENTS			
	U.S. GAAP	Acquisition Related Charges	Restructuring and Other Charges, Net	Tax Items (1)	Adjusted (Non-GAAP) (2)
Operating Income	$ 1,385	$ 14	$ 222	$ -	$ 1,621
Operating Margin	12.2%				14.2%
Diluted Earnings per Share from Continuing Operations Attributable to TE Connectivity Ltd.	$ 2.73	$ 0.02	$ 0.38	$ (0.33)	$ 2.79

(1) Includes $331 million of income tax benefits associated with the settlement of an audit of prior year income tax returns as well as the related impact of $231 million to other expense pursuant to the tax sharing agreement with Tyco International and Covidien. Also includes income tax expense related to adjustments to prior year income tax returns, income tax benefits recognized in connection with a reduction in the valuation allowance associated with certain tax loss carryforwards, and income tax benefits recognized in connection with the lapse of statutes of limitations for examinations of prior year income tax returns. In addition, includes other income related to reimbursements by Tyco International and Covidien in connection with pre-separation tax matters.

(2) See description of non-GAAP measures contained in this report.

RECONCILIATION OF FREE CASH FLOW

US$ IN MILLIONS

FISCAL YEAR	2015	2014	2013
Net cash provided by continuing operating activities	$ 1,619	$ 1,804	$ 1,775
Capital expenditures	(600)	(635)	(581)
Proceeds from sale of property, plant and equipment	17	129	22
Payments related to pre-separation U.S. tax matters, net	40	179	28
Free cash flow [1]	$ 1,076	$ 1,477	$ 1,244

(1) See description of non-GAAP measures contained in this report.

IMPACT OF CHANGES IN FOREIGN CURRENCY EXCHANGE RATES

US$ IN MILLIONS, EXCEPT PER SHARE DATA

	Net Sales	Adjusted EPS [1]
Fiscal year 2014	$ 11,973	$ 3.31
Impact of changes in foreign currency exchange rates	(955)[2]	(0.33)
Operational performance	1,215	0.62
Fiscal year 2015	$ 12,233	$ 3.60

(1) See description of non-GAAP measures contained in this report.

(2) Includes $46 million impact of changes in foreign currency exchange rates on sales from acquisitions.

RECONCILIATION OF NET SALES GROWTH

US$ IN MILLIONS

CHANGES TO NET SALES FOR FISCAL YEAR 2015 VERSUS NET SALES FOR FISCAL YEAR 2014

	Organic[1]		Translation[2]	Acquisitions	Total	
Net Sales	$ 460	3.8%	$ (909)	$ 709	$ 260	2.2%

(1) Represents the change in net sales resulting from volume and price changes, before consideration of acquisitions, divestitures and the impact of changes in foreign currency exchange rates. Organic net sales growth is a non-GAAP measure. See description of non-GAAP measures contained in this report.

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

CAUTION CONCERNING FORWARD-LOOKING STATEMENTS

This report contains certain "forward-looking statements" within the meaning of the U.S. Private Securities Litigation Reform Act of 1995. These statements are based on management's current expectations and are subject to risks, uncertainty and changes in circumstances, which may cause actual results, performance, financial condition or achievements to differ materially from anticipated results, performance, financial condition or achievements. All statements contained herein that are not clearly historical in nature are forward-looking and the words "anticipate," "believe," "expect," "estimate," "plan," and similar expressions are generally intended to identify forward-looking statements. We have no intention and are under no obligation to update or alter (and expressly disclaim any such intention or obligation to do so) our forward-looking statements whether as a result of new information, future events or otherwise, except to the extent required by law. The forward-looking statements in this report include statements addressing our future financial condition and operating results. Examples of factors that could cause actual results to differ materially from those described in the forward-looking statements include, among others, business, economic, competitive and regulatory risks, such as conditions affecting demand for products, particularly in the automotive and data and devices industries; competition and pricing pressure; fluctuations in foreign currency exchange rates and commodity prices; natural disasters and political, economic and military instability in countries in which we operate; developments in the credit markets; future goodwill impairment; compliance with current and future environmental and other laws and regulations; the possible effects on us of changes in tax laws, tax treaties and other legislation; and the risk that we do not realize the anticipated benefits from the sale of the Broadband Network Solutions business. More detailed information about these and other factors is set forth in TE Connectivity Ltd.'s Annual Report on Form 10-K for the fiscal year ended Sept. 25, 2015 as well as in our Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and other reports filed by us with the U.S. Securities and Exchange Commission.

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SPECIAL NOTE ABOUT FORWARD-LOOKING STATEMENTS

We have made forward-looking statements in this Annual Report, including in the sections entitled "Business," "Management's Discussion and Analysis of Financial Condition and Results of Operations," and "Quantitative and Qualitative Disclosures about Market Risk," 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. You should not put 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 identified in this Annual Report and those discussed in our Annual Report on Form 10-K for the fiscal year ended September 25, 2015 filed with the United States Securities and Exchange Commission (the "SEC") 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.

BUSINESS

General

TE Connectivity Ltd. (“TE Connectivity” or the “Company,” which may be referred to as “we,” “us,” or “our”) is a global technology leader. We design and manufacture connectivity and sensors solutions that are essential in today’s increasingly connected world. We help our customers solve the need for intelligent, efficient, and high-performing products and solutions.

We operate through three reportable segments: Transportation Solutions, Industrial Solutions, and Communications Solutions. Our segments manufacture and distribute our products and solutions to a number of end markets. The table below provides a summary of our reportable segments and the key products and industry end markets that we serve:

Segment	Key Products	Key Markets
Transportation Solutions	• Terminals and connector systems • Sensors • Relays • Application tooling • Wire and heat shrink tubing	• Automotive • Commercial transportation • Sensors
Industrial Solutions	• Terminals and connector systems • Heat shrink tubing • Relays • Wire and cable	• Industrial equipment • Aerospace, defense, oil, and gas • Energy
Communications Solutions	• Terminals and connector systems • Undersea telecommunication systems • Circuit protection devices • Antennas • Relays • Heat shrink tubing	• Data and devices • Subsea communications • Appliances

Our Competitive Strengths

We believe that we have the following competitive strengths:

- *Portfolio of market-leading connectivity and sensors businesses.* We are a leader in many of the markets we serve, and the opportunity for growth in those markets is significant. We believe our three segments serve a combined market of approximately $170 billion that is expected to grow at an estimated annual growth rate of approximately 6% over the next five years.
- *Global leader in passive components.* With net sales of $12.2 billion in fiscal 2015, we are significantly larger than many of our competitors. In the fragmented connector industry, which we estimated to be approximately $50 billion in fiscal 2015, our net sales were approximately $8.4 billion. We have established a global leadership position in the connector industry.

  Our scale provides us the opportunity to accelerate our sales growth by making larger investments in existing and new technologies and businesses in our core markets, and to expand our presence in emerging markets. Our leadership position also provides us the opportunity to lower our purchasing costs by developing lower cost sources of supply and to maintain a flexible manufacturing footprint worldwide that is close to our customers’ locations.
- *Strong customer relationships.* 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 are able

to identify and act on trends and leverage knowledge about next-generation technology across our products.

- *Process and product technology leadership.* We employ approximately 7,200 engineers dedicated to product research, development, and engineering. Our investment of over $625 million in product and process engineering and development and our capital spending of $600 million in fiscal 2015 enable us to consistently provide innovative, high-quality products with efficient manufacturing methods. In fiscal 2015, we derived approximately 20% of our net sales from new products, including product extensions, introduced within the previous three fiscal years.
- *Diverse product mix and customer base.* 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 this 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 cyclicality in our results and distinguishes us from our competitors.
- *Global presence.* We have an established manufacturing presence in over 20 countries and global sales distribution. 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 believe our balanced sales distribution lowers our exposure to any particular geography and improves our financial profile.
- *Strong management team and employee base.* 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, president, and segment leaders average approximately 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.

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

Segments

During fiscal 2015, we reorganized our management structure and segments to better align the organization around our strategy. Prior period segment results have been revised to conform to the current segment reporting structure. See Notes 1 and 22 to the Consolidated Financial Statements for additional segment and geographic information relating to our business. Below is a description of our reportable segments and the primary products sold by each segment.

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. The following are the primary product families sold by the segment:

- *Terminals and connector systems and components.* We offer an extensive range of electrical and electronic interconnection products. These connectors include a wide variety of pin and socket, terminal, USB, coaxial, input/output, fiber optic, power, and circular connectors, as well as ambient lighting assemblies, special purpose cable assemblies, sophisticated interconnection products used in complex commercial equipment, and custom connectivity solutions for harsh environment applications. This product family represents approximately 80% of the segment's net sales.

- *Sensors.* We offer a customized engineered portfolio of non-contact position and speed sensor technologies mainly for the automotive and commercial vehicle industries that include high measurement standards, robust housing technologies, and temperature stable designs for a variety of powertrain, safety, and chassis applications.
- *Relays.* Our relay products can be used in a wide range of applications in the automotive and commercial vehicle industries, including electric sunroofs, anti-lock braking systems, and fuel injection coils.
- *Application tooling.* We offer a broad portfolio of hand tools, semi-automatic bench machines, and fully-automatic machine systems for processing terminal products.
- *Wire and heat shrink tubing.* We provide a complete solution of reliable, cost-effective products to seal, connect, insulate, protect, hold, and bundle high-performance electrical harnesses. We also provide high temperature wire for harsh environments on passenger and commercial vehicles.

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. The following are the primary product families sold by the segment:

- *Terminals and connector systems and components.* We offer connector products including a wide variety of pin and socket, terminal, USB, coaxial, input/output, fiber optic, and power connectors, as well as sophisticated interconnection products used in equipment offered to the aerospace, defense, oil, gas, and medical industries. Additionally, we serve the aerospace, defense, oil, and gas industries by offering custom connectivity solutions for harsh environment applications.
- *Heat shrink tubing.* We provide a complete solution of reliable, cost-effective products to seal, connect, insulate, protect, hold, and bundle high-performance electrical harnesses. We also provide customized harnessing design, prototype, and build services.
- *Relays.* Our relay products can be used in a wide range of applications in the industrial and aerospace, defense, oil, and gas industries, including high-performance applications used in harsh environments.
- *Wire and cable.* We provide highly-engineered cable and wire products and a broad range of cables suitable for use in rugged applications within the aerospace, defense, oil, and gas industries. Additionally, we provide wire and cable for extreme environment applications, including copper and fiber optic distribution cables, shielded and unshielded twisted-pair cables, and armored cable.

Communications Solutions

The Communications Solutions segment is a top supplier of electronic components for the data and devices and appliances markets. We are also a leader in developing, manufacturing, installing, and maintaining some of the world's most advanced subsea fiber optic communications systems. The following are the primary product families sold by the segment:

- *Terminals and connector systems and components.* We provide connector products including a broad range of electronic grounding, shielding, and contact; SIM memory card; terminal; USB; input/output; and a variety of board level signal and power connectors as well as memory and CPU sockets. Also, we design and manufacture power cables and cable assemblies for high data rate transmission and sophisticated interconnection products used in smartphone, computing, tablet computer, appliances, and consumer electronics OEM products.
- *Undersea telecommunication systems.* We design, build, maintain, and test undersea fiber optic networks for the telecommunication and oil and gas markets.
- *Circuit protection devices.* We offer a diverse range of circuit protection devices, which limit the flow of current during fault conditions and automatically reset after the fault is cleared and power to the circuit is restored. We also offer surface-mount chip fuses, gas discharge tubes for overvoltage protection, electrostatic discharge protection devices, and hybrid protection devices.
- *Antennas.* We offer application specific and standard antenna products in a variety of structures to enable our customers to complete the transmission of wireless voice and data over a full range of protocols.
- *Relays.* We provide relay products for a wide range of applications in the data and devices and appliances markets.
- *Heat shrink tubing.* We offer hundreds of reliable, cost-effective products to seal, connect, insulate, protect, hold, and bundle high-performance electrical harnesses.

Markets

We sell our products to manufacturers and distributors in a number of major markets. The approximate percentage of our total net sales by end market in fiscal 2015 was as follows:

Markets	Percentage
Automotive	39%
Data and Devices	11
Industrial Equipment	11
Aerospace, Defense, Oil, and Gas	9
Commercial Transportation	7
Sensors	6
Subsea Communications	6
Energy	6
Appliances	5
Total	100%

Our major markets are as follows:

- *Automotive.* 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.

- *Data and devices.* We deliver a range of connectivity solutions for the Internet of Things, wearables, smart phones, tablet computers, and notebooks to help our customers meet their current challenges and future innovations. In addition, our products and solutions are used in a variety of equipment architectures within the networking equipment, data center equipment, and wireless infrastructure industries.
- *Industrial equipment.* 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. The medical industry uses our products in diagnostic, therapeutic, surgical, and interventional applications. Also, our products are used by the solar and lighting industry.
- *Aerospace, defense, oil, and gas.* We provide components and solutions for the commercial aerospace industry, from the initial stages of aircraft design to aftermarket support. Our defense products include ruggedized electronic interconnects serving military aviation, marine, and ground vehicles including electronic warfare and space systems. Our oil and gas products include cables and electronics used for harsh subsea environments in the offshore oil and gas and civil marine industries and in shipboard, subsea, and sonar applications.
- *Commercial transportation.* We deliver reliable connectivity products designed to withstand harsh environmental conditions for on- and off-highway vehicles and recreational transportation, including construction, agriculture, buses, and other recreational vehicles.
- *Sensors.* We offer a portfolio of intelligent, efficient, and high-performing sensor solutions that are used by customers across multiple industries, from automotive, industrial and commercial transportation, and aerospace and defense, to medical solutions and consumer applications.
- *Subsea communications.* Our products are used in undersea fiber optic telecommunication systems. With vertically integrated undersea communications systems and services, we support the telecommunications and oil and gas industries and other customers seeking marine services.
- *Energy.* 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.
- *Appliances.* 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, and microwaves. Our expansive range of standard products is supplemented by an array of custom-designed solutions.

Customers

We collaborate closely with our customers to meet their product needs. 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 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 2015	Fiscal 2014	Fiscal 2013
Americas[2]	34%	30%	30%
Asia–Pacific	33	35	35
Europe/Middle East/Africa ("EMEA")	33	35	35
Total	100%	100%	100%

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

(2) The Americas includes our subsea communications business.

There is no single customer that accounted for a significant amount of our net sales in fiscal 2015, 2014, or 2013.

Sales, Marketing, and Distribution

We sell our products into approximately 150 countries primarily through direct selling efforts to manufacturers. We also sell some of our products indirectly via third-party distributors. In fiscal 2015, our direct sales represented 80% of net sales.

We maintain distribution centers around the world. Products are generally delivered to these distribution centers by our manufacturing facilities and then subsequently delivered to the customer. In some instances, product is delivered directly from our manufacturing facility to the customer. We contract with a wide range of transport providers to deliver our products via road, rail, sea, and air.

Seasonality and Backlog

We experience a slight seasonal pattern to our business. Overall, the third fiscal quarter is typically the strongest quarter of our fiscal year, whereas the first and fourth fiscal quarters are negatively affected by winter holidays and European holidays, respectively. 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 into 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 into the energy market typically increase in the third and fourth fiscal quarters as customer activity increases.

Customer orders typically fluctuate from quarter to quarter based upon business conditions and cancellation of unfilled orders prior to shipment of goods. Backlog by reportable segment was as follows:

	Fiscal Year End	
	2015	2014
	(in millions)	
Transportation Solutions	$1,208	$ 989
Industrial Solutions	814	850
Communications Solutions[1]	1,310	1,158
Total	$3,332	$2,997

(1) Includes our subsea communications business' backlog of $995 million and $774 million at fiscal year end 2015 and 2014, respectively.

We expect that the majority of our backlog at September 25, 2015 will be filled during fiscal 2016.

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 on the basis of breadth of product offering, product innovation, price, quality, delivery, and service. Our markets have generally been growing but with downward pressure on prices. The following is a listing of our major competitors by segment:

- *Transportation Solutions.* This segment's major competitors include Yazaki, Delphi, Sumitomo, Sensata, Honeywell, Molex, and Amphenol.
- *Industrial Solutions.* This segment competes primarily against Amphenol, Esterline, Molex, Belden, Phoenix Contact, Hubbell, and Carlisle Companies.
- *Communications Solutions.* This segment's major competitors include Amphenol, Molex, FCI Electronics, JST, Korea Electric Terminal (KET), and Bourns. Also, the subsea communications business competes against Alcatel-Lucent and NEC.

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.

Research and Development

We are engaged in both internal and external research and development in an effort to introduce new products to enhance the effectiveness, ease of use, safety, and reliability of our existing products, and to expand the applications for which the uses of our products are appropriate. We continually evaluate developing technologies in areas where we may have technological or marketing expertise for possible investment or acquisition.

Our research and development expense was as follows:

	Fiscal		
	2015	2014	2013
	(in millions)		
Transportation Solutions	$262	$196	$199
Industrial Solutions	128	128	121
Communications Solutions	150	160	174
Total	$540	$484	$494

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.

Employees

As of September 25, 2015, we employed approximately 72,000 people worldwide, of whom 22,000 were in the Americas region, 25,000 were in the Asia–Pacific region, and 25,000 were in the EMEA region. Of our total employees, approximately 45,000 were employed in manufacturing.

Government Regulation and Supervision

The import and export of products are subject to regulation by the United States ("U.S.") and other countries. 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 Electronics 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 are likely to increase our costs for energy and certain materials and products. We also have projects underway at a number of current and former manufacturing facilities to investigate and remediate environmental contamination resulting from past operations. Based upon our experience, current information, and applicable laws, we believe that it is probable that we will incur remedial costs in the range of $16 million to $38 million, and that the best estimate within this range is $19 million. We do not anticipate any material capital expenditures during fiscal 2016 for environmental control facilities or other costs of compliance with laws or regulations relating to greenhouse gas emissions.

Corporate History

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.

Our business was formed principally through a series of acquisitions, from fiscal 1999 through fiscal 2002, of established electronics companies and divisions, including AMP Incorporated, Raychem Corporation, the Electromechanical Components Division of Siemens, and the OEM Division of Thomas & Betts. These companies each had more than 50 years of history in engineering and innovation excellence. We operated as a segment of Tyco International plc ("Tyco International") prior to our separation.

Tyco Electronics Ltd. was incorporated in fiscal 2000 as a wholly-owned subsidiary of Tyco International. Effective June 29, 2007, Tyco International distributed all of our shares, as well as its shares of its former healthcare businesses ("Covidien"), to its common shareholders (referred to in this report as the "separation"). We became an independent, publicly traded company owning the former electronics businesses of Tyco International. On January 26, 2015, Covidien was acquired and now operates as a subsidiary of Medtronic plc.

In March 2011, our shareholders approved an amendment to our articles of association to change our name from "Tyco Electronics Ltd." to "TE Connectivity Ltd." The name change was effective March 10, 2011. Our ticker symbol "TEL" on the New York Stock Exchange ("NYSE") remained unchanged.

We acquired Measurement Specialties, Inc. ("Measurement Specialties") and divested our Broadband Network Solutions ("BNS") business in fiscal 2015. See Notes 4 and 5 to the Consolidated Financial Statements for additional information regarding discontinued operations and acquisitions.

Available Information

All periodic and current reports, registration filings, and other filings that we are required to file with the 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 public may also read and copy any document that we file, including this Annual Report, at the SEC's Public Reference Room at 100 F Street, N.E., Washington, DC 20549. Investors may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. In addition, the SEC maintains an internet site at *www.sec.gov* that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC, from which investors can electronically access our SEC filings.

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

Market Information

Our common shares are listed and traded on the NYSE under the symbol "TEL." The following table sets forth the high and low closing sales prices of our common shares as reported by the NYSE for the quarterly periods during the fiscal years ended September 25, 2015 and September 26, 2014.

	Market Price Range			
	Fiscal			
	2015		2014	
	High	Low	High	Low
First Quarter	$65.00	$51.47	$54.58	$49.91
Second Quarter	73.42	61.19	60.16	54.45
Third Quarter	71.73	66.12	62.24	56.66
Fourth Quarter	64.36	55.53	64.97	58.47

The number of registered holders of our common shares at November 5, 2015 was 26,317.

Dividends and Cash Distributions to Shareholders

The following table sets forth the dividends and cash distributions to shareholders paid on our common shares during the quarterly periods presented below.

	Fiscal	
	2015	2014
First Quarter	$ 0.29 (CHF 0.26)(1)	$ 0.25 (CHF 0.24)(1)
Second Quarter	$ 0.29 (CHF 0.26)(1)	$ 0.25 (CHF 0.24)(1)
Third Quarter	$ 0.33 (CHF 0.32)(2)	$ 0.29 (CHF 0.26)(1)
Fourth Quarter	$ 0.33 (CHF 0.32)(2)	$ 0.29 (CHF 0.26)(1)

(1) Payments were declared in Swiss francs ("CHF") and paid in U.S. dollars based on a U.S. dollar/Swiss franc exchange rate shortly before shareholder approval.

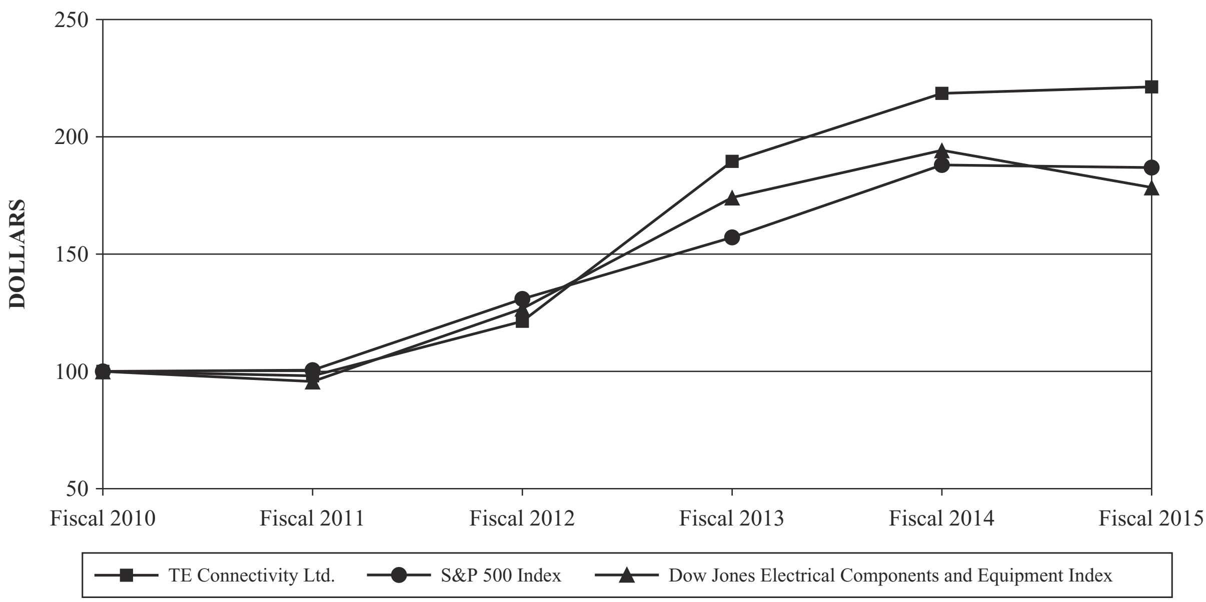
(2) Payments were declared in U.S. dollars. The CHF equivalent is based on a U.S. dollar/Swiss franc exchange rate on the date of shareholder approval.

Future dividends on our common shares or reductions of registered share capital for distribution to shareholders, if any, must be approved by our shareholders. In exercising their discretion to recommend to the shareholders that such dividends or distributions 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. We may from time to time enter into financing agreements that contain financial covenants and restrictions, some of which may limit our ability to pay dividends or to distribute capital reductions.

Performance Graph

Set forth below is a graph comparing 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 on September 24, 2010 and assumes the reinvestment of all dividends and distributions. The graph shows the cumulative total return as of the fiscal years ended September 30, 2011, September 28, 2012, September 27, 2013, September 26, 2014, and September 25, 2015. The comparisons in the graph below are based upon historical data and are not indicative of, nor intended to forecast, future performance of our common shares.

COMPARISON OF CUMULATIVE TOTAL RETURN AMONG TE CONNECTIVITY LTD., S&P 500 INDEX, AND DOW JONES ELECTRICAL COMPONENTS AND EQUIPMENT INDEX



	Fiscal					
	2010[(1)]	2011	2012	2013	2014	2015
TE Connectivity Ltd.	$100.00	$ 98.10	$121.36	$189.53	$218.52	$221.28
S&P 500 Index	100.00	100.52	130.88	157.13	187.99	186.88
Dow Jones Electrical Components and Equipment Index	100.00	95.68	126.75	174.12	194.25	178.41

(1) $100 invested on September 24, 2010 in TE Connectivity'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 25, 2015:

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 27–July 24, 2015	2,173,915	$62.90	2,173,200	$3,201,410,350
July 25–August 28, 2015	2,679,413	61.01	2,652,400	3,039,551,253
August 29–September 25, 2015	5,479,859	59.96	5,475,000	2,711,277,446
Total	10,333,187	$60.85	10,300,600	

(1) These columns include the following transactions which occurred during the quarter ended September 25, 2015:

(i) the acquisition of 32,587 common shares from individuals in order 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 10,300,600 common shares, summarized on a trade-date basis, in conjunction with the share repurchase program announced in September 2007.

(2) In January 2015, our board of directors authorized a $3.0 billion increase in the share repurchase program. 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.

SELECTED FINANCIAL DATA

The following table presents selected consolidated financial data. The data presented below 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				
	2015[(1)]	2014[(2)]	2013[(3)]	2012[(4)]	2011
	(in millions, except per share data)				
Statement of Operations Data					
Net sales	$12,233	$11,973	$11,390	$11,325	$11,754
Acquisition and integration costs	55	31	14	27	—
Restructuring and other charges, net	152	19	222	104	88
Amounts attributable to TE Connectivity Ltd.:					
Income from continuing operations	1,238	1,614	1,154	1,003	1,089
Income from discontinued operations, net of income taxes	1,182	167	122	109	156
Net income	$ 2,420	$ 1,781	$ 1,276	$ 1,112	$ 1,245
Per Share Data					
Basic earnings per share attributable to TE Connectivity Ltd.:					
Income from continuing operations	$ 3.06	$ 3.94	$ 2.76	$ 2.35	$ 2.48
Net income	5.98	4.34	3.05	2.61	2.84
Diluted earnings per share attributable to TE Connectivity Ltd.:					
Income from continuing operations	$ 3.01	$ 3.87	$ 2.73	$ 2.33	$ 2.46
Net income	5.89	4.27	3.02	2.59	2.81
Dividends and cash distributions paid per common share	$ 1.24	$ 1.08	$ 0.92	$ 0.78	$ 0.68
Balance Sheet Data					
Total assets	$20,608	$20,152	$18,461	$19,306	$17,723
Long-term liabilities	7,446	7,146	6,015	7,182	6,680
Total equity	$ 9,585	$ 9,013	$ 8,386	$ 7,977	$ 7,484

(1) Fiscal 2015 results include $216 million of income tax charges associated with the tax impacts of certain intercompany legal entity restructurings made in connection with our integration of Measurement Specialties; $201 million of income tax benefits associated with the effective settlement of all undisputed tax matters for the years 2001 through 2007 and the related impact of $84 million to other expense pursuant to the Tax Sharing Agreement with Tyco International and Covidien; and $63 million of income tax benefits associated with the effective settlement of all undisputed tax matters for the years 2008 through 2010. In addition, in fiscal 2015, income from discontinued operations, net of income taxes includes the gain on the sale of our BNS business. (See Notes 4, 13, 16, and 17 to the Consolidated Financial Statements.)

(2) Fiscal 2014 results include $282 million of income tax benefits recognized in connection with a reduction in the valuation allowance associated with certain tax loss carryforwards relating to ADC Telecommunications, Inc. ("ADC"). (See Note 16 to the Consolidated Financial Statements.)

(3) Fiscal 2013 results include $331 million of income tax benefits associated with the effective settlement of all undisputed tax matters for the years 1997 through 2000 and the related impact of $231 million to other expense pursuant to the Tax Sharing Agreement with Tyco International and Covidien. (See Notes 13, 16, and 17 to the Consolidated Financial Statements.)

(4) Fiscal 2012 results include $75 million of charges from the amortization of acquisition-related fair value adjustments related primarily to acquired inventories and customer order backlog associated with Deutsch Group SAS ("Deutsch") and $107 million of income tax benefits recognized in connection with a reduction in the valuation allowance associated with tax loss carryforwards in certain non-U.S. locations.

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 "Forward-Looking Information," and in "Part I. Item 1A. Risk Factors" of our Annual Report on Form 10-K for the fiscal year ended September 25, 2015 filed with the SEC.

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

The following discussion includes organic net sales growth and free cash flow which are non-GAAP financial measures. We believe these non-GAAP financial measures, together with GAAP financial measures, provide useful information to investors because they reflect the financial measures that management uses in evaluating the underlying results of our operations. See "Non-GAAP Financial Measures" for more information about these non-GAAP financial measures, including our reasons for including the measures and material limitations with respect to the usefulness of the measures.

Overview

We are a global technology leader. We design and manufacture connectivity and sensors solutions that are essential in today's increasingly connected world. We help our customers solve the need for intelligent, efficient, and high-performing products and solutions.

During fiscal 2015, we reorganized our management structure and segments to better align the organization around our strategy. We now operate through three reportable segments: Transportation Solutions, Industrial Solutions, and Communications Solutions. See Notes 1 and 22 to the Consolidated Financial Statements for additional information regarding our segments. Prior period segment results have been restated to conform to the current segment reporting structure.

Fiscal 2015 highlights included the following:

- Overall, our net sales increased 2.2% in fiscal 2015 as compared to fiscal 2014, due to increased net sales in the Transportation Solutions and Communications Solutions segments, partially offset by sales declines in the Industrial Solutions segment.
- On an organic basis, net sales increased 3.8% during fiscal 2015 as compared to fiscal 2014. Our organic net sales by segment were as follows:
    - *Transportation Solutions*—Our net sales increased 4.1% on an organic basis during fiscal 2015 due primarily to increases in the automotive end market.
    - *Industrial Solutions*—Our organic net sales were flat in fiscal 2015.
    - *Communications Solutions*—Our organic net sales increased 8.4% in fiscal 2015, due primarily to sales increases in the subsea communications end market, partially offset by declines in the data and devices end market.
- During fiscal 2015, our shareholders approved a dividend payment to shareholders of $1.32 per issued share payable in four quarterly installments of $0.33 beginning with the third fiscal quarter of 2015 and ending in the second fiscal quarter of 2016.
- During fiscal 2015, we acquired Measurement Specialties and divested our BNS business.

Outlook

In the first quarter of fiscal 2016, we expect net sales to be between $2.7 billion and $2.9 billion. This reflects sales decreases in all segments relative to the first quarter of fiscal 2015. Additional information regarding expectations for our reportable segments for the first quarter of fiscal 2016 is as follows:

- *Transportation Solutions*—We expect our sales declines in the automotive and commercial transportation end markets to be partially offset by sales growth in the sensors end market in the first quarter of fiscal 2016. We expect global automotive production to decline 2% in the first quarter of fiscal 2016 as compared to the same period of fiscal 2015.
- *Industrial Solutions*—We expect our sales to decrease during the first quarter of 2016 as a result of the slowdown in China, inventory reductions in the supply chain, and continued weakness in the oil and gas market.
- *Communications Solutions*—In the first quarter of fiscal 2016, we expect our sales growth in the subsea communications end market to be more than offset by our sales declines in the data and devices and appliances end markets resulting from continued weakness in China, inventory reductions in the supply chain, and the exit of certain product lines.

We expect diluted earnings per share to be in the range of $0.62 to $0.70 per share in the first quarter of fiscal 2016. This outlook reflects continued market weakness in China. Also, it reflects the negative impact of foreign currency exchange rates on net sales and earnings per share of approximately $167 million and $0.05 per share, respectively, in the first quarter of fiscal 2016 as compared to the first quarter of fiscal 2015.

For fiscal 2016, which will be 53 weeks in length, we expect net sales to be between $12.0 billion and $12.8 billion, primarily reflecting sales increases in the Transportation Solutions segment offset by sales declines in the Communications Solutions segment from fiscal 2015 levels. Additional information regarding expectations for our reportable segments for fiscal 2016 is as follows:

- *Transportation Solutions*—During fiscal 2016, we expect our sales to increase in the automotive end market while we expect global automotive production to be flat as compared to fiscal 2015. Also, we expect our sales growth in the sensors end market to be partially offset by sales declines in the commercial transportation end market in fiscal 2016.
- *Industrial Solutions*—Within the aerospace, defense, oil, and gas end market, we expect our sales growth, primarily in the commercial aerospace market, to be offset by sales declines in the oil and gas market due to continued market weakness in fiscal 2016. We anticipate that the negative impact of inventory adjustments in the supply chain will continue during the first half of fiscal 2016.
- *Communications Solutions*—In fiscal 2016, we expect our sales growth in the subsea communications end market to be more than offset by our sales declines in the data and devices end market resulting from the exit of certain product lines and continued weakness in China.

We expect diluted earnings per share to be in the range of $3.61 to $4.01 per share in fiscal 2016. This outlook includes approximately $200 million in net sales and $0.05 earnings per share resulting from the additional week in fiscal 2016. Also, this outlook reflects the negative impact of foreign currency exchange rates on net sales and earnings per share of approximately $262 million and $0.10 per share, respectively, in fiscal 2016 as compared to fiscal 2015.

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

We are monitoring the current macroeconomic environment, including the uncertain market conditions in China, and its potential effects on our customers and the end markets we serve. Additionally, we continue to closely manage our costs in line with economic conditions. We are also 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.”

Acquisition

On October 9, 2014, we acquired 100% of the outstanding shares of Measurement Specialties, a leading global designer and manufacturer of sensors and sensor-based systems, for $86.00 in cash per share. The total value paid was approximately $1.7 billion, net of cash acquired, and included $225 million for the repayment of Measurement Specialties’ debt and accrued interest. This business has been reported as part of our Transportation Solutions segment from the date of acquisition. See additional information regarding acquisitions in Note 5 to the Consolidated Financial Statements.

Discontinued Operations

During fiscal 2015, we sold our BNS business for $3.0 billion in cash and recognized a pre-tax gain of $1,105 million on the transaction.

The BNS business met the discontinued operations criteria and has been reported as such in all periods presented on the Consolidated Financial Statements. Prior to reclassification to discontinued operations, the BNS business was a component of the former Network Solutions segment.

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

Planned Divestiture

On November 7, 2015, we entered into a definitive agreement to sell our Circuit Protection Devices (“CPD”) business for $350 million in cash, subject to a final working capital adjustment. The transaction is expected to close during the second quarter of fiscal 2016 pending customary closing conditions and regulatory approvals. The net assets of the CPD business were approximately $200 million at September 25, 2015. The CPD business is currently reported as part of the Data and Devices business within our Communications Solutions segment.

Results of Operations

Net Sales

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

	Fiscal					
	2015		2014		2013	
	($ in millions)					
Transportation Solutions	$ 6,351	52%	$ 6,090	51%	$ 5,485	48%
Industrial Solutions	3,179	26	3,302	28	3,100	27
Communications Solutions	2,703	22	2,581	21	2,805	25
Total	$12,233	100%	$11,973	100%	$11,390	100%

The following table provides an analysis of the change in our net sales compared to the prior fiscal year by segment:

	Fiscal											
	2015						2014					
	Change in Net Sales versus Prior Fiscal Year						Change in Net Sales versus Prior Fiscal Year					
	Organic		Translation	Acquisitions	Total		Organic		Translation	Acquisitions (Divestitures)	Total	
	($ in millions)											
Transportation Solutions	$250	4.1%	$(556)	$567	$ 261	4.3%	$ 570	10.4%	$ 33	$ 2	$ 605	11.0%
Industrial Solutions	(7)	(0.2)	(258)	142	(123)	(3.7)	161	5.2	10	31	202	6.5
Communications Solutions	217	8.4	(95)	—	122	4.7	(174)	(6.2)	(11)	(39)	(224)	(8.0)
Total	$460	3.8%	$(909)	$709	$ 260	2.2%	$ 557	4.9%	$ 32	$ (6)	$ 583	5.1%

Net sales increased $260 million, or 2.2%, in fiscal 2015 as compared to fiscal 2014. The increase in net sales resulted from sales contributions from acquisitions of 5.9% and organic sales growth of 3.8%, partially offset by the negative impact of foreign currency translation of 7.5% due to the weakening of certain foreign currencies. Measurement Specialties contributed net sales of $548 million during fiscal 2015.

On an organic basis, net sales increased $460 million, or 3.8%, in fiscal 2015 as compared to 2014, primarily as a result of sales increases in the Transportation Solutions and Communications Solutions segments. Price erosion adversely affected organic sales by $208 million in fiscal 2015.

Net sales increased $583 million, or 5.1%, in fiscal 2014 as compared to fiscal 2013. The increase in net sales was primarily the result of organic growth of 4.9% and the positive impact of foreign currency translation of 0.3% due to the strengthening of certain foreign currencies.

On an organic basis, net sales increased $557 million, or 4.9%, during fiscal 2014 as compared to fiscal 2013 as increased net sales in the Transportation Solutions segment and, to a lesser degree, the Industrial Solutions segment were partially offset by sales decreases in the Communications Solutions segment. Price erosion adversely affected organic sales by $194 million in fiscal 2014.

See further discussion of organic net sales below under "Segment Results."

Net Sales by Geographic Region. Our business operates in three geographic regions—the Americas, Asia–Pacific, and EMEA—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 52% of our net sales were invoiced in currencies other than the U.S. dollar in fiscal 2015. The percentage of net sales in fiscal 2015 by major currencies invoiced was as follows:

Currencies	Percentage
U.S. dollar	48%
Euro	27
Chinese renminbi	9
Japanese yen	5
All others	11
Total	100%

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

	Fiscal					
	2015		2014		2013	
	($ in millions)					
Americas	$ 4,138	34%	$ 3,515	30%	$ 3,456	30%
Asia–Pacific	4,103	33	4,234	35	3,986	35
EMEA	3,992	33	4,224	35	3,948	35
Total	$12,233	100%	$11,973	100%	$11,390	100%

The following table provides an analysis of the change in our net sales compared to the prior fiscal year by geographic region:

	Fiscal 2015: Change in Net Sales versus Prior Fiscal Year							Fiscal 2014: Change in Net Sales versus Prior Fiscal Year						
	Organic		Translation	Acquisitions	Total		Organic		Translation	Acquisitions (Divestitures)	Total	
	($ in millions)											
Americas	$361	10.3%	$ (72)	$334	$ 623	17.7%	$ 58	1.7%	$ (33)	$ 34	$ 59	1.7%
Asia–Pacific	(31)	(0.7)	(188)	88	(131)	(3.1)	349	8.8	(67)	(34)	248	6.2
EMEA	130	3.1	(649)	287	(232)	(5.5)	150	3.8	132	(6)	276	7.0
Total	$460	3.8%	$(909)	$709	$ 260	2.2%	$557	4.9%	$ 32	$ (6)	$583	5.1%

Cost of Sales and Gross Margin

The following table presents cost of sales and gross margin in dollars and as a percentage of net sales, as well as the changes from the prior fiscal year:

	Fiscal 2015	Fiscal 2014	Fiscal 2013	Fiscal 2015 versus 2014	Fiscal 2014 versus 2013
	($ in millions)				
Cost of sales	$8,146	$8,001	$7,739	$ 145	$ 262
As a percentage of net sales	66.6%	66.8%	67.9%	(0.2)%	(1.1)%
Gross margin	$4,087	$3,972	$3,651	$ 115	$ 321
As a percentage of net sales	33.4%	33.2%	32.1%	0.2%	1.1%

Gross margin increased $115 million in fiscal 2015 as compared to fiscal 2014. In fiscal 2015, gross margin included charges of $36 million from the amortization of acquisition-related fair value adjustments to acquired inventories and customer order backlog associated primarily with Measurement Specialties. Excluding these charges, gross margin increased in fiscal 2015 primarily as a result of higher volume and improved manufacturing productivity, partially offset by the negative impact of changes in foreign currency exchange rates and price erosion.

In fiscal 2014, gross margin increased $321 million as compared to fiscal 2013. The increase in gross margin resulted primarily from improved manufacturing productivity and, to a lesser degree, higher volume, partially offset by price erosion.

Cost of sales and gross margin are subject to variability in raw material prices, and the price of many of our raw materials continues to fluctuate. In fiscal 2015, we purchased approximately 160 million pounds of copper, 123,000 troy ounces of gold, and 2.5 million troy ounces of silver. The following table sets forth the average prices incurred related to copper, gold, and silver.

	Measure	Fiscal 2015	Fiscal 2014	Fiscal 2013
Copper	Lb.	$ 3.06	$ 3.33	$ 3.51
Gold	Troy oz.	1,267	1,405	1,613
Silver	Troy oz.	18.51	23.43	29.18

In fiscal 2016, we expect to purchase copper, gold, and silver in quantities similar 2015 levels.

Operating Expenses

The following table presents operating expenses in dollars and selling, general, and administrative expenses as a percentage of net sales, as well as the changes from the prior fiscal year:

	Fiscal			Fiscal 2015 versus	Fiscal 2014 versus
	2015	2014	2013	2014	2013
	($ in millions)				
Selling, general, and administrative expenses	$1,504	$1,534	$1,440	$ (30)	$ 94
As a percentage of net sales	12.3%	12.8%	12.6%	(0.5)%	0.2%
Research, development, and engineering expenses	$ 627	$ 583	$ 590	$ 44	$ (7)
Acquisition and integration costs	$ 55	$ 31	$ 14	$ 24	$ 17
Restructuring and other charges, net	$ 152	$ 19	$ 222	$133	$(203)

Selling, General, and Administrative Expenses. Selling, general, and administrative expenses decreased $30 million in fiscal 2015 as compared to fiscal 2014. The decrease resulted primarily from cost control measures and saving attributable to restructuring actions, partially offset by additional expenses associated with Measurement Specialties.

In fiscal 2014, selling, general, and administrative expenses increased $94 million as compared to fiscal 2013. The increase resulted primarily from increased selling expenses to support higher sales levels, partially offset by savings attributable to restructuring actions and a gain on the sale of real estate.

Research, Development, and Engineering Expenses. Research, development, and engineering expenses increased $44 million in fiscal 2015 as compared to fiscal 2014 as a result of additional expenses related to acquisitions and growth initiatives, primarily in the Transportation Solutions segment.

Acquisition and Integration Costs. In fiscal 2015, we incurred acquisition and integration costs of $55 million, related primarily to the acquisitions of Measurement Specialties and the SEACON Group ("SEACON"). In fiscal 2014, we incurred acquisition and integration costs of $31 million, primarily in connection with the acquisition of SEACON. In connection with the acquisition of Deutsch, we incurred acquisition and integration costs of $14 million during fiscal 2013.

Restructuring and Other Charges, Net. We are committed to continuous productivity improvements and consistently 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 2015, we initiated a restructuring program associated with headcount reductions and product line closures, primarily impacting the Communications Solutions and Industrial Solutions segments. During fiscal 2014, we initiated a restructuring program associated primarily with headcount reductions and manufacturing site and product line closures in the Communications Solutions segment. During fiscal 2013, we initiated a restructuring program associated with headcount reductions and manufacturing site closures impacting all segments.

In connection with these initiatives, we recorded net restructuring charges of $93 million, $23 million, and $225 million in fiscal 2015, 2014, and 2013, respectively. We expect to incur net restructuring charges of approximately $75 million during fiscal 2016, and we expect total spending, which will be funded with cash from operations, to be approximately $90 million in fiscal 2016. Annualized cost savings related to actions initiated in fiscal 2015 are estimated to be approximately

$80 million and are expected to be realized by the end of fiscal 2017. Cost savings will be reflected primarily in cost of sales and selling, general, and administrative expenses.

During fiscal 2015, we incurred net other charges of $59 million, primarily in connection with the divestiture of BNS.

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, as well as the changes from the prior fiscal year:

	Fiscal 2015	Fiscal 2014	Fiscal 2013	Fiscal 2015 versus 2014	Fiscal 2014 versus 2013
	($ in millions)				
Operating income	$1,749	$1,805	$1,385	$(56)	$420
Operating margin	14.3%	15.1%	12.2%	(0.8)%	2.9%

Operating income included the following special items:

	Fiscal 2015	Fiscal 2014	Fiscal 2013
	(in millions)		
Acquisition related charges:			
Acquisition and integration costs	$ 55	$31	$ 14
Charges associated with the amortization of acquisition-related fair value adjustments	36	4	—
Restructuring charges related to acquisitions	3	—	—
	94	35	14
Restructuring and other charges, net	149	19	222
Total	$243	$54	$236

See further discussion of operating income below under "Segment Results."

Non-Operating Items

The following table presents select non-operating items, as well as the changes from the prior fiscal year:

	Fiscal 2015	Fiscal 2014	Fiscal 2013	Fiscal 2015 versus 2014	Fiscal 2014 versus 2013
	($ in millions)				
Interest expense	$ 136	$127	$ 139	$ 9	$ (12)
Other income (expense), net	$ (55)	$ 63	$(183)	$ (118)	$ 246
Income tax provision (benefit)	$ 337	$146	$ (75)	$ 191	$ 221
Effective tax rate	21.4%	8.3%	NM(1)	13.1%	NM(1)
Income from discontinued operations, net of income taxes	$1,182	$167	$ 122	$1,015	$ 45

(1) Not meaningful.

Interest Expense. The increase in interest expense of $9 million in fiscal 2015 from fiscal 2014 was due to higher average debt levels. The decrease of $12 million in fiscal 2014 from fiscal 2013 was due to a lower average cost of debt.

Other Income (Expense), Net. In fiscal 2015, 2014, and 2013, we recorded net other income (expense) primarily pursuant to the Tax Sharing Agreement with Tyco International and Covidien. See Note 12 to the Consolidated Financial Statements for further information regarding the Tax Sharing Agreement.

Net other expense in fiscal 2015 included $84 million related to the effective settlement of undisputed tax matters for the years 2001 through 2007. Net other income in fiscal 2014 included $18 million of income related to our share of a settlement agreement entered into by Tyco International with a former subsidiary, CIT Group Inc., which arose from a pre-separation claim for which we were entitled to 31% once resolved. Net other expense in fiscal 2013 included $231 million related to the effective settlement of all undisputed tax matters for the years 1997 through 2000. See Note 13 to the Consolidated Financial Statements for additional information regarding the effective settlement of undisputed tax matters.

Income Taxes. The tax provision for fiscal 2015 reflects an income tax benefit of $264 million related to the effective settlement of all undisputed tax matters for the years 2001 through 2010, partially offset by $216 million of income tax charges associated with the tax impacts of certain intercompany legal entity restructurings made in connection with our integration of Measurement Specialties. Also, the tax provision for fiscal 2015 reflects an income tax charge of $29 million associated with the tax impacts of certain intercompany dividends related to the restructuring and sale of BNS.

The tax provision for fiscal 2014 reflects income tax benefits of $282 million recognized in connection with a reduction in the valuation allowance associated with certain ADC tax loss carryforwards, partially offset by an income tax charge related to adjustments to prior year income tax returns.

In fiscal 2014, we acquired SEACON, and its U.S. operations were combined with our ADC U.S. federal consolidated tax group. In addition, the ADC U.S. tax group was combined with other U.S. legal entities and assets. We reassessed the realization of the revised ADC U.S. tax group's tax loss and credit carryforwards. Based upon management's review of forecasted future taxable income of the reorganized combined tax group, we believed it was more likely than not that a tax benefit would be realized on additional U.S. federal and state net operating losses. Accordingly, we reduced the valuation allowance and recorded a tax benefit of $282 million.

The tax benefit for fiscal 2013 reflects an income tax benefit of $331 million related to the effective settlement of all undisputed tax matters for the years 1997 through 2000. In addition, the tax benefit for fiscal 2013 reflects $23 million of net tax benefits consisting primarily of income tax benefits recognized in connection with a reduction in the valuation allowance associated with certain ADC tax loss carryforwards and income tax benefits recognized in connection with the lapse of statutes of limitations for examinations of prior year income tax returns, partially offset by income tax expense related to adjustments to prior year income tax returns.

The valuation allowance for deferred tax assets of $3,237 million and $1,706 million at fiscal year end 2015 and 2014, respectively, relates 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 2015, the valuation allowance increased due primarily to tax losses of $1,381 million (tax effected) generated in connection with the write-down of investments in subsidiaries in certain jurisdictions where future utilization is uncertain. 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 September 25, 2015, certain subsidiaries had approximately $19 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.

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 primary industry end market(1):

	Fiscal					
	2015		2014		2013	
	($ in millions)					
Automotive	$4,795	75%	$5,011	82%	$4,571	83%
Commercial Transportation	807	13	879	15	725	13
Sensors	749	12	200	3	189	4
Total	$6,351	100%	$6,090	100%	$5,485	100%

(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 compared to the prior fiscal year by primary industry end market:

	Fiscal													
	2015							2014						
	Change in Net Sales versus Prior Fiscal Year							Change in Net Sales versus Prior Fiscal Year						
	Organic		Translation	Acquisitions	Total			Organic		Translation	Acquisition	Total		
	($ in millions)													
Automotive	$256	5.1%	$(472)	$ —	$(216)	(4.3)%		$413	9.0%	$27	$—	$440	9.6%	
Commercial Transportation	(9)	(1.0)	(63)	—	(72)	(8.2)		153	20.8	1	—	154	21.2	
Sensors	3	1.5	(21)	567	549	274.5		4	1.6	5	2	11	5.8	
Total	$250	4.1%	$(556)	$567	$ 261	4.3%		$570	10.4%	$33	$ 2	$605	11.0%	

Net sales in the Transportation Solutions segment increased $261 million, or 4.3%, in fiscal 2015 as compared to fiscal 2014 as a result of sales contributions from acquisitions of 9.3% and organic sales growth of 4.1%, partially offset by the negative impact of foreign currency translation of 9.1%.

Measurement Specialties contributed net sales of $548 million during fiscal 2015. Our organic net sales by primary industry end market were as follows:

- *Automotive*—Our organic net sales increased 5.1% in fiscal 2015 with growth of 8.2% in the Asia–Pacific region, 4.4% in the EMEA region, and 0.8% in the Americas region. Growth in the Asia–Pacific and EMEA regions and North America was driven primarily by increased content per vehicle. This growth was partially offset by weakness in South America driven by lower production volumes in Brazil.

- *Commercial transportation*—Our organic net sales decreased 1.0% in fiscal 2015 due to lower demand in the agriculture market across all regions, partially offset by growth in the heavy truck market in developed countries.

- *Sensors*—Our organic net sales increased 1.5% in fiscal 2015 due to new product launches in China and increased volume in Japan, partially offset by market weakness in Korea and Eastern Europe.

In fiscal 2014, net sales in the Transportation Solutions segment increased $605 million, or 11.0%, from fiscal 2013 primarily as a result of organic sales growth of 10.4% and the positive impact of foreign currency translation of 0.6%. Our organic net sales by primary industry end market were as follows:

- *Automotive*—Our organic net sales increased 9.0% in fiscal 2014. The increase was due primarily to growth of 11.6% in the Asia–Pacific region, 7.8% in the EMEA region, and 7.0% in the Americas region. In the Asia–Pacific region, growth was driven by increased demand in China and, to a lesser degree, Japan, partially offset by declines in certain southeastern Asia–Pacific areas. In the EMEA region, growth resulted primarily from increased demand for exports to other regions and, to a lesser degree, increased local demand. Growth in the Americas region was driven by strong consumer demand in North America, partially offset by weaker economic conditions in South America.

- *Commercial transportation*—Our organic net sales increased 20.8% in fiscal 2014 due to stronger market conditions, strength in the North America truck market, and the acceleration of purchases related to emission standard changes in China and the EMEA region.

- *Sensors*—Our organic net sales increased 1.6% in fiscal 2014 due to growth in the Americas and EMEA regions, partially offset by a decline in the Asia–Pacific region.

Operating Income. The following table presents the Transportation Solutions segment's operating income and operating margin, as well as the changes from the prior fiscal year:

	Fiscal			Fiscal 2015 versus	Fiscal 2014 versus
	2015	2014	2013	2014	2013
	($ in millions)				
Operating income	$1,193	$1,245	$ 934	$ (52)	$311
Operating margin	18.8%	20.4%	17.0%	(1.6)%	3.4%

The Transportation Solutions segment's operating income included the following special items:

	Fiscal 2015	Fiscal 2014	Fiscal 2013
	(in millions)		
Acquisition related charges:			
Acquisition and integration costs	$ 28	$ 4	$ 7
Charges associated with the amortization of acquisition-related fair value adjustments	30	—	—
Restructuring charges related to acquisitions	3	—	—
	61	4	7
Restructuring and other charges, net	39	4	39
Total	$100	$ 8	$46

In fiscal 2015, operating income in the Transportation Solutions segment decreased $52 million as compared to fiscal 2014. Excluding the charges presented in the table above, operating income increased in fiscal 2015 due primarily to higher volume and, to a lesser degree, improved manufacturing productivity, partially offset by the negative impact of changes in foreign currency exchange rates and price erosion.

Operating income in the Transportation Solutions segment increased $311 million in fiscal 2014 as compared to fiscal 2013. Excluding the charges presented in the table above, operating income increased in fiscal 2014 primarily as a result of higher volume and improved manufacturing productivity, partially offset by price erosion.

Industrial Solutions

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

	Fiscal 2015		Fiscal 2014		Fiscal 2013	
	($ in millions)					
Industrial Equipment	$1,323	42%	$1,364	41%	$1,284	41%
Aerospace, Defense, Oil, and Gas	1,151	36	1,140	35	1,019	33
Energy	705	22	798	24	797	26
Total	$3,179	100%	$3,302	100%	$3,100	100%

(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 compared to the prior fiscal year by primary industry end market:

	Fiscal 2015: Change in Net Sales versus Prior Fiscal Year						Fiscal 2014: Change in Net Sales versus Prior Fiscal Year					
	Organic		Translation	Acquisitions	Total		Organic		Translation	Acquisitions (Divestiture)	Total	
	($ in millions)											
Industrial Equipment	$ 12	0.9%	$ (96)	$ 43	$ (41)	(3.0)%	$ 77	6.0%	$ 3	$ —	$ 80	6.2%
Aerospace, Defense, Oil, and Gas	(17)	(1.5)	(71)	99	11	1.0	67	6.5	8	46	121	11.9
Energy	(2)	(0.3)	(91)	—	(93)	(11.7)	17	2.1	(1)	(15)	1	0.1
Total	$ (7)	(0.2)%	$(258)	$142	$(123)	(3.7)%	$161	5.2%	$10	$ 31	$202	6.5%

In the Industrial Solutions segment, net sales decreased $123 million, or 3.7%, in fiscal 2015 from fiscal 2014 due primarily to the negative impact of foreign currency translation of 7.8%, partially offset by sales contributions from acquisitions of 4.3%. Our organic net sales by primary industry end market were as follows:

- *Industrial equipment*—Our organic net sales were flat in fiscal 2015 as growth in the Asia–Pacific and EMEA regions was offset by lower demand in the Americas region.
- *Aerospace, defense, oil, and gas*—Our organic net sales decreased 1.5% in fiscal 2015 due primarily to weakness in the oil and gas market resulting from oil price declines and market uncertainty, partially offset by continued strength in our commercial aviation business.
- *Energy*—Our organic net sales were flat in fiscal 2015 as growth in the Americas region was offset by declines in the Asia–Pacific region.

Net sales in the Industrial Solutions segment increased $202 million, or 6.5%, in fiscal 2014 as compared to fiscal 2013 primarily as a result of organic sales growth of 5.2% and the net sales impact from acquisitions and a divestiture of 1.0%. Our organic net sales by primary industry end market were as follows:

- *Industrial equipment*—Our organic net sales increased 6.0% in fiscal 2014 as a result of market recovery, particularly in the Asia–Pacific region and, to a lesser degree, the EMEA region.
- *Aerospace, defense, oil, and gas*—Our organic net sales increased 6.5% in fiscal 2014. The increase was attributable to continued strength in the commercial aviation business and growth in the oil and gas market, partially offset by continued weakness in the defense market.
- *Energy*—Our organic net sales increased 2.1% in fiscal 2014 primarily as a result of growth in the Asia–Pacific and Americas regions, partially offset by a decline in the EMEA region.

Operating Income. The following table presents the Industrial Solutions segment's operating income and operating margin, as well as the changes from the prior fiscal year:

	Fiscal			Fiscal 2015 versus 2014	Fiscal 2014 versus 2013
	2015	2014	2013		
	($ in millions)				
Operating income	$ 352	$ 431	$ 344	$ (79)	$ 87
Operating margin	11.1%	13.1%	11.1%	(2.0)%	2.0%

The Industrial Solutions segment's operating income included the following special items:

	Fiscal		
	2015	2014	2013
	(in millions)		
Acquisition related charges:			
Acquisition and integration costs	$27	$27	$ 7
Charges associated with the amortization of acquisition-related fair value adjustments	6	4	—
	33	31	7
Restructuring and other charges, net	44	7	63
Total	$77	$38	$70

In fiscal 2015, operating income in the Industrial Solutions segment decreased $79 million as compared to fiscal 2014. Excluding the charges presented in the table above, operating income decreased in fiscal 2015 as a result of the negative impact of changes in foreign currency exchange rates and price erosion, partially offset by higher volume.

Operating income in the Industrial Solutions segment increased $87 million in fiscal 2014 as compared to fiscal 2013. Excluding the charges presented in the table above, operating income increased in fiscal 2014 due to higher volume and improved manufacturing productivity, partially offset by price erosion.

Communications Solutions

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

	Fiscal					
	2015		2014		2013	
	($ in millions)					
Data and Devices	$1,357	50%	$1,641	64%	$1,790	64%
Subsea Communications	709	26	283	11	397	14
Appliances	637	24	657	25	618	22
Total	$2,703	100%	$2,581	100%	$2,805	100%

(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 Communications Solutions segment's net sales compared to the prior fiscal year by primary industry end market:

	Fiscal											
	2015					2014						
	Change in Net Sales versus Prior Fiscal Year					Change in Net Sales versus Prior Fiscal Year						
	Organic		Translation	Total		Organic		Translation	Divestiture	Total		
	($ in millions)											
Data and Devices	$(224)	(13.6)%	$(60)	$(284)	(17.3)%	$ (99)	(5.5)%	$(11)	$(39)	$(149)	(8.3)%	
Subsea Communications	426	150.5	—	426	150.5	(114)	(28.7)	—	—	(114)	(28.7)	
Appliances	15	2.3	(35)	(20)	(3.0)	39	6.3	—	—	39	6.3	
Total	$ 217	8.4%	$(95)	$ 122	4.7%	$(174)	(6.2)%	$(11)	$(39)	$(224)	(8.0)%	

Net sales in the Communications Solutions segment increased $122 million, or 4.7%, in fiscal 2015 as compared to fiscal 2014 as a result of organic sales growth of 8.4%, partially offset by the negative impact of foreign currency translation of 3.7%. Our organic net sales by primary industry end market were as follows:

- *Data and devices*—Our organic net sales decreased 13.6% in fiscal 2015 due to continued declines in our sales in the feature phone and tablet computer markets, weak demand in the smartphone business, and the exit of certain low margin product lines.
- *Subsea communications*—Our organic net sales increased 150.5% in fiscal 2015 as a result of increased levels of project activity.
- *Appliances*—Our organic net sales increased 2.3% in fiscal 2015 with increased demand in the EMEA region and a rebound in the U.S. market, partially offset by lower demand in the Asia–Pacific region.

In fiscal 2014, net sales in the Communications Solutions segment decreased $224 million, or 8.0%, as compared to fiscal 2013 due to declines in organic sales of 6.2%, sales declines resulting from a divestiture of 1.4%, and the negative impact of foreign currency translation of 0.4%. Our organic net sales by primary industry end market were as follows:

- *Data and devices*—Our organic net sales decreased 5.5% in fiscal 2014 due to the exit of certain product lines and weak demand in the datacenter, mobile phone, and personal computer markets, partially offset by increased demand and new product launches in the tablet computer market.
- *Subsea communications*—Our organic net sales decreased 28.7% in fiscal 2014 due to lower project volume.
- *Appliances*—Our organic net sales increased 6.3% in fiscal 2014 due primarily to increased demand and share gains in the Asia–Pacific region and, to a lesser degree, the Americas region.

Operating Income. The following table presents the Communications Solutions segment's operating income and operating margin, as well as the changes from the prior fiscal year:

	Fiscal 2015	Fiscal 2014	Fiscal 2013	Fiscal 2015 versus 2014	Fiscal 2014 versus 2013
	($ in millions)				
Operating income	$204	$129	$107	$ 75	$ 22
Operating margin	7.5%	5.0%	3.8%	2.5%	1.2%

The Communications Solutions segment's operating income included the following special items:

	Fiscal 2015	Fiscal 2014	Fiscal 2013
	(in millions)		
Restructuring and other charges, net	$66	$8	$120

In fiscal 2015, operating income in the Communications Solutions segment increased $75 million as compared to fiscal 2014. Excluding the charges presented in the table above, operating income increased in fiscal 2015, due primarily to improved manufacturing productivity, partially offset by price erosion.

Operating income in the Communications Solutions segment increased $22 million fiscal 2014 as compared to fiscal 2013. Excluding the charges presented in the table above, operating income decreased in fiscal 2014 as a result of lower volume and price erosion, partially offset by improved manufacturing productivity.

Liquidity and Capital Resources

The following table summarizes our cash flow from operating, investing, and financing activities, as reflected on the Consolidated Statements of Cash Flows:

	Fiscal 2015	Fiscal 2014	Fiscal 2013
		(in millions)	
Net cash provided by operating activities	$ 1,913	$ 2,083	$ 2,046
Net cash provided by (used in) investing activities	636	(1,075)	(545)
Net cash provided by (used in) financing activities	(1,606)	65	(1,678)
Effect of currency translation on cash	(71)	(19)	(9)
Net increase (decrease) in cash and cash equivalents	$ 872	$ 1,054	$ (186)

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 $500 million of senior floating rate notes due in January 2016. We may use excess cash to reduce our outstanding debt, including through the possible repurchase of our debt in accordance with applicable law, to purchase a portion of our common shares pursuant to our authorized share repurchase program, to pay distributions or dividends on our common shares, or to acquire strategic businesses or product lines. 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 September 25, 2015, 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 costs. 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 September 25, 2015, we had approximately $5.2 billion of cash, cash equivalents, and intercompany deposits, principally in our subsidiaries, that we have the ability to distribute to TEGSA, our Luxembourg subsidiary, and TE Connectivity Ltd., our Swiss parent company, but we consider to be permanently reinvested. We estimate that up to approximately $1.7 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 decreased $185 million to $1,619 million in fiscal 2015 as compared to $1,804 million in fiscal 2014. The decrease resulted primarily from the unfavorable effects of changes in working capital levels, partially offset by a decrease in net payments made in relation to pre-separation tax matters.

Net cash provided by continuing operating activities was $1,804 million in fiscal 2014 as compared to $1,775 million in fiscal 2013. The increase resulted primarily from higher income levels, partially offset by higher accounts receivable levels and net payments made in relation to pre-separation tax matters.

Pension and postretirement benefit contributions in fiscal 2015, 2014, and 2013 were $68 million, $89 million, and $95 million, respectively. We expect pension and postretirement benefit contributions to be $75 million in fiscal 2016, before consideration of any voluntary contributions. There were no voluntary pension contributions in fiscal 2015, 2014, and 2013.

The amount of income taxes paid, net of refunds, during fiscal 2015, 2014, and 2013 was $350 million, $259 million, and $299 million, respectively. In fiscal 2015 and 2013, these payments included $47 million and $67 million, respectively, for tax deficiencies related to pre-separation tax matters. Also during fiscal 2015 and 2013, we received net reimbursements of $7 million and $39 million, respectively, from Tyco International and Covidien pursuant to their indemnifications for pre-separation U.S. tax matters. During fiscal 2014, we made net payments of $179 million to Tyco

International and Covidien pursuant to our indemnifications for pre-separations U.S. tax matters. See Note 13 to the Consolidated Financial Statements for additional information related to pre-separation tax matters.

In addition to net cash provided by operating activities, we use free cash flow, a non-GAAP financial measure, as a useful measure of our ability to generate cash. Free cash flow was $1,076 million in fiscal 2015 as compared to $1,477 million in fiscal 2014 and $1,244 million in fiscal 2013. The following table sets forth a reconciliation of net cash provided by continuing operating activities, the most comparable GAAP financial measure, to free cash flow.

	Fiscal		
	2015	2014	2013
		(in millions)	
Net cash provided by continuing operating activities	$1,619	$1,804	$1,775
Capital expenditures	(600)	(635)	(581)
Proceeds from sale of property, plant, and equipment	17	129	22
Payments related to pre-separation U.S. tax matters, net	40	179	28
Free cash flow	$1,076	$1,477	$1,244

Cash Flows from Investing Activities

Capital expenditures were $600 million, $635 million, and $581 million in fiscal 2015, 2014, and 2013, respectively. We expect fiscal 2016 capital spending levels to be approximately 5% 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.

Proceeds from the sale of property, plant, and equipment for fiscal 2014 included approximately $100 million related to the sale of real estate.

During fiscal 2015, we acquired Measurement Specialties. The total value paid for the transaction was approximately $1.7 billion, net of cash acquired, and included $225 million for the repayment of Measurement Specialties' debt and accrued interest. Also during fiscal 2015, we acquired three additional companies for $241 million in cash, net of cash acquired. During fiscal 2014, we acquired five companies for $522 million in cash, net of cash acquired. See additional information in Note 5 to the Consolidated Financial Statements.

During fiscal 2015, we received net cash proceeds of $3.0 billion related to the sale of our BNS 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 2015 and 2014 was $3,903 million and $3,858 million, respectively. See Note 11 to the Consolidated Financial Statements for additional information regarding debt.

During February 2015, TEGSA, our 100%-owned subsidiary, repaid, at maturity, $250 million of 1.60% senior notes due 2015.

In February 2015, TEGSA issued €550 million aggregate principal amount of 1.100% senior notes due March 1, 2023. The 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 $1,500 million. The Credit Facility was amended in August 2013 primarily to extend the maturity date from June 2016 to August 2018 and reduce borrowing costs. TEGSA had no borrowings under the Credit Facility at September 25, 2015 and September 26, 2014.

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 September 25, 2015, 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 and cash distributions to shareholders were $502 million, $443 million, and $384 million in fiscal 2015, 2014, and 2013, respectively. See Note 19 to the Consolidated Financial Statements for additional information regarding dividends and cash distributions on our common shares.

Future dividends on our common shares or reductions of registered share capital for distribution to shareholders, if any, must be approved by our shareholders. In exercising their discretion to recommend to the shareholders that such dividends or distributions 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.

During fiscal 2015, our board of directors authorized an increase of $3.0 billion in the share repurchase program. We repurchased approximately 18 million of our common shares for $1,163 million, approximately 11 million of our common shares for $604 million, and approximately 20 million of our common shares for $829 million during fiscal 2015, 2014, and 2013, respectively. At September 25, 2015, we had $2.7 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 2015:

		Payments Due by Fiscal Year					
	Total	2016	2017	2018	2019	2020	Thereafter
		(in millions)					
Long-term debt, including current maturities	$3,903	$ 500	$ —	$718	$574	$ —	$2,111
Interest on long-term debt[1]	1,245	140	140	116	89	79	681
Operating leases	344	98	76	59	44	30	37
Purchase obligations[2]	341	300	24	3	2	2	10
Total contractual cash obligations[3][4][5]	$5,833	$1,038	$240	$896	$709	$111	$2,839

(1) Interest payments exclude the impact of our interest rate swaps.

(2) Purchase obligations consist primarily of commitments for purchases of goods and services.

(3) The table above does not reflect unrecognized income tax benefits of $1,368 million and related accrued interest and penalties of $1,076 million, the timing of which is uncertain. See Note 16 to the Consolidated Financial Statements for additional information regarding unrecognized income tax benefits, interest, and penalties.

(4) The table above does not reflect pension and postretirement benefit obligations to certain employees and former employees. We are obligated to make contributions to our pension plans and postretirement benefit 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 $75 million to pension and postretirement benefit plans in fiscal 2016, before consideration of voluntary contributions. These plans and our estimates of future contributions and benefit payments are more fully described in Note 15 to the Consolidated Financial Statements.

(5) Other long-term liabilities of $433 million are excluded from the table above as we are unable to estimate the timing of payment for these items.

Legal Proceedings

In the ordinary 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. However, the proceedings discussed below in "Income Tax Matters" could have a material effect on our results of operations, financial position, or cash flows. See "Part I. Item 3. Legal Proceedings" of our Annual Report on Form 10-K for the fiscal year ended September 25, 2015 filed with the SEC for further information regarding legal proceedings.

As previously reported, we had a contingent purchase price commitment of $80 million related to our fiscal 2001 acquisition of Com-Net. This represented the maximum amount payable to the former shareholders of Com-Net only after the construction and installation of a communications system was completed for and approved by the State of Florida in accordance with guidelines set forth in the contract. Under the terms of the purchase and sale agreement, we did not believe we had any obligation to the sellers. However, the sellers contested our position and initiated a lawsuit in June 2006 in the Court of Common Pleas in Allegheny County, Pennsylvania. Trial began in March 2015 and culminated in the entry of final judgment on October 8, 2015, in favor of the sellers and against us for $127 million plus costs. The judgment represents the $80 million contingent purchase price plus pre-judgment interest, which will continue to accrue until the judgment is paid in full. We are proceeding with an appeal. In connection with this case, we recorded a reserve and pre-tax charges of $127 million in fiscal 2015. These charges are reflected in income from discontinued operations on the Consolidated Statement of Operations as the Com-Net case was associated with our former Wireless Systems business which was sold in fiscal 2009.

Income Tax Matters

In connection with the separation from Tyco International in 2007, we entered into a Tax Sharing Agreement that generally governs our, Tyco International's, and Covidien's respective rights, responsibilities, and obligations with respect to taxes for periods prior to and including June 29, 2007. See Note 12 to the Consolidated Financial Statements for additional information regarding the Tax Sharing Agreement. Pursuant to the Tax Sharing Agreement, we entered into certain guarantee commitments and indemnifications with Tyco International and Covidien. See "Income Tax Matters" in Note 13 to the Consolidated Financial Statements for further information regarding income tax matters, including the disputed issue related to the tax treatment of certain intercompany debt transactions.

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 2016 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 September 25, 2015, we had outstanding letters of credit, letters of guarantee, and surety bonds in the amount of $360 million.

In the normal course of business, we are liable for contract completion and product performance. In the opinion of management, such obligations will not significantly affect our results of operations, financial position, or cash flows.

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. The following accounting policies are considered to be 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

Our revenue recognition policies are in accordance with ASC 605, *Revenue Recognition*. Our revenues are generated principally from the sale of our products. Revenue from the sale of products is recognized at the time title and the risks and rewards of ownership pass to the customer. This generally occurs when the products reach the shipping point, the sales price is fixed and determinable, and collection is reasonably assured. A reserve for estimated returns is established at the time of sale based on historical return experience and is recorded as a reduction of sales. Other allowances include customer quantity and price discrepancies. A reserve for other allowances is generally established at the time of sale based on historical experience and also is recorded as a reduction of sales.

Contract revenues for construction related projects, which are generated in the Communications Solutions segment, are recorded primarily using the percentage-of-completion method. Profits recognized on contracts in process are based upon estimated contract revenue and related cost to complete. Percentage-of-completion is measured based on the ratio of actual costs incurred to total estimated costs. Revisions in cost estimates as contracts progress have the effect of increasing or decreasing profits in the current period. Provisions for anticipated losses are made in the period in which they first become determinable. In addition, provisions for credit losses related to construction related projects are recorded as reductions of revenue in the period in which they first become determinable.

Goodwill and Other Intangible Assets

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

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 that constitutes a business for which discrete financial information is available and regularly reviewed by segment management. At fiscal year end 2015, we had seven reporting units, six of which contained goodwill. There are two reporting units in each of the Transportation Solutions and Industrial Solutions segments, and three reporting units 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 a number of 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 all of 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 generally has been supported by guideline analyses (a market approach). These approaches incorporate a number of 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 2015 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 future taxable income. In estimating future taxable income, we develop assumptions including the amount of future state, federal, and non-U.S. pre-tax operating income, the reversal of temporary differences, and the implementation of feasible and prudent tax planning strategies. These assumptions require significant judgment about the forecasts of future 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. Any changes in a valuation allowance that was established in connection with an acquisition will be reflected in the income tax provision.

Changes in tax laws and rates also could affect recorded deferred tax assets and liabilities in the future. Management is not aware of any such changes that would have a material effect on our results of operations, financial position, or cash flows.

In addition, 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 the U.S. and other tax jurisdictions based on our estimate of whether, and the extent to which, additional taxes and related interest will be due. In addition, management reviews with tax counsel various issues raised by certain taxing authorities and the adequacy of recorded amounts. 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 and Postretirement Benefits

Our pension expense and obligations are developed from actuarial assumptions. The funded status of our defined benefit pension and postretirement benefit plans is recognized on the Consolidated Balance Sheets and is measured as the difference between the fair value of plan assets and the benefit obligation at the measurement date. For defined benefit pension plans, the benefit obligation is the projected benefit obligation, which represents the actuarial present value of benefits expected to be paid upon retirement factoring in estimated future compensation levels. For the postretirement benefit plans, the benefit obligation is the accumulated postretirement benefit obligation, which represents the actuarial present value of postretirement benefits attributed to employee services already rendered. 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 pension and postretirement 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.

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 2015, a 25 basis point decrease in the discount rate would have increased the present value of our pension obligations by $136 million; a 25 basis point increase would have decreased the present value of our pension obligations by $122 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 2015 pension expense by $11 million.

The long-term target asset allocation in our U.S. plans' master trust is 10% equity and 90% fixed income. Asset re-allocation to meet that target is occurring over a multi-year period based on the funded status, as defined by the Pension Protection Act of 2006 (the "Pension Act Funded Status"), of the U.S. plans' master trust and market conditions. We expect to reach our target allocation when the Pension Act Funded Status exceeds 105%. Based on the Pension Act Funded Status as of September 25, 2015, our target asset allocation is 45% equity and 55% fixed income.

Accounting Pronouncements

Recently Issued Accounting Pronouncements

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

Non-GAAP Financial Measures

Organic net sales growth and free cash flow are non-GAAP measures and should not be considered replacements for results in accordance with GAAP. These non-GAAP measures may not be comparable to similarly-titled measures reported by other companies. The primary limitation of these measures is that they exclude the financial impact of items that would otherwise either increase or decrease our reported results. This limitation is best addressed by using these non-GAAP measures in combination with the most directly comparable GAAP measures in order to better understand the amounts, character, and impact of any increase or decrease in reported amounts. The following provides additional information regarding these non-GAAP measures.

Organic Net Sales Growth

Organic net sales growth is a useful measure of our underlying results and trends in the business. It is also a significant component in our incentive compensation plans. The difference between reported net sales growth (the most comparable GAAP measure) and organic net sales growth consists of the impact from foreign currency exchange rates, and acquisitions and divestitures, 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.

Management uses organic net sales growth to monitor and evaluate performance. Also, management uses organic net sales growth together with GAAP measures such as net sales growth and operating income in its decision making processes related to the operations of our reportable segments and our overall company. 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" above provide reconciliations of organic net sales growth to net sales growth calculated under GAAP.

Free Cash Flow

Free cash flow is a useful measure of our ability to generate cash. The difference between net cash provided by continuing operating activities (the most comparable GAAP measure) and free cash flow consists mainly of significant cash outflows and inflows that we believe are useful to identify. We believe free cash flow provides useful information to investors as it provides insight into the primary cash flow metric used by management to monitor and evaluate cash flows generated from our operations.

Free cash flow is defined as net cash provided by continuing operating activities excluding voluntary pension contributions and the cash impact of special items, if any, minus net capital expenditures. Net capital expenditures consist of capital expenditures less proceeds from the sale of property, plant, and equipment. These items are subtracted because they represent long-term commitments. Voluntary pension contributions are excluded because this activity is driven by economic financing decisions rather than operating activity. Certain special items, including net payments related to pre-separation tax matters, are also considered by management in evaluating free cash flow. We believe investors also should consider these items in evaluating our free cash flow.

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

The tables presented in "Liquidity and Capital Resources" above provide reconciliations of free cash flow to cash flows from continuing operating activities calculated under GAAP.

Forward-Looking Information

Certain statements in this 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. You should not put 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" of our Annual Report on Form 10-K for the fiscal year ended September 25, 2015 filed with the SEC, 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 new product introductions and product innovations and product life cycles;
- raw material availability, quality, and cost;
- fluctuations in foreign currency exchange rates;
- 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 and political, economic, and military instability;
- 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;
- risks of litigation;
- our ability to operate within the limitations imposed by our debt instruments;
- risks relating to our separation on June 29, 2007 from Tyco International;
- the possible effects on us of various U.S. and non-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.

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 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, foreign currency forward contracts, and foreign currency swap 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. A 10% appreciation or depreciation of the underlying currency in our cross-currency swap contracts, foreign currency forward contracts, or foreign currency swap contracts from the September 25, 2015 market rates would have changed the unrealized value of our contracts by $109 million. A 10% appreciation or depreciation of the underlying currency in our foreign currency forward or swap contracts from the September 26, 2014 market rates would have changed the unrealized value of our contracts by $16 million. Such gains or losses on these contracts would generally be offset by the gains or losses 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 swaps to convert a portion of fixed-rate debt into variable-rate debt. We use forward starting interest rate swaps and options to enter into interest rate swaps to manage interest rate exposure in periods prior to the anticipated issuance of fixed-rate debt. We also utilize investment swaps to manage earnings exposure on certain nonqualified deferred compensation liabilities.

Based on our floating rate debt balances of approximately $800 million at September 25, 2015 and $950 million at September 26, 2014, an increase in the levels of the U.S. dollar interest rates by 0.5%, with all other variables held constant, would have resulted in an increase of annual interest expense of approximately $4 million and $5 million in fiscal 2015 and 2014, respectively.

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 in order to hedge a portion of usage requirements over that period. At September 25, 2015, our commodity hedges, which related to expected purchases of gold, silver, and copper, were in a net loss position of $33 million and had a notional value of $260 million. At September 26, 2014, our commodity hedges, which related to expected purchases of gold, silver, and copper, were in a net loss position of $21 million and had a notional value of $307 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 September 25, 2015 prices would have changed the unrealized value of our forward contracts by $23 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 September 26, 2014 prices would have changed the unrealized value of our forward contracts by $29 million.

See Note 14 to the Consolidated Financial Statements for additional information on financial instruments.

CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

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 25, 2015. Based on that evaluation, our chief executive officer and chief financial officer concluded that our disclosure controls and procedures were effective as of September 25, 2015.

Measurement Specialties Acquisition

We acquired Measurement Specialties on October 9, 2014. For additional information regarding the acquisition, see Note 5 to the Consolidated Financial Statements included in this Annual Report.

SEC guidance permits management to omit an assessment of an acquired business' internal control over financial reporting from management's assessment of internal control over financial reporting for a period not to exceed one year from the date of acquisition. We are in the process of integrating the Measurement Specialties operations within our internal control structure. Accordingly, we have excluded Measurement Specialties from our annual assessment of internal control over financial reporting as of September 25, 2015.

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 has concluded our internal control over financial reporting was effective as of September 25, 2015.

As discussed above, management has excluded Measurement Specialties from the assessment of internal control over financial reporting. Measurement Specialties represented 9% of total assets and 4% of total net sales on the Consolidated Financial Statements as of and for the fiscal year ended September 25, 2015.

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 25, 2015, which is included in this Annual Report.

Changes in Internal Control Over Financial Reporting

During the quarter ended September 25, 2015, 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.

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TE CONNECTIVITY LTD.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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

We have audited the accompanying consolidated balance sheets of TE Connectivity Ltd. and subsidiaries (the "Company") as of September 25, 2015 and September 26, 2014, and the related consolidated statements of operations, comprehensive income, equity, and cash flows for each of the three fiscal years in the period ended September 25, 2015. Our audits also included the financial statement schedule listed in the Index. These consolidated financial statements and financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on the consolidated financial statements and financial statement schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of the Company as of September 25, 2015 and September 26, 2014, and the results of its operations and its cash flows for each of the three fiscal years in the period ended September 25, 2015, in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, such financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company's internal control over financial reporting as of September 25, 2015, based on the criteria established in *Internal Control—Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated November 10, 2015 expressed an unqualified opinion on the Company's internal control over financial reporting.

/s/ Deloitte & Touche LLP

Philadelphia, Pennsylvania
November 10, 2015

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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

We have audited the internal control over financial reporting of TE Connectivity Ltd. and subsidiaries (the "Company") as of September 25, 2015, based on criteria established in *Internal Control—Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. As described in Management's Report on Internal Control Over Financial Reporting, management excluded from its assessment the internal control over financial reporting of Measurement Specialties, Inc. ("Measurement Specialties"), which was acquired on October 9, 2014 and whose financial statements constitute 9% of total assets and 4% of total net sales of the consolidated financial statement amounts as of and for the year ended September 25, 2015. Accordingly, our audit did not include the internal control over financial reporting at Measurement Specialties. 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 conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether 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.

A company's internal control over financial reporting is a process designed by, or under the supervision of, the company's principal executive and principal financial officers, or persons performing similar functions, and effected by the company's board of directors, management, and other personnel 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 the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of September 25, 2015, based on the criteria established in *Internal Control—Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements and financial statement schedule of the Company as of and for the fiscal year ended September 25, 2015, and our report dated November 10, 2015 expressed an unqualified opinion on those consolidated financial statements and financial statement schedule.

/s/ Deloitte & Touche LLP

Philadelphia, Pennsylvania
November 10, 2015

TE CONNECTIVITY LTD.

CONSOLIDATED STATEMENTS OF OPERATIONS

Fiscal Years Ended September 25, 2015, September 26, 2014, and September 27, 2013

	Fiscal		
	2015	2014	2013
	(in millions, except per share data)		
Net sales	$12,233	$11,973	$11,390
Cost of sales	8,146	8,001	7,739
Gross margin	4,087	3,972	3,651
Selling, general, and administrative expenses	1,504	1,534	1,440
Research, development, and engineering expenses	627	583	590
Acquisition and integration costs	55	31	14
Restructuring and other charges, net	152	19	222
Operating income	1,749	1,805	1,385
Interest income	17	19	17
Interest expense	(136)	(127)	(139)
Other income (expense), net	(55)	63	(183)
Income from continuing operations before income taxes	1,575	1,760	1,080
Income tax (expense) benefit	(337)	(146)	75
Income from continuing operations	1,238	1,614	1,155
Income from discontinued operations, net of income taxes	1,182	167	122
Net income	2,420	1,781	1,277
Less: net income attributable to noncontrolling interests	—	—	(1)
Net income attributable to TE Connectivity Ltd.	$ 2,420	$ 1,781	$ 1,276
Amounts attributable to TE Connectivity Ltd.:			
Income from continuing operations	$ 1,238	$ 1,614	$ 1,154
Income from discontinued operations	1,182	167	122
Net income	$ 2,420	$ 1,781	$ 1,276
Basic earnings per share attributable to TE Connectivity Ltd.:			
Income from continuing operations	$ 3.06	$ 3.94	$ 2.76
Income from discontinued operations	2.92	0.41	0.29
Net income	5.98	4.34	3.05
Diluted earnings per share attributable to TE Connectivity Ltd.:			
Income from continuing operations	$ 3.01	$ 3.87	$ 2.73
Income from discontinued operations	2.88	0.40	0.29
Net income	5.89	4.27	3.02
Dividends and cash distributions paid per common share	$ 1.24	$ 1.08	$ 0.92
Weighted-average number of shares outstanding:			
Basic	405	410	418
Diluted	411	417	423

See Notes to Consolidated Financial Statements.

TE CONNECTIVITY LTD.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Fiscal Years Ended September 25, 2015, September 26, 2014, and September 27, 2013

	Fiscal		
	2015	2014	2013
		(in millions)	
Net income	$2,420	$1,781	$1,277
Other comprehensive income (loss):			
Currency translation	(312)	(211)	(28)
Adjustments to unrecognized pension and postretirement benefit costs, net of income taxes	(46)	(123)	131
Gains (losses) on cash flow hedges, net of income taxes	2	14	(29)
Other comprehensive income (loss)	(356)	(320)	74
Comprehensive income	2,064	1,461	1,351
Less: comprehensive income attributable to noncontrolling interests	—	—	(1)
Comprehensive income attributable to TE Connectivity Ltd.	$2,064	$1,461	$1,350

See Notes to Consolidated Financial Statements.

TE CONNECTIVITY LTD.

CONSOLIDATED BALANCE SHEETS

As of September 25, 2015 and September 26, 2014

	Fiscal Year End	
	2015	2014
	(in millions, except share data)	
Assets		
Current assets:		
Cash and cash equivalents	$ 3,329	$ 2,457
Accounts receivable, net of allowance for doubtful accounts of $18 and $14, respectively	2,120	2,057
Inventories	1,615	1,509
Prepaid expenses and other current assets	478	519
Deferred income taxes	345	324
Assets held for sale	—	2,013
Total current assets	7,887	8,879
Property, plant, and equipment, net	2,920	2,920
Goodwill	4,824	3,726
Intangible assets, net	1,555	1,087
Deferred income taxes	2,144	2,047
Receivable from Tyco International plc and Covidien plc	964	1,037
Other assets	314	456
Total Assets	$20,608	$20,152
Liabilities and Equity		
Current liabilities:		
Current maturities of long-term debt	$ 500	$ 577
Accounts payable	1,143	1,230
Accrued and other current liabilities	1,749	1,594
Deferred revenue	185	176
Liabilities held for sale	—	416
Total current liabilities	3,577	3,993
Long-term debt	3,403	3,281
Long-term pension and postretirement liabilities	1,327	1,280
Deferred income taxes	329	229
Income taxes	1,954	2,044
Other liabilities	433	312
Total Liabilities	11,023	11,139
Commitments and contingencies (Note 13)		
Equity:		
TE Connectivity Ltd. shareholders' equity:		
Common shares, 414,064,381 shares authorized and issued, CHF 0.57 par value, and 419,070,781 shares authorized and issued, CHF 0.57 par value, respectively	182	184
Contributed surplus	4,359	5,231
Accumulated earnings	6,673	4,253
Treasury shares, at cost, 20,071,089 and 11,383,631 shares, respectively	(1,256)	(644)
Accumulated other comprehensive loss	(373)	(17)
Total TE Connectivity Ltd. shareholders' equity	9,585	9,007
Noncontrolling interests	—	6
Total Equity	9,585	9,013
Total Liabilities and Equity	$20,608	$20,152

See Notes to Consolidated Financial Statements.

TE CONNECTIVITY LTD.

CONSOLIDATED STATEMENTS OF EQUITY

Fiscal Years Ended September 25, 2015, September 26, 2014, and September 27, 2013

	Common Shares		Treasury Shares					TE Connectivity Ltd.		
	Shares	Amount	Shares	Amount	Contributed Surplus	Accumulated Earnings	Accumulated Other Comprehensive Income (Loss)	Shareholders' Equity	Non-controlling Interests	Total Equity
						(in millions)				
Balance at September 28, 2012	439	$193	(16)	$ (484)	$6,837	$1,196	$ 229	$ 7,971	$ 6	$ 7,977
Net income	—	—	—	—	—	1,276	—	1,276	1	1,277
Other comprehensive income	—	—	—	—	—	—	74	74	—	74
Share-based compensation expense	—	—	—	—	78	—	—	78	—	78
Dividends approved	—	—	—	1	(413)	—	—	(412)	—	(412)
Exercise of share options	—	—	6	214	—	—	—	214	—	214
Restricted share award vestings and other activity	—	—	3	11	(3)	—	—	8	—	8
Repurchase of common shares	—	—	(20)	(829)	—	—	—	(829)	—	(829)
Cancellation of treasury shares	(10)	(4)	10	367	(363)	—	—	—	—	—
Dividends to noncontrolling interests	—	—	—	—	—	—	—	—	(1)	(1)
Balance at September 27, 2013	429	$189	(17)	$ (720)	$6,136	$2,472	$ 303	$ 8,380	$ 6	$ 8,386
Net income	—	—	—	—	—	1,781	—	1,781	—	1,781
Other comprehensive loss	—	—	—	—	—	—	(320)	(320)	—	(320)
Share-based compensation expense	—	—	—	—	84	—	—	84	—	84
Dividends approved	—	—	—	—	(473)	—	—	(473)	—	(473)
Exercise of share options	—	—	5	156	—	—	—	156	—	156
Restricted share award vestings and other activity	—	—	2	125	(122)	—	—	3	—	3
Repurchase of common shares	—	—	(11)	(604)	—	—	—	(604)	—	(604)
Cancellation of treasury shares	(10)	(5)	10	399	(394)	—	—	—	—	—
Balance at September 26, 2014	419	$184	(11)	$ (644)	$5,231	$4,253	$ (17)	$ 9,007	$ 6	$ 9,013
Net income	—	—	—	—	—	2,420	—	2,420	—	2,420
Other comprehensive loss	—	—	—	—	—	—	(356)	(356)	—	(356)
Share-based compensation expense	—	—	—	—	95	—	—	95	—	95
Dividends approved	—	—	—	—	(526)	—	—	(526)	—	(526)
Exercise of share options	—	—	3	103	—	—	—	103	—	103
Restricted share award vestings and other activity	—	—	1	143	(138)	—	—	5	(6)	(1)
Repurchase of common shares	—	—	(18)	(1,163)	—	—	—	(1,163)	—	(1,163)
Cancellation of treasury shares	(5)	(2)	5	305	(303)	—	—	—	—	—
Balance at September 25, 2015	414	$182	(20)	$(1,256)	$4,359	$6,673	$(373)	$ 9,585	$—	$ 9,585

See Notes to Consolidated Financial Statements.

TE CONNECTIVITY LTD.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Fiscal Years Ended September 25, 2015, September 26, 2014, and September 27, 2013

	Fiscal		
	2015	**2014**	**2013**
		(in millions)	
Cash Flows From Operating Activities:			
Net income	$ 2,420	$ 1,781	$ 1,277
Income from discontinued operations, net of income taxes	(1,182)	(167)	(122)
Income from continuing operations	1,238	1,614	1,155
Adjustments to reconcile income from continuing operations to net cash provided by operating activities:			
Depreciation and amortization	616	551	536
Non-cash restructuring charges	21	16	60
Deferred income taxes	40	(281)	14
Provision for losses on accounts receivable and inventories	36	34	39
Tax sharing (income) expense	52	(65)	181
Share-based compensation expense	89	77	71
Other	105	50	56
Changes in assets and liabilities, net of the effects of acquisitions and divestitures:			
Accounts receivable, net	(210)	(182)	(65)
Inventories	(220)	(98)	(28)
Prepaid expenses and other current assets	36	(14)	13
Accounts payable	(22)	71	143
Accrued and other current liabilities	(155)	(280)	(13)
Deferred revenue	12	113	(50)
Income taxes	(52)	167	(387)
Other	33	31	50
Net cash provided by continuing operating activities	1,619	1,804	1,775
Net cash provided by discontinued operating activities	294	279	271
Net cash provided by operating activities	1,913	2,083	2,046
Cash Flows From Investing Activities:			
Capital expenditures	(600)	(635)	(581)
Proceeds from sale of property, plant, and equipment	17	129	22
Acquisition of businesses, net of cash acquired	(1,725)	(522)	(6)
Proceeds from divestiture of discontinued operations, net of cash retained by sold operations	2,957	—	14
Other	12	(10)	23
Net cash provided by (used in) continuing investing activities	661	(1,038)	(528)
Net cash used in discontinued investing activities	(25)	(37)	(17)
Net cash provided by (used in) investing activities	636	(1,075)	(545)
Cash Flows From Financing Activities:			
Net increase (decrease) in commercial paper	(328)	(23)	50
Proceeds from issuance of long-term debt	617	1,322	—
Repayment of long-term debt	(473)	(360)	(714)
Proceeds from exercise of share options	103	156	214
Repurchase of common shares	(1,023)	(578)	(844)
Payment of common share dividends and cash distributions to shareholders	(502)	(443)	(384)
Transfers from discontinued operations	269	242	254
Other	—	(9)	—
Net cash provided by (used in) continuing financing activities	(1,337)	307	(1,424)
Net cash used in discontinued financing activities	(269)	(242)	(254)
Net cash provided by (used in) financing activities	(1,606)	65	(1,678)
Effect of currency translation on cash	(71)	(19)	(9)
Net increase (decrease) in cash and cash equivalents	872	1,054	(186)
Cash and cash equivalents at beginning of fiscal year	2,457	1,403	1,589
Cash and cash equivalents at end of fiscal year	$ 3,329	$ 2,457	$ 1,403
Supplemental Cash Flow Information:			
Interest paid	$ 128	$ 118	$ 151
Income taxes paid, net of refunds	350	259	299

See 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 technology leader. We design and manufacture connectivity and sensors solutions that are essential in today's increasingly connected world. We help our customers solve the need for intelligent, efficient, and high-performing products and solutions.

We consist of 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 top supplier of electronic components for the data and devices and appliances markets. We are also a leader in developing, manufacturing, installing, and maintaining some of the world's most advanced subsea fiber optic communications systems.

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. Significant estimates in these Consolidated Financial Statements include restructuring and other charges, assets acquired and liabilities assumed in acquisitions, allowances for doubtful accounts receivable, estimates of future cash flows and discount rates associated with asset impairments, useful lives for depreciation and amortization, loss contingencies, net realizable value of inventories, estimated contract revenue and related costs, legal contingencies, tax reserves and deferred tax asset valuation allowances, and the determination of discount and other rate assumptions for pension and postretirement employee benefit expenses. Actual results could differ materially from these estimates.

Fiscal Year

We have a 52 or 53-week fiscal year that ends on the last Friday of September. Fiscal 2015, 2014, and 2013 were 52 weeks and ended on September 25, 2015, September 26, 2014, and September 27, 2013, respectively. For fiscal years in which there are 53 weeks, the fourth quarter reporting period will include 14 weeks with the next occurrence taking place in fiscal 2016.

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 have the ability to 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

Our revenues are generated principally from the sale of our products. Revenue from the sale of products is recognized at the time title and the risks and rewards of ownership pass to the customer. This generally occurs when the products reach the shipping point, the sales price is fixed and determinable, and collection is reasonably assured.

Contract revenues for construction related projects, which are generated in the Communications Solutions segment, are recorded primarily using the percentage-of-completion method. Profits recognized on contracts in process are based upon estimated contract revenue and related cost to complete. Percentage-of-completion is measured based on the ratio of actual costs incurred to total estimated costs. Revisions in cost estimates as contracts progress have the effect of increasing or decreasing profits in the current period. Provisions for anticipated losses are made in the period in which they first become determinable. In addition, provisions for credit losses related to construction related projects are recorded as reductions of revenue in the period in which they first become determinable.

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 accept returned goods only when the customer makes a verified claim and we have authorized the return. Generally, a reserve for estimated returns is established at the time of sale based on historical return experience and is recorded as a reduction of sales.

Additionally, certain of our long-term contracts in the Communications Solutions segment have warranty obligations. Estimated warranty costs for each contract are determined based on the contract terms and technology-specific considerations. These costs are included in total estimated contract costs and are accrued over the construction period of the respective contracts under percentage-of-completion accounting.

We provide certain distributors with an inventory allowance for returns or scrap equal to a percentage of qualified purchases. A reserve for estimated returns and scrap allowances is established at the time of the sale, based on an agreed upon fixed percentage of sales to distributors, and is recorded as a reduction of sales.

Other allowances include customer quantity and price discrepancies. A reserve for other allowances is generally established at the time of sale based on historical experience and is recorded as a reduction of sales. We believe we can reasonably and reliably estimate the amounts of future allowances.

2. Summary of Significant Accounting Policies (Continued)

Inventories

Inventories are recorded at the lower of cost or market value using the first-in, first-out cost method, except for inventoried costs incurred in the performance of long-term contracts primarily by the Communications Solutions segment.

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 a number of 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 a determinable life primarily include intellectual property, consisting of patents, trademarks, and unpatented technology, as well as customer relationships. Recoverability estimates range from 1 to 50 years and costs are generally amortized on a straight-line basis. An evaluation of the remaining useful life of determinable-lived intangible assets is performed on a periodic basis and when events and circumstances warrant an evaluation.

At fiscal year end 2015, we had seven reporting units, six of which contained goodwill. There are two reporting units in each of the Transportation Solutions and Industrial Solutions segments, and three reporting units 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 a number of 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

2. Summary of Significant Accounting Policies (Continued)

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 all of 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 generally has been supported by guideline analyses (a market approach). These approaches incorporate a number of 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 2015, 2014, and 2013 were $540 million, $484 million, and $494 million, respectively.

Income Taxes

Income taxes are computed in accordance with the provisions of Accounting Standards Codification (''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 the U.S. and other tax jurisdictions based on our estimate of whether, and the extent to which, additional taxes and related interest will be due. In addition, management reviews with tax counsel various issues raised by certain taxing authorities and the adequacy of recorded amounts. 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

2. Summary of Significant Accounting Policies (Continued)

resolution may result in a settlement that differs from our current estimate of the tax liabilities and related interest.

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. Ineffective portions of a cash flow hedge, including 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 September 25, 2015, 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 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.

2. Summary of Significant Accounting Policies (Continued)

- *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.

Financial assets and liabilities measured at fair value on a recurring basis are generally valued using level 2 inputs.

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).
- *Long-term debt.* The fair value of long-term 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 and Postretirement Benefits

The funded status of our defined benefit pension and postretirement benefit plans is recognized on the Consolidated Balance Sheets and is measured as the difference between the fair value of plan assets and the benefit obligation at the measurement date. For defined benefit pension plans, the benefit obligation is the projected benefit obligation, which represents the actuarial present value of benefits expected to be paid upon retirement factoring in estimated future compensation levels. For the postretirement benefit plans, the benefit obligation is the accumulated postretirement benefit obligation, which represents the actuarial present value of postretirement benefits attributed to employee services already rendered. 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 pension and postretirement plans are based on various factors, such as years of service and compensation.

2. Summary of Significant Accounting Policies (Continued)

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.

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

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, which are included in earnings, were immaterial in fiscal 2015, 2014, and 2013.

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

2. Summary of Significant Accounting Policies (Continued)

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.

Acquisitions

We account for acquired businesses using the acquisition method of accounting. This method requires, among other things, that most assets acquired and liabilities assumed be recognized at fair value as of the acquisition date. We allocate the purchase price of acquired businesses to the tangible and intangible assets acquired and liabilities assumed based on estimated fair values, or as required by ASC 805, *Business Combinations*. The excess of the purchase price over the identifiable assets acquired and liabilities assumed is recorded as goodwill. We may engage independent third-party appraisal firms to assist us in determining the fair values of assets acquired and liabilities assumed. Such valuations require management to make significant estimates and assumptions, especially with respect to intangible assets.

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 May 2014, the Financial Accounting Standards Board ("FASB") issued 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. In August 2015, the FASB deferred the effective date of ASC 606 by one year. ASC 606 will be effective for us in the first quarter of fiscal 2019 and allows for either a full retrospective or a modified retrospective approach at adoption. We are continuing to assess the impact of adopting ASC 606, but do not expect adoption to have a material impact on our results of operations or financial position.

3. Restructuring and Other Charges, Net

Net restructuring and other charges consisted of the following:

	Fiscal		
	2015	2014	2013
	(in millions)		
Restructuring charges, net	$ 93	$23	$225
Other charges (credits), net	59	(4)	(3)
	$152	$19	$222

Restructuring Charges, Net

Net restructuring charges by segment were as follows:

	Fiscal		
	2015	2014	2013
	(in millions)		
Transportation Solutions	$ 6	$ 7	$ 39
Industrial Solutions	29	7	62
Communications Solutions	58	9	124
Restructuring charges, net	$93	$23	$225

3. Restructuring and Other Charges, Net (Continued)

Activity in our restructuring reserves is summarized as follows:

	Balance at Beginning of Fiscal Year	Charges	Changes in Estimate	Cash Payments	Non-Cash Items	Currency Translation and Other[(1)]	Balance at End of Fiscal Year
				(in millions)			
Fiscal 2015 Activity:							
Fiscal 2015 Actions:							
Employee severance	$ —	$ 68	$ —	$ (23)	$ —	$ —	$ 45
Facility and other exit costs	—	3	—	(2)	—	—	1
Property, plant, and equipment	—	21	—	—	(21)	—	—
Total	—	92	—	(25)	(21)	—	46
Fiscal 2014 Actions:							
Employee severance	16	—	—	(7)	—	(5)	4
Facility and other exit costs	1	—	—	(1)	—	—	—
Total	17	—	—	(8)	—	(5)	4
Fiscal 2013 Actions:							
Employee severance	61	—	(1)	(42)	—	(4)	14
Facility and other exit costs	1	2	—	(3)	—	—	—
Total	62	2	(1)	(45)	—	(4)	14
Pre-Fiscal 2013 Actions:							
Employee severance	14	2	(3)	(5)	—	(2)	6
Facility and other exit costs	21	1	—	(9)	—	1	14
Total	35	3	(3)	(14)	—	(1)	20
Total fiscal 2015 activity	$114	$ 97	$ (4)	$ (92)	$(21)	$(10)	$ 84
Fiscal 2014 Activity:							
Fiscal 2014 Actions:							
Employee severance	$ —	$ 10	$ —	$ (13)	$ —	$ 19	$ 16
Facility and other exit costs	—	—	—	—	—	1	1
Property, plant, and equipment	—	9	—	—	(9)	—	—
Total	—	19	—	(13)	(9)	20	17
Fiscal 2013 Actions:							
Employee severance	159	8	(10)	(105)	—	9	61
Facility and other exit costs	1	4	—	(5)	—	1	1
Property, plant, and equipment	—	7	—	—	(7)	—	—
Total	160	19	(10)	(110)	(7)	10	62
Pre-Fiscal 2013 Actions:							
Employee severance	51	2	(10)	(29)	—	—	14
Facility and other exit costs	26	2	1	(8)	—	—	21
Total	77	4	(9)	(37)	—	—	35
Total fiscal 2014 activity	$237	$ 42	$(19)	$(160)	$(16)	$ 30	$114

3. Restructuring and Other Charges, Net (Continued)

	Balance at Beginning of Fiscal Year	Charges	Changes in Estimate	Cash Payments	Non-Cash Items	Currency Translation and Other(1)	Balance at End of Fiscal Year
				(in millions)			
Fiscal 2013 Activity:							
Fiscal 2013 Actions:							
Employee severance	$ —	$185	$ (8)	$ (79)	$ —	$ 61	$159
Facility and other exit costs	—	5	—	(4)	—	—	1
Property, plant, and equipment	—	58	—	—	(58)	—	—
Total	—	248	(8)	(83)	(58)	61	160
Pre-Fiscal 2013 Actions:							
Employee severance	130	7	(27)	(58)	—	(1)	51
Facility and other exit costs	31	2	1	(10)	—	2	26
Property, plant, and equipment	—	2	—	—	(2)	—	—
Total	161	11	(26)	(68)	(2)	1	77
Total fiscal 2013 activity	$161	$259	$(34)	$(151)	$(60)	$ 62	$237

(1) Includes net charges (credits) associated with discontinued operations of $(1) million, $36 million, and $65 million in fiscal 2015, 2014, and 2013, respectively.

Fiscal 2015 Actions

During fiscal 2015, we initiated a restructuring program associated with headcount reductions and product line closures, primarily impacting the Communications Solutions and Industrial Solutions segments. In connection with this program, during fiscal 2015, we recorded net restructuring charges of $92 million. We expect to complete all restructuring actions commenced in fiscal 2015 by the end of fiscal 2016 and to incur total charges of approximately $98 million.

Fiscal 2014 Actions

During fiscal 2014, we initiated a restructuring program associated primarily with headcount reductions and manufacturing site and product line closures in the Communications Solutions segment. In connection with this program, we recorded net restructuring charges of $19 million in fiscal 2014. We do not expect to incur significant additional expense related to restructuring programs commenced in fiscal 2014.

Fiscal 2013 Actions

During fiscal 2013, we initiated a restructuring program associated with headcount reductions and manufacturing site closures impacting all segments. In connection with this program, during fiscal 2015, 2014, and 2013, we recorded net restructuring charges of $1 million, $9 million, and $240 million, respectively. We do not expect to incur significant additional expense related to restructuring programs commenced in fiscal 2013.

3. Restructuring and Other Charges, Net (Continued)

Pre-Fiscal 2013 Actions

During fiscal 2012, we initiated a restructuring program to reduce headcount across all segments. Also, during fiscal 2012, we initiated a restructuring program in the Transportation Solutions and Industrial Solutions segments associated with the acquisition of Deutsch Group SAS. During fiscal 2014 and 2013, we recorded net restructuring credits of $5 million and $15 million, respectively, related to pre-fiscal 2013 actions. We do not expect to incur any additional charges related to pre-fiscal 2013 actions.

Total Restructuring Reserves

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

	Fiscal Year End	
	2015	2014
	(in millions)	
Accrued and other current liabilities	$60	$ 83
Other liabilities	24	31
Restructuring reserves	$84	$114

Other Charges (Credits), Net

During fiscal 2015, in connection with the sale our Broadband Network Solutions (“BNS”) business, we incurred costs of $61 million, consisting primarily of $36 million of legal and professional fees and $18 million of charges associated with the exit of a facility. These amounts are not directly related to the business sold, and accordingly have been recorded in continuing operations. See Note 4 for additional information regarding the divestiture of BNS.

4. Discontinued Operations

During fiscal 2015, we sold our BNS business for $3.0 billion in cash and recognized a pre-tax gain of $1,105 million on the transaction. In the U.S., income taxes associated with the gain on the sale of assets were largely offset by income tax benefits realized on the sale of several subsidiaries. In certain non-U.S. jurisdictions, the sale was exempt from income taxes.

Pre-tax income from discontinued operations for fiscal 2015 included pre-tax charges of $127 million recorded in connection with the Com-Net case related to our former Wireless Systems business which was sold in fiscal 2009. See Note 13 for additional information regarding the Com-Net case.

4. Discontinued Operations (Continued)

The following table presents information regarding certain components of income from discontinued operations, net of income taxes:

	Fiscal		
	2015	2014	2013
	(in millions)		
Net sales from discontinued operations	$1,595	$1,939	$1,890
Pre-tax income from discontinued operations	$ 118	$ 224	$ 167
Pre-tax gain (loss) on sale of discontinued operations	1,105	—	(4)
Income tax expense	(41)	(57)	(41)
Income from discontinued operations, net of income taxes	$1,182	$ 167	$ 122

The following table presents balance sheet information for assets and liabilities held for sale fiscal year end 2014; there were no such balances at fiscal year end 2015:

	Fiscal Year End 2014
	(in millions)
Accounts receivable, net	$ 382
Inventories	236
Property, plant, and equipment, net	206
Goodwill	869
Intangible assets, net	242
Other assets	78
Total assets	$2,013
Current maturities of long-term debt	$ 90
Accounts payable	161
Other liabilities	165
Total liabilities	$ 416

The BNS and Wireless Systems businesses met the discontinued operations criteria and have been reported as such in all periods presented on the Consolidated Financial Statements. Prior to reclassification to discontinued operations, the BNS and Wireless Systems businesses were included in the former Network Solutions and Wireless Systems segments, respectively.

5. Acquisitions

Measurement Specialties, Inc.

On October 9, 2014, we acquired 100% of the outstanding shares of Measurement Specialties, Inc. (“Measurement Specialties”), a leading global designer and manufacturer of sensors and sensor-based systems, for $86.00 in cash per share. The total value paid was approximately $1.7 billion, net of cash acquired, and included $225 million for the repayment of Measurement Specialties’ debt and accrued interest. Measurement Specialties offers a broad portfolio of technologies including pressure, vibration,

5. Acquisitions (Continued)

force, temperature, humidity, ultrasonics, position, and fluid sensors, for a wide range of applications and industries. This business has been reported as part of our Transportation Solutions segment from the date of acquisition.

During the second quarter of fiscal 2015, we finalized the valuation of identifiable intangible assets, fixed assets, and pre-acquisition contingencies.

The following table summarizes the allocation of the purchase price to the fair value of identifiable assets acquired and liabilities assumed at the date of acquisition, in accordance with the acquisition method of accounting:

	(in millions)
Cash and cash equivalents	$ 37
Accounts receivable	84
Inventories	110
Other current assets	20
Property, plant, and equipment	95
Goodwill	1,064
Intangible assets	547
Other non-current assets	9
Total assets acquired	1,966
Current maturities of long-term debt	20
Accounts payable	48
Other current liabilities	67
Long-term debt	203
Deferred income taxes	98
Other non-current liabilities	9
Total liabilities assumed	445
Net assets acquired	1,521
Cash and cash equivalents acquired	(37)
Net cash paid	$1,484

The fair values assigned to intangible assets were determined through the use of the income approach, specifically the relief from royalty and the multi-period excess earnings methods. Both valuation methods rely on management judgment, including expected future cash flows resulting from existing customer relationships, customer attrition rates, contributory effects of other assets utilized in the business, peer group cost of capital and royalty rates, and other factors. The valuation of tangible assets was derived using a combination of the income, market, and cost approaches. Significant judgments used in valuing tangible assets include estimated reproduction or replacement cost, useful lives of assets, estimated selling prices, costs to complete, and reasonable profit. Useful lives for intangible assets were determined based upon the remaining useful economic lives of the intangible assets that are expected to contribute directly or indirectly to future cash flows.

5. Acquisitions (Continued)

Intangible assets acquired consisted of the following:

	Amount	Weighted-Average Amortization Period
	(in millions)	(in years)
Customer relationships	$370	18
Developed technology	161	9
Trade names and trademarks	4	1
Customer order backlog	12	<1
Total	$547	15

The acquired intangible assets are being amortized on a straight-line basis over their expected useful lives.

Goodwill of $1,064 million was recognized in the transaction, representing the excess of the purchase price over the fair value of the tangible and intangible assets acquired and liabilities assumed. This goodwill is attributable primarily to cost savings and other synergies related to operational efficiencies including the consolidation of manufacturing, marketing, and general and administrative functions. The goodwill has been allocated to the Transportation Solutions segment and is not deductible for tax purposes. However, prior to its merger with us, Measurement Specialties completed certain acquisitions that resulted in goodwill with an estimated value of $23 million that is deductible primarily for U.S. tax purposes, which we will deduct through 2030.

During fiscal 2015, Measurement Specialties contributed net sales of $548 million to our Consolidated Statement of Operations. Due to the commingled nature of our operations, it is not practicable to separately identify operating income of Measurement Specialties on a stand-alone basis.

The following unaudited pro forma financial information reflects our consolidated results of operations had the Measurement Specialties acquisition occurred at the beginning of fiscal 2014:

	Pro Forma for Fiscal	
	2015	2014
	(in millions, except per share data)	
Net sales	$12,252	$12,429
Net income attributable to TE Connectivity Ltd.	2,440	1,744
Diluted earnings per share attributable to TE Connectivity Ltd.	$ 5.94	$ 4.18

The pro forma financial information is based on our final allocation of the purchase price. The significant pro forma adjustments, which are described below, are net of income tax expense (benefit) at the statutory rate.

Pro forma results for fiscal 2015 were adjusted to exclude $16 million of acquisition costs, $15 million of share-based compensation expense incurred by Measurement Specialties as a result of the change in control of Measurement Specialties, $11 million of charges related to the fair value adjustment to acquisition-date inventories, $7 million of charges related to acquired customer order backlog, $6 million of income tax expense based on the estimated impact of combining Measurement Specialties into our global tax position, and $1 million of charges related to the amortization of the fair value of acquired intangible assets. In addition, pro forma results for fiscal 2015 were adjusted to include $3 million of interest expense based on pro forma changes in our capital structure.

5. Acquisitions (Continued)

Pro forma results for fiscal 2014 were adjusted to include $20 million of charges related to the amortization of the fair value of acquired intangible assets, $19 million of income tax expense based on the estimated impact of combining Measurement Specialties into our global tax position, $14 million of interest expense based on pro forma changes in our capital structure, $11 million of charges related to the fair value adjustment to acquisition-date inventories, $7 million of charges related to acquired customer order backlog, and $2 million in depreciation expense.

Pro forma results do not include any anticipated synergies or other anticipated benefits of the acquisition. Accordingly, the unaudited pro forma financial information is not necessarily indicative of either future results of operations or results that might have been achieved had the Measurement Specialties acquisition occurred at the beginning of fiscal 2014.

Other Acquisitions

During fiscal 2015, we acquired three additional companies for $241 million in cash, net of cash acquired. During fiscal 2014, we acquired five companies, including the SEACON Group (“SEACON”), a leading provider of underwater connector technology and systems, for $522 million in cash, net of cash acquired.

6. Inventories

Inventories consisted of the following:

	Fiscal Year End	
	2015	2014
	(in millions)	
Raw materials	$ 261	$ 211
Work in progress	581	562
Finished goods	773	736
Inventories	$1,615	$1,509

7. Property, Plant, and Equipment, Net

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

	Fiscal Year End	
	2015	2014
	(in millions)	
Land and improvements	$ 163	$ 185
Buildings and improvements	1,261	1,244
Machinery and equipment	6,692	6,787
Construction in process	521	550
Gross property, plant, and equipment	8,637	8,766
Accumulated depreciation	(5,717)	(5,846)
Property, plant, and equipment, net	$ 2,920	$ 2,920

Depreciation expense was $463 million, $467 million, and $456 million in fiscal 2015, 2014, and 2013, respectively.

8. Goodwill

The changes in the carrying amount of goodwill by segment were as follows[1]:

	Transportation Solutions	Industrial Solutions	Communications Solutions	Total
		(in millions)		
September 27, 2013[2]	$ 797	$1,919	$736	$3,452
Acquisitions	46	265	—	311
Currency translation and other	(9)	(19)	(9)	(37)
September 26, 2014[2]	834	2,165	727	3,726
Acquisitions	1,066	145	—	1,211
Currency translation	(37)	(57)	(19)	(113)
September 25, 2015[2]	$1,863	$2,253	$708	$4,824

(1) In connection with the realignment of certain businesses during fiscal 2015, goodwill was re-allocated to reporting units using a relative fair value approach. See Note 22 for additional information regarding our current segment structure.

(2) At fiscal year end 2015, 2014, and 2013, accumulated impairment losses for the Transportation Solutions, Industrial Solutions, and Communications Solutions segments were $2,191 million, $669 million, and $1,626 million, respectively.

During fiscal 2015, we completed the acquisition of Measurement Specialties and recognized goodwill of $1,064 million, which benefited the Transportation Solutions segment. See Note 5 for additional information regarding acquisitions.

We completed our annual goodwill impairment test in the fourth quarter of fiscal 2015 and determined that no impairment existed.

9. Intangible Assets, Net

Intangible assets consisted of the following:

	Fiscal Year End					
	2015			2014		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
			(in millions)			
Intellectual property	$1,150	$(524)	$ 626	$ 986	$(453)	$ 533
Customer relationships	1,053	(148)	905	614	(83)	531
Other	37	(13)	24	35	(12)	23
Total	$2,240	$(685)	$1,555	$1,635	$(548)	$1,087

During fiscal 2015, the gross carrying amount of intangible assets increased by $547 million as a result of the Measurement Specialties acquisition. Intangible asset amortization expense was $153 million, $84 million, and $80 million for fiscal 2015, 2014, and 2013, respectively.

9. Intangible Assets, Net (Continued)

The aggregate amortization expense on intangible assets is expected to be as follows:

	(in millions)
Fiscal 2016	$ 141
Fiscal 2017	137
Fiscal 2018	137
Fiscal 2019	135
Fiscal 2020	131
Thereafter	874
Total	$1,555

10. Accrued and Other Current Liabilities

Accrued and other current liabilities consisted of the following:

	Fiscal Year End	
	2015	2014
	(in millions)	
Accrued payroll and employee benefits	$ 424	$ 470
Dividends payable to shareholders	260	236
Income taxes payable	198	158
Share repurchase program payable	177	37
Restructuring reserves	60	83
Interest payable	53	50
Deferred income taxes	33	26
Other	544	534
Accrued and other current liabilities	$1,749	$1,594

11. Debt

Debt was as follows:

	Fiscal Year End	
	2015	2014
	(in millions)	
Current maturities of long-term debt:		
1.60% senior notes due 2015	$ —	$ 250
Senior floating rate notes due 2016[1]	500	—
Commercial paper, at a weighted-average interest rate of 0.30% at September 26, 2014	—	327
Total	500	577
Long-term debt:		
Senior floating rate notes due 2016[1]	—	500
6.55% senior notes due 2017	718	723
2.375% senior notes due 2018	324	324
2.35% senior notes due 2019	250	250
4.875% senior notes due 2021	263	261
3.50% senior notes due 2022	511	499
1.100% senior notes due 2023	612	—
3.45% senior notes due 2024	249	249
7.125% senior notes due 2037	475	475
Other	1	—
Total	3,403	3,281
Total debt[2]	$3,903	$3,858

(1) The senior floating rate notes due 2016 bear interest at a rate of three-month London interbank offered rate ("LIBOR") plus 0.20% per year.

(2) Senior notes are presented at face amount and, if applicable, are net of unamortized discount and the effects of interest rate swaps designated as fair value hedges.

In February 2015, Tyco Electronics Group S.A. ("TEGSA"), our 100%-owned subsidiary, issued €550 million aggregate principal amount of 1.100% senior notes due March 1, 2023. The 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 $1,500 million. The Credit Facility was amended in August 2013 primarily to extend the maturity date from June 2016 to August 2018 and reduce borrowing costs. TEGSA had no borrowings under the Credit Facility at September 25, 2015 and September 26, 2014.

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) Deutsche Bank AG New York branch's base rate, (ii) the federal funds effective rate plus ½ 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

11. Debt (Continued)

TEGSA. TEGSA is required to pay an annual facility fee ranging from 7.5 to 25.0 basis points based upon the amount of the lenders' commitments under the Credit Facility and the applicable credit ratings of TEGSA.

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.

The aggregate amounts of total debt maturing are as follows:

	(in millions)
Fiscal 2016	$ 500
Fiscal 2017	—
Fiscal 2018	718
Fiscal 2019	574
Fiscal 2020	—
Thereafter	2,111
Total	$3,903

The fair value of our debt, based on indicative valuations, was approximately $4,115 million and $4,125 million at fiscal year end 2015 and 2014, respectively.

12. Guarantees

Tax Sharing Agreement

Effective June 29, 2007, we became the parent company of the former electronics businesses of Tyco International plc ("Tyco International"). On June 29, 2007, Tyco International distributed all of our shares, as well as its shares of its former healthcare businesses ("Covidien"), to its common shareholders (the "separation"). On January 26, 2015, Covidien was acquired and now operates as a subsidiary of Medtronic plc.

Upon separation, we entered into a Tax Sharing Agreement, under which we share responsibility for certain of our, Tyco International's, and Covidien's income tax liabilities based on a sharing formula for periods prior to and including June 29, 2007. We, Tyco International, and Covidien share 31%, 27%, and 42%, respectively, of U.S. income tax liabilities that arise from adjustments made by tax authorities to our, Tyco International's, and Covidien's U.S. income tax returns. The effect of the Tax Sharing Agreement is to indemnify us for 69% of certain liabilities settled in cash by us with respect to

12. Guarantees (Continued)

unresolved pre-separation tax matters. Pursuant to that indemnification, we have made similar indemnifications to Tyco International and Covidien with respect to 31% of certain liabilities settled in cash by the companies relating to unresolved pre-separation tax matters. All costs and expenses associated with the management of these shared tax liabilities are shared equally among the parties.

All of the tax liabilities that are associated with our businesses, including liabilities that arose prior to our separation from Tyco International, became our tax liabilities. Although we have agreed to share certain of these tax liabilities with Tyco International and Covidien, we remain primarily liable for all of these liabilities. If Tyco International and Covidien default on their obligations to us, we would be liable for the entire amount of these liabilities.

If any party to the Tax Sharing Agreement were to default in its obligation to another party to pay its share of the distribution taxes that arise as a result of no party's fault, each non-defaulting party would be required to pay, equally with any other non-defaulting party, the amounts in default. In addition, if another party to the Tax Sharing Agreement that is responsible for all or a portion of an income tax liability were to default in its payment of such liability to a taxing authority, we could be legally liable under applicable tax law for such liabilities and required to make additional tax payments. Accordingly, under certain circumstances, we may be obligated to pay amounts in excess of our agreed-upon share of our, Tyco International's, and Covidien's tax liabilities.

Indemnification

Our indemnification created under the Tax Sharing Agreement qualifies as a guarantee of a third party entity's debt under ASC 460, *Guarantees*. In the event that we are required, due to bankruptcy or other business interruption on the part of Tyco International or Covidien, to pay more than the contractually determined 31%, we retain the right to seek payment from the effected entity. At September 25, 2015 and September 26, 2014, we had a liability representing the indemnifications made to Tyco International and Covidien pursuant to the Tax Sharing Agreement of $17 million and $21 million, respectively. See additional information in Note 13.

Other Matters

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 September 25, 2015, we had outstanding letters of credit, letters of guarantee, and surety bonds in the amount of $360 million.

In the normal course of business, we are liable for contract completion and product performance. In the opinion of management, such obligations will not significantly affect our results of operations, financial position, or cash flows.

We generally record estimated product warranty costs when contract revenues are recognized under the percentage-of-completion method for construction related contracts; other warranty reserves are not significant. The estimation is based primarily on historical experience and actual warranty

12. Guarantees (Continued)

claims. Amounts accrued for warranty claims at fiscal year end 2015 and 2014 were $35 million and $29 million, respectively.

13. Commitments and Contingencies

General Matters

We have facility, land, vehicle, and equipment leases that expire at various dates. Rental expense under these leases was $141 million, $130 million, and $133 million for fiscal 2015, 2014, and 2013, respectively. At fiscal year end 2015, the minimum lease payment obligations under non-cancelable lease obligations were as follows:

	(in millions)
Fiscal 2016	$ 98
Fiscal 2017	76
Fiscal 2018	59
Fiscal 2019	44
Fiscal 2020	30
Thereafter	37
Total	$344

Legal Proceedings

In the ordinary 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. However, the proceedings discussed below in "Income Tax Matters" could have a material effect on our results of operations, financial position, or cash flows.

As previously reported, we had a contingent purchase price commitment of $80 million related to our fiscal 2001 acquisition of Com-Net. This represented the maximum amount payable to the former shareholders of Com-Net only after the construction and installation of a communications system was completed for and approved by the State of Florida in accordance with guidelines set forth in the contract. Under the terms of the purchase and sale agreement, we did not believe we had any obligation to the sellers. However, the sellers contested our position and initiated a lawsuit in June 2006 in the Court of Common Pleas in Allegheny County, Pennsylvania. Trial began in March 2015 and culminated in the entry of final judgment on October 8, 2015, in favor of the sellers and against us for $127 million plus costs. The judgment represents the $80 million contingent purchase price plus pre-judgment interest, which will continue to accrue until the judgment is paid in full. We are proceeding with an appeal. In connection with this case, we recorded a reserve and pre-tax charges of $127 million in fiscal 2015. These charges are reflected in income from discontinued operations on the

13. Commitments and Contingencies (Continued)

Consolidated Statement of Operations as the Com-Net case was associated with our former Wireless Systems business which was sold in fiscal 2009.

Income Tax Matters

Pursuant to the Tax Sharing Agreement, we entered into certain guarantee commitments and indemnifications with Tyco International and Covidien. See Note 12 for additional information regarding the Tax Sharing Agreement.

Prior to separation, certain of our subsidiaries filed combined income tax returns with Tyco International. Those and other of our subsidiaries' income tax returns are examined periodically by various tax authorities. In connection with these examinations, tax authorities, including the Internal Revenue Service ("IRS"), have raised issues and proposed tax adjustments. Tyco International, as the U.S. income tax audit controlling party under the Tax Sharing Agreement, is reviewing and contesting certain of the proposed tax adjustments. Amounts related to these tax adjustments and other tax contingencies and related interest that management has assessed under the uncertain tax position provisions of ASC 740, *Income Taxes,* which relate specifically to our entities have been recorded on the Consolidated Financial Statements. In addition, we may be required to fund portions of Tyco International's and Covidien's tax obligations. Estimates of these guarantees have also been recognized on the Consolidated Financial Statements.

In October 2012, the IRS issued special agreement Forms 870-AD, effectively settling its audit of all tax matters for the years 1997 through 2000, excluding one issue that remains in dispute as described below. As a result of these developments, in fiscal 2013, we recognized an income tax benefit of $331 million, representing a reduction in tax reserves for the matters that were effectively settled, and other expense of $231 million, representing a reduction of associated indemnification receivables, pursuant to the Tax Sharing Agreement with Tyco International and Covidien.

The disputed issue involves the tax treatment of certain intercompany debt transactions. The IRS field examination asserted that certain intercompany loans originated during the years 1997 through 2000 did not constitute debt for U.S. federal income tax purposes and disallowed approximately $2.7 billion of related interest deductions recognized during the period on Tyco International's U.S. income tax returns. In addition, if the IRS is ultimately successful in asserting its claim, it is likely to disallow an additional $6.6 billion of interest deductions reflected on U.S. income tax returns in years subsequent to fiscal 2000. Tyco International contends that the intercompany financing qualified as debt for U.S. income tax purposes and that the interest deductions reflected on the income tax returns were appropriate. The IRS and Tyco International were unable to resolve this matter through the IRS appeals process. On June 20, 2013, Tyco International advised us that it had received Notices of Deficiency from the IRS for certain former U.S. subsidiaries of Tyco International increasing taxable income by approximately $2.9 billion in connection with the audit of Tyco International's fiscal years 1997 through 2000. The Notices of Deficiency assert that Tyco International owes additional taxes totaling $778 million, associated penalties of $154 million, and withholding taxes of $105 million. In addition, Tyco International received Final Partnership Administrative Adjustments for certain U.S. partnerships owned by former U.S. subsidiaries with respect to which Tyco International estimates an additional tax deficiency of approximately $30 million will be asserted. The amounts asserted by the IRS exclude any applicable deficiency interest, and do not reflect any impact to subsequent period tax liabilities in the event that the IRS were to prevail on some or all of its assertions. We understand that

13. Commitments and Contingencies (Continued)

Tyco International strongly disagrees with the IRS position and has filed petitions in the U.S. Tax Court contesting the IRS's proposed adjustments. Tyco International has advised us that it believes there are meritorious defenses for the tax filings in question and that the IRS position with regard to this matter is inconsistent with the applicable tax laws and existing U.S. Treasury regulations.

The previously set U.S. Tax Court trial date of February 29, 2016 has been delayed at the request of the IRS, and trial is expected to commence during October 2016. The parties remain engaged in discovery. We do not expect any payments to the IRS with respect to this matter until it is fully and finally resolved. In accordance with the Tax Sharing Agreement, we, Tyco International, and Covidien would share 31%, 27%, and 42%, respectively, of any payments made in connection with this matter.

If the IRS were to prevail on its assertions, our share of the assessed tax, deficiency interest, and applicable withholding taxes and penalties could have a material adverse impact on our results of operations, financial position, and cash flows. We have reviewed the Notices of Deficiency, the relevant facts surrounding the intercompany debt transactions, relevant tax regulations, and applicable case law, and we continue to believe that we are appropriately reserved for this matter.

During fiscal 2015, the IRS issued general agreement Forms 870, effectively settling its audits of tax matters for the years 2001 through 2007, excluding the disputed issue discussed above. As a result of these developments, we recognized an income tax benefit of $201 million, representing a reduction in tax reserves for the matters that were effectively settled, and other expense of $84 million, representing a reduction of associated indemnification receivables, pursuant to the Tax Sharing Agreement with Tyco International and Covidien.

Also during fiscal 2015, the IRS issued general agreement Forms 870, effectively settling its audits of tax matters for the years 2008 through 2010, excluding the disputed issue discussed above. As of result of these developments, we recognized an income tax benefit of $63 million, representing a reduction in tax reserves for the matters that were effectively settled.

We made net payments of $40 million, $179 million, and $28 million related to pre-separation U.S. tax matters during fiscal 2015, 2014, and 2013, respectively.

At September 25, 2015 and September 26, 2014, we have reflected $17 million and $51 million, respectively, of income tax liabilities related to the audits of Tyco International's and our income tax returns in accrued and other current liabilities as certain of these matters could be resolved within the next twelve months.

We believe that the amounts recorded on the Consolidated Financial Statements relating to the matters discussed above are appropriate. However, the ultimate resolution is uncertain and could result in a material impact to 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 2015, we concluded that it was probable that we would incur remedial costs in the range of $16 million to $38 million, and that the best estimate within this range was $19 million. We believe that any potential payment of such

13. Commitments and Contingencies (Continued)

estimated amounts will not have a material adverse effect on our results of operations, financial position, or cash flows.

14. 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 2015, 2014, and 2013.

Foreign Exchange Risks and Hedges of Net Investment

As part of managing the exposure to changes in foreign currency exchange rates, we utilize cross-currency swap contracts, foreign currency forward contracts, and foreign currency swap 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 Statements 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 risk associated with certain intercompany loans. Under the terms of these contracts, which have been designated as cash flow hedges, we will make quarterly 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 maturities of these contracts in fiscal 2022, we will pay the principal amount of the loans in euros and receive U.S. dollars from our counterparties.

We hedge our net investment in certain foreign operations using intercompany non-derivative financial instruments denominated in the same currencies. The aggregate notional value of these hedges was $3,880 million and $2,893 million at September 25, 2015 and September 26, 2014, respectively. Foreign exchange gains of $353 million and $156 million in fiscal 2015 and 2014, respectively, were recorded as currency translation, a component of accumulated other comprehensive income (loss), offsetting foreign exchange losses attributable to the translation of the net investment. Foreign exchange gains and losses recorded as currency translation in fiscal 2013 were immaterial. See Note 20 for additional information.

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 swaps to convert a portion of fixed-rate debt into variable-rate debt. We use forward starting interest rate swaps and options to enter into interest rate swaps to manage interest rate exposure in periods prior to the anticipated issuance of fixed-rate debt. We also utilize investment swaps to manage earnings exposure on certain nonqualified deferred compensation liabilities.

14. Financial Instruments and Fair Value Measurements (Continued)

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 September 25, 2015 and September 26, 2014, our commodity hedges had notional values of $260 million and $307 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 Statements 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 September 25, 2015 and September 26, 2014.

15. Retirement Plans

Defined Benefit Pension Plans

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

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

	U.S. Plans			Non-U.S. Plans		
	Fiscal			Fiscal		
	2015	2014	2013	2015	2014	2013
	($ in millions)					
Service cost	$ 9	$ 7	$ 6	$ 45	$ 46	$ 50
Interest cost	48	50	46	58	71	68
Expected return on plan assets	(67)	(63)	(60)	(72)	(67)	(65)
Amortization of net actuarial loss	25	25	36	33	23	32
Other	—	—	—	(5)	(3)	(18)
Net periodic pension benefit cost	$ 15	$ 19	$ 28	$ 59	$ 70	$ 67
Weighted-average assumptions used to determine net pension benefit cost during the fiscal year:						
Discount rate	4.34%	4.84%	3.98%	2.77%	3.38%	3.27%
Expected return on plan assets	7.20%	7.16%	6.65%	6.46%	5.96%	6.29%
Rate of compensation increase	—%	—%	—%	2.86%	2.84%	2.86%

15. Retirement Plans (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 U.S. and non-U.S. defined benefit pension plans:

	U.S. Plans		Non-U.S. Plans	
	Fiscal		Fiscal	
	2015	2014	2015	2014
	($ in millions)			
Change in benefit obligation:				
Benefit obligation at beginning of fiscal year	$1,143	$1,074	$ 2,276	$ 2,106
Service cost	9	7	45	46
Interest cost	48	50	58	71
Actuarial loss	42	90	87	256
Benefits and administrative expenses paid	(74)	(77)	(71)	(75)
Currency translation	—	—	(213)	(94)
Other	2	(1)	6	(34)
Benefit obligation at end of fiscal year	1,170	1,143	2,188	2,276
Change in plan assets:				
Fair value of plan assets at beginning of fiscal year	978	931	1,177	1,113
Actual return on plan assets	(26)	123	72	97
Employer contributions	1	2	65	85
Benefits and administrative expenses paid	(74)	(77)	(71)	(75)
Currency translation	—	—	(90)	(32)
Other	—	(1)	14	(11)
Fair value of plan assets at end of fiscal year	879	978	1,167	1,177
Funded status	$ (291)	$ (165)	$(1,021)	$(1,099)
Amounts recognized on the Consolidated Balance Sheets:				
Accrued and other current liabilities	$ (5)	$ (4)	$ (19)	$ (21)
Long-term pension and postretirement liabilities	(286)	(161)	(1,002)	(1,078)
Net amount recognized	$ (291)	$ (165)	$(1,021)	$(1,099)
Weighted-average assumptions used to determine pension benefit obligation at fiscal year end:				
Discount rate	4.38%	4.34%	2.50%	2.77%
Rate of compensation increase	—%	—%	2.81%	2.86%

15. Retirement Plans (Continued)

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

	U.S. Plans		Non-U.S. Plans	
	Fiscal		Fiscal	
	2015	2014	2015	2014
	(in millions)			
Change in net loss:				
Unrecognized net loss at beginning of fiscal year	$325	$320	$748	$592
Current year change recorded in accumulated other comprehensive income (loss)	136	30	18	180
Amortization reclassified to earnings	(25)	(25)	(55)	(24)
Unrecognized net loss at end of fiscal year	$436	$325	$711	$748
Change in prior service credit:				
Unrecognized prior service credit at beginning of fiscal year	$ —	$ —	$(67)	$(68)
Current year change recorded in accumulated other comprehensive income (loss)	—	—	(4)	(4)
Amortization reclassified to earnings	—	—	5	5
Unrecognized prior service credit at end of fiscal year	$ —	$ —	$(66)	$(67)

In fiscal 2015, unrecognized actuarial losses recorded in accumulated other comprehensive income (loss) for U.S. defined benefit pension plans are due primarily to a change in the mortality assumption and lower than expected asset performance. Unrecognized actuarial losses recorded in accumulated other comprehensive income (loss) for non-U.S. defined benefit pension plans in fiscal 2015 are principally the result of lower discount rates as compared to fiscal 2014. In fiscal 2014, unrecognized actuarial losses recorded in accumulated other comprehensive income (loss) are primarily the result of changes in mortality assumptions and decreasing discount rates for U.S. defined benefit pension plans and attributable primarily to lower discount rates for non-U.S. defined benefit pension plans as compared to fiscal 2013. Amortization of prior service credit is included in other in the above table summarizing the components of net periodic pension benefit cost.

The estimated amortization of actuarial losses from accumulated other comprehensive income (loss) into net periodic pension benefit cost for U.S. and non-U.S. defined benefit pension plans in fiscal 2016 is expected to be $40 million and $36 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 2016 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 strategy for the U.S. pension plans is governed by our investment committee; investment strategies for non-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

15. Retirement Plans (Continued)

allocation, expected long-term returns, and forward-looking estimates of active portfolio and investment management.

The long-term target asset allocation in our U.S. plans' master trust is 10% equity and 90% fixed income. Asset re-allocation to meet that target is occurring over a multi-year period based on the funded status, as defined by the Pension Protection Act of 2006 (the "Pension Act Funded Status"), of the U.S. plans' master trust and market conditions. We expect to reach our target allocation when the Pension Act Funded Status exceeds 105%. Based on the Pension Act Funded Status as of September 25, 2015, our target asset allocation is 45% equity and 55% fixed income.

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

	U.S. Plans			Non-U.S. Plans		
	Target	Fiscal Year End 2015	Fiscal Year End 2014	Target	Fiscal Year End 2015	Fiscal Year End 2014
Asset category:						
Equity securities	45%	45%	45%	45%	45%	45%
Debt securities	55	55	55	29	29	30
Insurance contracts and other investments	—	—	—	24	24	23
Real estate investments	—	—	—	2	2	2
Total	100%	100%	100%	100%	100%	100%

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 $5 million and $68 million to our U.S. and non-U.S. pension plans, respectively, in fiscal 2016. We may also make voluntary contributions at our discretion.

Benefit payments, which reflect future expected service, as appropriate, are expected to be paid as follows:

	U.S. Plans	Non-U.S. Plans
	(in millions)	
Fiscal 2016	$ 71	$ 67
Fiscal 2017	69	70
Fiscal 2018	70	72
Fiscal 2019	71	77
Fiscal 2020	72	80
Fiscal 2021-2025	375	464

15. Retirement Plans (Continued)

Set forth below is the accumulated benefit obligation for all U.S. and non-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.

	U.S. Plans Fiscal Year End		Non-U.S. Plans Fiscal Year End	
	2015	2014	2015	2014
	(in millions)			
Accumulated benefit obligation	$1,170	$1,143	$2,041	$2,121
Pension plans with accumulated benefit obligations in excess of plan assets:				
Accumulated benefit obligation	1,170	1,143	1,994	2,120
Fair value of plan assets	879	978	1,119	1,177
Pension plans with projected benefit obligations in excess of plan assets:				
Projected benefit obligation	1,170	1,143	2,188	2,276
Fair value of plan assets	879	978	1,167	1,177

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 2015							
	U.S. Plans				Non-U.S. Plans			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
	(in millions)							
Equity:								
U.S. equity securities(1)	$245	$ —	$—	$245	$ 60	$ —	$—	$ 60
Non-U.S. equity securities(1)	149	—	—	149	54	—	—	54
Commingled equity funds(2)	—	—	—	—	—	421	—	421
Fixed income:								
Government bonds(3)	—	64	—	64	—	202	—	202
Corporate bonds(4)	—	404	—	404	—	13	—	13
Commingled bond funds(5)	—	—	—	—	—	171	—	171
Other(6)	—	3	—	3	—	142	84	226
Subtotal	$394	$471	$—	865	$114	$949	$84	1,147
Items to reconcile to fair value of plan assets(7)				14				20
Fair value of plan assets				$879				$1,167

15. Retirement Plans (Continued)

	Fiscal Year End 2014							
	U.S. Plans				Non-U.S. Plans			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
	(in millions)							
Equity:								
U.S. equity securities[1]	$210	$ —	$—	$210	$ 54	$ —	$—	$ 54
Non-U.S. equity securities[1]	209	—	—	209	65	—	—	65
Commingled equity funds[2]	—	—	—	—	—	434	—	434
Fixed income:								
Government bonds[3]	—	87	—	87	—	211	—	211
Corporate bonds[4]	—	445	—	445	—	19	—	19
Commingled bond funds[5]	—	—	—	—	—	203	—	203
Other[6]	—	13	—	13	—	85	78	163
Subtotal	$419	$545	$—	964	$119	$952	$78	1,149
Items to reconcile to fair value of plan assets[7]				14				28
Fair value of plan assets				$978				$1,177

(1) U.S. and non-U.S. equity securities are valued at the closing price reported on the stock exchange on which the individual securities are traded.

(2) 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.

(3) 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.

(4) 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.

(5) 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.

(6) 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).

(7) 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.

Changes in Level 3 assets in non-U.S. plans were primarily the result of purchases in fiscal 2015 and positive returns in fiscal 2014.

15. Retirement Plans (Continued)

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 $60 million, $61 million, and $61 million for fiscal 2015, 2014, and 2013, 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 a number of funds in our 401(k) plans and the account balance fluctuates with the investment returns on those funds. Total deferred compensation liabilities were $118 million and $108 million at fiscal year end 2015 and 2014, respectively. See Note 14 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 $40 million and $44 million at fiscal year end 2015 and 2014, respectively, 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 2015, 2014, and 2013 was not significant.

16. Income Taxes

Our operations are conducted through our various subsidiaries in a number of countries throughout the world. We have provided for income taxes based upon the tax laws and rates in the countries in which our operations are conducted and income and loss from operations is subject to taxation.

16. Income Taxes (Continued)

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

	Fiscal 2015	Fiscal 2014	Fiscal 2013
	(in millions)		
Current income tax provision (benefit):			
U.S.:			
Federal	$ (67)	$ 128	$ (296)
State	12	(3)	(85)
Non-U.S.	352	302	292
	297	427	(89)
Deferred income tax provision (benefit):			
U.S.:			
Federal	87	(311)	31
State	5	(3)	(4)
Non-U.S.	(52)	33	(13)
	40	(281)	14
Provision (benefit) for income taxes	$ 337	$ 146	$ (75)

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

	Fiscal 2015	Fiscal 2014	Fiscal 2013
	(in millions)		
U.S.	$ (31)	$ (133)	$ (354)
Non-U.S.	1,606	1,893	1,434
Income from continuing operations before income taxes	$1,575	$1,760	$1,080

16. Income Taxes (Continued)

The reconciliation between U.S. federal income taxes at the statutory rate and provision (benefit) for income taxes on continuing operations was as follows:

	Fiscal		
	2015	2014	2013
	(in millions)		
Notional U.S. federal income tax provision at the statutory rate	$ 551	$ 616	$ 378
Adjustments to reconcile to the income tax provision (benefit):			
U.S. state income tax provision (benefit), net	11	(4)	(58)
Other (income) expense—Tax Sharing Agreement	18	(23)	64
Tax law changes	10	(1)	—
Tax credits	(9)	(8)	(10)
Non-U.S. net earnings[1]	(275)	(287)	(256)
Nondeductible charges	2	3	—
Change in accrued income tax liabilities	(183)	112	(164)
Valuation allowance	(3)	(239)	(30)
Legal entity restructuring	211	—	—
Other	4	(23)	1
Provision (benefit) for income taxes	$ 337	$ 146	$ (75)

(1) Excludes nondeductible charges and other items which are broken out separately in the table.

The tax provision for fiscal 2015 reflects an income tax benefit of $264 million related to the effective settlement of all undisputed tax matters for the years 2001 through 2010, partially offset by $216 million of income tax charges associated with the tax impacts of certain intercompany legal entity restructurings made in connection with our integration of Measurement Specialties. Also, the tax provision for fiscal 2015 reflects an income tax charge of $29 million associated with the tax impacts of certain intercompany dividends related to the restructuring and sale of BNS.

The tax provision for fiscal 2014 reflects income tax benefits of $282 million recognized in connection with a reduction in the valuation allowance associated with certain tax loss carryforwards relating to ADC Telecommunications, Inc. (“ADC”), partially offset by an income tax charge related to adjustments to prior year income tax returns.

In fiscal 2014, we acquired SEACON, and its U.S. operations were combined with our ADC U.S. federal consolidated tax group. In addition, the ADC U.S. tax group was combined with other U.S. legal entities and assets. We reassessed the realization of the revised ADC U.S. tax group’s tax loss and credit carryforwards. Based upon management’s review of forecasted future taxable income of the reorganized combined tax group, we believed it was more likely than not that a tax benefit would be realized on additional U.S. federal and state net operating losses. Accordingly, we reduced the valuation allowance and recorded a tax benefit of $282 million.

The tax benefit for fiscal 2013 reflects an income tax benefit of $331 million related to the effective settlement of all undisputed tax matters for the years 1997 through 2000. In addition, the tax benefit for fiscal 2013 reflects $23 million of net tax benefits consisting primarily of income tax benefits recognized in connection with a reduction in the valuation allowance associated with certain ADC tax loss carryforwards and income tax benefits recognized in connection with the lapse of statutes of

16. Income Taxes (Continued)

limitations for examinations of prior year income tax returns, partially offset by income tax expense related to adjustments to prior year income tax returns.

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	
	2015	2014
	(in millions)	
Deferred tax assets:		
Accrued liabilities and reserves	$ 262	$ 262
Tax loss and credit carryforwards	4,856	3,356
Inventories	57	52
Pension and postretirement benefits	295	282
Deferred revenue	17	12
Interest	394	358
Unrecognized income tax benefits	378	391
Other	4	27
	6,263	4,740
Deferred tax liabilities:		
Intangible assets	(809)	(835)
Property, plant, and equipment	(1)	(10)
Other	(89)	(73)
	(899)	(918)
Net deferred tax asset before valuation allowance	5,364	3,822
Valuation allowance	(3,237)	(1,706)
Net deferred tax asset	$ 2,127	$ 2,116

During fiscal 2015, tax loss and credit carryforwards increased due primarily to tax losses of $1,381 million (tax effected) generated in connection with the write-down of investments in subsidiaries in certain jurisdictions. The valuation allowance was increased by a corresponding amount due to the uncertainty of the future realization of these tax losses.

At fiscal year end 2015, we had approximately $1,363 million of U.S. federal and $125 million of U.S. state net operating loss carryforwards (tax effected) which will expire in future years through 2035. In addition, at fiscal year end 2015, we had approximately $194 million of U.S. federal tax credit carryforwards, of which $63 million have no expiration and $131 million will expire in future years through 2035, and $40 million of U.S. state tax credits carryforwards which will expire in future years through 2030. Also, at fiscal year end 2015, we had were $20 million of U.S federal capital loss carryforwards (tax effected) which will expire in future years through 2020.

At fiscal year end 2015, we had approximately $3,068 million of net operating loss carryforwards (tax effected) in certain non-U.S. jurisdictions, of which $3,005 million have no expiration and $63 million will expire in future years through 2035. Also, at fiscal year end 2015, there were $1 million

16. Income Taxes (Continued)

of non-U.S. tax credit carryforwards which have no expiration. In addition, we had approximately $45 million of non-U.S. capital loss carryforwards (tax effected), of which $38 million have no expiration and $7 million will expire in future years through 2020.

The valuation allowance for deferred tax assets of $3,237 million and $1,706 million at fiscal year end 2015 and 2014, respectively, relates principally to the uncertainty of the utilization of certain deferred tax assets, primarily tax loss, capital loss, and credit carryforwards in various jurisdictions. 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. At fiscal year end 2015, approximately $151 million of the valuation allowance relates to share-based compensation and will be recorded to equity if certain net operating losses and tax credit carryforwards are utilized.

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 September 25, 2015, certain subsidiaries had approximately $19 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 September 25, 2015, we had approximately $5.2 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 approximately $1.7 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 Position Provisions of ASC 740

As of September 25, 2015, we had total unrecognized income tax benefits of $1,368 million. If recognized in future years, $1,291 million of these currently unrecognized income tax benefits would impact the income tax provision and effective tax rate. As of September 26, 2014, we had total unrecognized income tax benefits of $1,595 million. If recognized in future years, $1,450 million of

16. Income Taxes (Continued)

these unrecognized income tax benefits would impact the income tax provision and effective tax rate. The following table summarizes the activity related to unrecognized income tax benefits:

	Fiscal		
	2015	2014	2013
	(in millions)		
Balance at beginning of fiscal year	$1,595	$1,617	$1,794
Additions related to prior periods tax positions	24	22	88
Reductions related to prior periods tax positions	(291)	(57)	(271)
Additions related to current period tax positions	97	32	87
Acquisitions	—	7	—
Settlements	(29)	(14)	(8)
Reductions due to lapse of applicable statute of limitations	(28)	(12)	(73)
Balance at end of fiscal year	$1,368	$1,595	$1,617

We record accrued interest as well as penalties related to uncertain tax positions as part of the provision for income taxes. As of September 25, 2015, we had recorded $1,076 million of accrued interest and penalties related to uncertain tax positions on the Consolidated Balance Sheet, of which $1,073 million was recorded in income taxes and the remainder was recorded in accrued and other current liabilities. As of September 26, 2014, the balance of accrued interest and penalties was $1,136 million, of which $1,115 million was recorded in income taxes and the remainder was recorded in accrued and other current liabilities. During fiscal 2015, 2014, and 2013, we recognized expense of $7 million, expense of $99 million, and benefits of $247 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.

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.

16. Income Taxes (Continued)

As of September 25, 2015, under applicable statutes, the following tax years remained subject to examination in the major tax jurisdictions indicated:

Jurisdiction	Open Years
Belgium	2014 through 2015
Brazil	2010 through 2015
Canada	2008 through 2015
China	2005 through 2015
Czech Republic	2010 through 2015
France	2012 through 2015
Germany	2008 through 2015
Hong Kong	2009 through 2015
Hungary	2009 through 2015
India	2008 through 2015
Italy	2009 through 2015
Japan	2009 through 2015
Korea	2007 through 2015
Luxembourg	2010 through 2015
Mexico	2009 through 2015
Netherlands	2011 through 2015
Portugal	2012 through 2015
Singapore	2010 through 2015
Spain	2011 through 2015
Switzerland	2010 through 2015
United Kingdom	2013 through 2015
U.S.—federal and state and local	1997 through 2015

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 up to approximately $60 million of unrecognized income tax benefits, excluding the impact relating to accrued interest and penalties, could be resolved within the next twelve months. See Note 13 for additional information regarding the status of IRS examinations.

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 September 25, 2015.

17. Other Income (Expense), Net

In fiscal 2015, 2014, and 2013, we recorded net other expense of $55 million, net other income of $63 million, and net other expense of $183 million, respectively, primarily pursuant to the Tax Sharing Agreement with Tyco International and Covidien. See Note 12 for further information regarding the Tax Sharing Agreement. The net other expense in fiscal 2015 included $84 million related to the effective settlement of undisputed tax matters for the years 2001 through 2007. The net other income in

17. Other Income (Expense), Net (Continued)

fiscal 2014 included $18 million of income related to our share of a settlement agreement entered into by Tyco International with a former subsidiary, CIT Group Inc., which arose from a pre-separation claim for which we were entitled to 31% once resolved. The net other expense in fiscal 2013 included $231 million related to the effective settlement of all undisputed tax matters for the years 1997 through 2000. See Note 13 for additional information regarding the effective settlement of undisputed tax matters.

18. Earnings Per Share

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

	Fiscal		
	2015	2014	2013
	(in millions)		
Basic	405	410	418
Dilutive impact of share-based compensation arrangements	6	7	5
Diluted	411	417	423

There were one million and three million share options that were not included in the computation of diluted earnings per share for fiscal 2015 and 2013, respectively, because the instruments' underlying exercise prices were greater than the average market prices of our common shares and inclusion would be antidilutive.

19. 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.

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.

Common Shares Held in Treasury

At September 25, 2015, approximately 20 million common shares were held in treasury, of which 6 million were owned by one of our subsidiaries. At September 26, 2014, approximately 11 million common shares were held in treasury, of which 9 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 2015, 2014, and 2013, our shareholders approved the cancellation of five million, ten million, and ten 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.

19. Equity (Continued)

Contributed Surplus

Contributed surplus established for Swiss tax and statutory purposes ("Swiss Contributed Surplus"), subject to certain conditions, is a freely distributable reserve. Distributions to shareholders from Swiss Contributed Surplus are free from withholding tax. As of September 25, 2015 and September 26, 2014, Swiss Contributed Surplus was CHF 8,392 million and CHF 8,907 million, respectively (equivalent to $7,505 million and $8,036 million, respectively).

Dividends and Distributions to Shareholders

Under Swiss law, subject to certain conditions, distributions to shareholders made in the form of a reduction of registered share capital or from reserves from capital contributions (equivalent to Swiss Contributed Surplus) are exempt from Swiss withholding tax. See "Contributed Surplus" for additional information regarding our ability to make distributions free from withholding tax from contributed surplus. Distributions or dividends on our shares must be approved by our shareholders.

Our shareholders approved the following dividends and cash distributions on our common shares:

Approval Date	Payment Type	Annual Payment Per Share	Payment Dates
March 2012	Cash distribution(1)	CHF 0.80 (equivalent to $0.84), payable in four quarterly installments of $0.21	Third quarter of fiscal 2012 Fourth quarter of fiscal 2012 First quarter of fiscal 2013 Second quarter of fiscal 2013
March 2013	Dividend payment out of contributed surplus	CHF 0.96 (equivalent to $1.00), payable in four quarterly installments of $0.25	Third quarter of fiscal 2013 Fourth quarter of fiscal 2013 First quarter of fiscal 2014 Second quarter of fiscal 2014
March 2014	Dividend payment out of contributed surplus	CHF 1.04 (equivalent to $1.16), payable in four quarterly installments of $0.29	Third quarter of fiscal 2014 Fourth quarter of fiscal 2014 First quarter of fiscal 2015 Second quarter of fiscal 2015
March 2015	Dividend payment out of contributed surplus	$1.32 (equivalent to CHF 1.27), payable in four quarterly installments of $0.33	Third quarter of fiscal 2015 Fourth quarter of fiscal 2015 First quarter of fiscal 2016 Second quarter of fiscal 2016

(1) The cash distribution in the form of a capital reduction reduced the par value of our common shares from CHF 1.37 (equivalent to $1.28) to CHF 0.57 (equivalent to $0.44).

Upon approval by the shareholders of a dividend payment or cash distribution in the form of a capital reduction, we record a liability with a corresponding charge to contributed surplus or common shares. At September 25, 2015 and September 26, 2014, the unpaid portion of the dividends recorded in accrued and other current liabilities on the Consolidated Balance Sheets totaled $260 million and $236 million, respectively.

19. Equity (Continued)

Share Repurchase Program

During fiscal 2015, our board of directors authorized an increase of $3.0 billion in the share repurchase program. Common shares repurchased under the share repurchase program were as follows:

	Fiscal		
	2015	2014	2013
	(in millions)		
Number of common shares repurchased	18	11	20
Amount repurchased	$1,163	$604	$829

At September 25, 2015, we had $2.7 billion of availability remaining under our share repurchase authorization.

20. Accumulated Other Comprehensive Income (Loss)

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

	Currency Translation[1]	Unrecognized Pension and Postretirement Benefit Costs	Gains (Losses) on Cash Flow Hedges	Accumulated Other Comprehensive Income (Loss)
	(in millions)			
Balance at September 28, 2012	$ 959	$(700)	$(30)	$ 229
Net other comprehensive income (loss)	(28)	204	(36)	140
Income tax (expense) benefit	—	(73)	7	(66)
Net other comprehensive income (loss), net of tax	(28)	131	(29)	74
Balance at September 27, 2013	931	(569)	(59)	303
Other comprehensive loss before reclassifications	(216)	(211)	(35)	(462)
Amounts reclassified from accumulated other comprehensive income (loss)	5	44	49	98
Income tax benefit	—	44	—	44
Net other comprehensive income (loss), net of tax	(211)	(123)	14	(320)
Balance at September 26, 2014	720	(692)	(45)	(17)
Other comprehensive loss before reclassifications	(536)	(147)	(44)	(727)
Amounts reclassified from accumulated other comprehensive income (loss)	224[2]	75	45	344
Income tax benefit	—	26	1	27
Net other comprehensive income (loss), net of tax	(312)	(46)	2	(356)
Balance at September 25, 2015	$ 408	$(738)	$(43)	$(373)

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

20. Accumulated Other Comprehensive Income (Loss) (Continued)

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

21. Share Plans

Equity awards (primarily restricted share awards, performance share awards, and share options) granted by us are administered by the management development and compensation committee of our board of directors, which consists exclusively of independent directors. Our plans, of which the TE Connectivity Ltd. 2007 Stock and Incentive Plan, as amended and restated, is the primary plan, provide for the award of annual performance bonuses and long-term performance awards, including share options, restricted and performance units, deferred stock 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 September 25, 2015, our plans provided for a maximum of 67 million shares to be issued as Awards, subject to adjustment as provided under the terms of the plans. A total of 19 million shares remained available for issuance under our plans as of September 25, 2015.

Share-Based Compensation Expense

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

	Fiscal		
	2015	2014	2013
	(in millions)		
Share-based compensation expense	$89	$77	$71

We recognized a related tax benefit associated with our share-based compensation arrangements of $29 million, $24 million, and $22 million in fiscal 2015, 2014, and 2013, 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 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.

21. Share Plans (Continued)

A summary of restricted share award activity is presented below:

	Shares	Weighted-Average Grant-Date Fair Value
Nonvested at September 26, 2014	3,397,828	$40.79
Granted	1,359,144	62.45
Vested	(1,485,763)	38.80
Forfeited	(480,275)	48.43
Nonvested at September 25, 2015	2,790,934	$51.01

The weighted-average grant-date fair value of restricted share awards granted during fiscal 2015, 2014, and 2013 was $62.45, $52.21, and $34.69, respectively.

The total fair value of restricted share awards that vested during fiscal 2015, 2014, and 2013 was $58 million, $52 million, and $51 million, respectively.

As of September 25, 2015, there was $87 million of unrecognized compensation cost related to nonvested restricted share awards. The cost is expected to be recognized over a weighted-average period of 1.6 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.

A summary of performance share award activity is presented below:

	Shares	Weighted-Average Grant-Date Fair Value
Outstanding at September 26, 2014	510,488	$41.53
Granted	220,272	61.65
Vested	(1,285)	34.05
Forfeited	(28,647)	42.63
Outstanding at September 25, 2015	700,828	$47.32

The weighted-average grant-date fair value of performance share awards granted during fiscal 2015, 2014, and 2013 was $61.65, $51.63, and $34.16, respectively.

As of September 25, 2015, there was $15 million of unrecognized compensation cost related to nonvested performance share awards. The cost is expected to be recognized over a weighted-average period of 1.0 years.

21. Share Plans (Continued)

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.

A summary of share option award activity is presented below:

	Shares	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term	Aggregate Intrinsic Value
			(in years)	(in millions)
Outstanding at September 26, 2014	11,948,584	$35.41		
Granted	1,735,750	61.70		
Exercised	(3,072,275)	32.84		
Expired	(91,021)	52.93		
Forfeited	(396,163)	46.10		
Outstanding at September 25, 2015	10,124,875	$40.05	6.0	$192
Vested and expected to vest at September 25, 2015	9,822,310	$39.79	6.0	$188
Exercisable at September 25, 2015	5,758,402	$33.71	4.6	$142

The weighted-average exercise price of share option awards granted during fiscal 2015, 2014, and 2013 were $61.70, $51.78, and $34.27, respectively.

The total intrinsic value of options exercised during fiscal 2015, 2014, and 2013 was $107 million, $136 million, and $69 million, respectively. We received cash related to the exercise of options of $103 million, $156 million, and $214 million in fiscal 2015, 2014, and 2013, respectively. The related excess cash tax benefit classified as a financing cash inflow on the Consolidated Statements of Cash Flows for fiscal 2015, 2014, and 2013 was not material.

As of September 25, 2015, there was $39 million of unrecognized compensation cost related to nonvested share options granted under our share option plans. The cost is expected to be recognized over a weighted-average period of 1.4 years.

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. For fiscal 2013, we calculated the grant-date fair value of our share option awards utilizing the historical share volatility of a composite of our peers and implied volatility derived from exchange-traded options on

21. Share Plans (Continued)

that same composite of peers since we did not have historical share price information for a period of time equal to our expected option life assumption. The change in methodology did not have a significant impact on share-based compensation expense during fiscal 2015 or 2014. 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		
	2015	2014	2013
Weighted-average grant-date fair value	$18.77	$16.81	$8.62
Assumptions:			
Expected share price volatility	36%	39%	34%
Risk free interest rate	2.0%	1.8%	0.9%
Expected annual dividend per share	$ 1.16	$ 1.00	$0.84
Expected life of options (in years)	6.0	6.0	6.0

22. Segment and Geographic Data

During fiscal 2015, we reorganized our management structure and segments to better align the organization around our strategy. Our businesses in the former Consumer Solutions segment and our continuing businesses in the former Network Solutions segment have been moved into the newly created Communications Solutions segment. (See Note 4 for information regarding discontinued operations.) In addition, the former Data Communications and Consumer Devices businesses have been combined to form the Data and Devices business. We now 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. We aggregate our operating segments into reportable segments based upon similar economic characteristics and business groupings of products, services, and customers.

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 approximate market prices. Corporate assets are allocated to the segments based on segment assets.

22. Segment and Geographic Data (Continued)

The following segment information reflects our current segment reporting structure. Prior period segment results have been restated to conform to the current segment reporting structure.

Net sales and operating income by segment were as follows:

	Net Sales			Operating Income		
	Fiscal			Fiscal		
	2015	2014	2013	2015	2014	2013
	(in millions)					
Transportation Solutions	$ 6,351	$ 6,090	$ 5,485	$1,193	$1,245	$ 934
Industrial Solutions	3,179	3,302	3,100	352	431	344
Communications Solutions	2,703	2,581	2,805	204	129	107
Total	$12,233	$11,973	$11,390	$1,749	$1,805	$1,385

No single customer accounted for a significant amount of our net sales in fiscal 2015, 2014, and 2013.

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		
	2015	2014	2013	2015	2014	2013
	(in millions)					
Transportation Solutions	$347	$285	$294	$400	$379	$325
Industrial Solutions	123	102	92	104	143	111
Communications Solutions	146	164	150	96	113	145
Total	$616	$551	$536	$600	$635	$581

22. Segment and Geographic Data (Continued)

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

	Segment Assets		
	Fiscal Year End		
	2015	2014	2013
	(in millions)		
Transportation Solutions	$ 3,310	$ 3,062	$ 2,983
Industrial Solutions	1,720	1,735	1,640
Communications Solutions	1,625	1,689	1,764
Total segment assets[1]	6,655	6,486	6,387
Other current assets	4,152	5,313	4,243
Other non-current assets	9,801	8,353	7,831
Total assets	$20,608	$20,152	$18,461

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

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

	Net Sales[1]			Property, Plant, and Equipment, Net		
	Fiscal			Fiscal Year End		
	2015	2014	2013	2015	2014	2013
	(in millions)					
Americas:						
U.S.	$ 3,817	$ 3,119	$ 3,042	$ 887	$ 837	$ 867
Other Americas	321	396	414	87	97	49
Total Americas	4,138	3,515	3,456	974	934	916
Asia–Pacific:						
China	2,367	2,331	2,072	529	492	495
Other Asia–Pacific	1,736	1,903	1,914	461	468	490
Total Asia–Pacific	4,103	4,234	3,986	990	960	985
Europe/Middle East/Africa:						
Switzerland	2,992	3,483	3,216	55	54	54
Germany	117	126	123	313	330	346
Other Europe/Middle East/Africa	883	615	609	588	642	650
Total Europe/Middle East/Africa	3,992	4,224	3,948	956	1,026	1,050
Total	$12,233	$11,973	$11,390	$2,920	$2,920	$2,951

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

23. Quarterly Financial Data (unaudited)

Summarized quarterly financial data was as follows:

	Fiscal							
	2015				2014			
	First Quarter(1)	Second Quarter	Third Quarter	Fourth Quarter(2)	First Quarter	Second Quarter	Third Quarter	Fourth Quarter(3)
	(in millions, except per share data)							
Net sales	$3,049	$3,082	$3,118	$2,984	$2,862	$2,964	$3,075	$3,072
Gross margin	1,020	1,051	1,048	968	945	995	1,018	1,014
Acquisition and integration costs	24	14	8	9	—	1	1	29
Restructuring and other charges (credits), net	25	38	19	70	6	(1)	10	4
Amounts attributable to TE Connectivity Ltd.:								
Income from continuing operations	435	316	351	136	313	340	347	614
Income (loss) from discontinued operations, net of income taxes	37	283	(42)	904	40	22	56	49
Net income	$ 472	$ 599	$ 309	$1,040	$ 353	$ 362	$ 403	$ 663
Basic earnings per share attributable to TE Connectivity Ltd.:								
Income from continuing operations	$ 1.07	$ 0.78	$ 0.86	$ 0.34	$ 0.76	$ 0.83	$ 0.85	$ 1.50
Net income	1.16	1.47	0.76	2.60	0.86	0.88	0.99	1.62
Diluted earnings per share attributable to TE Connectivity Ltd.:								
Income from continuing operations	$ 1.05	$ 0.77	$ 0.85	$ 0.34	$ 0.75	$ 0.82	$ 0.83	$ 1.48
Net income	1.14	1.45	0.75	2.57	0.84	0.87	0.97	1.59

(1) Results for the first quarter of fiscal 2015 include $27 million of charges from the amortization of acquisition-related fair value adjustments to acquired inventories and customer order backlog associated primarily with Measurement Specialties. Results for the first quarter of fiscal 2015 also include $189 million of income tax benefits associated with the effective settlement of all undisputed tax matters for the years 2001 through 2007 and the related impact of $83 million to other expense pursuant to the Tax Sharing Agreement with Tyco International and Covidien.

(2) Results for the fourth quarter of fiscal 2015 include $216 million of income tax charges associated with the tax impacts of certain intercompany legal entity restructurings made in connection with our integration of Measurement Specialties and $63 million of income tax benefits associated with the effective settlement of all undisputed tax matters for the years 2008 through 2010. In addition, in the fourth quarter of fiscal 2015, income from discontinued operations, net of income taxes includes the gain on the sale of our BNS business.

(3) Results for the fourth quarter of fiscal 2014 include $282 million of income tax benefits recognized in connection with a reduction in the valuation allowance associated with certain ADC tax loss carryforwards.

24. Subsequent Event

On November 7, 2015, we entered into a definitive agreement to sell our Circuit Protection Devices ("CPD") business for $350 million in cash, subject to a final working capital adjustment. The transaction is expected to close during the second quarter of fiscal 2016 pending customary closing conditions and regulatory approvals. The net assets of the CPD business were approximately $200 million at September 25, 2015. The CPD business is currently reported in our Communications Solutions segment.

25. 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.

25. Tyco Electronics Group S.A. (Continued)

Condensed Consolidating Statement of Operations
For the Fiscal Year Ended September 25, 2015

	TE Connectivity Ltd.	TEGSA	Other Subsidiaries	Consolidating Adjustments	Total
			(in millions)		
Net sales	$ —	$ —	$12,233	$ —	$12,233
Cost of sales	—	—	8,146	—	8,146
Gross margin	—	—	4,087	—	4,087
Selling, general, and administrative expenses, net(1)	163	835	506	—	1,504
Research, development, and engineering expenses	—	—	627	—	627
Acquisition and integration costs	—	—	55	—	55
Restructuring and other charges, net	—	—	152	—	152
Operating income (loss)	(163)	(835)	2,747	—	1,749
Interest income	—	—	17	—	17
Interest expense	—	(135)	(1)	—	(136)
Other expense, net	—	—	(55)	—	(55)
Equity in net income of subsidiaries	1,398	2,318	—	(3,716)	—
Equity in net income of subsidiaries of discontinued operations	1,182	365	—	(1,547)	—
Intercompany interest income (expense), net	3	50	(53)	—	—
Income from continuing operations before income taxes	2,420	1,763	2,655	(5,263)	1,575
Income tax expense	—	—	(337)	—	(337)
Income from continuing operations	2,420	1,763	2,318	(5,263)	1,238
Income from discontinued operations, net of income taxes	—	817	365	—	1,182
Net income attributable to TE Connectivity Ltd., TEGSA, or Other Subsidiaries	2,420	2,580	2,683	(5,263)	2,420
Other comprehensive loss	(356)	(356)	(368)	724	(356)
Comprehensive income attributable to TE Connectivity Ltd., TEGSA, or Other Subsidiaries	$2,064	$2,224	$ 2,315	$(4,539)	$ 2,064

(1) TEGSA selling, general, and administrative expenses include losses of $846 million related to intercompany transactions. These losses are offset by corresponding gains recorded by Other Subsidiaries.

25. Tyco Electronics Group S.A. (Continued)

Condensed Consolidating Statement of Operations
For the Fiscal Year Ended September 26, 2014

	TE Connectivity Ltd.	TEGSA	Other Subsidiaries	Consolidating Adjustments	Total
			(in millions)		
Net sales	$ —	$ —	$11,973	$ —	$11,973
Cost of sales	—	—	8,001	—	8,001
Gross margin	—	—	3,972	—	3,972
Selling, general, and administrative expenses, net(1)	131	1,877	(474)	—	1,534
Research, development, and engineering expenses	—	—	583	—	583
Acquisition and integration costs	—	—	31	—	31
Restructuring and other charges, net	—	—	19	—	19
Operating income (loss)	(131)	(1,877)	3,813	—	1,805
Interest income	—	—	19	—	19
Interest expense	—	(126)	(1)	—	(127)
Other income (expense), net	18	(3)	48	—	63
Equity in net income of subsidiaries	1,729	3,672	—	(5,401)	—
Equity in net income of subsidiaries of discontinued operations	167	167	—	(334)	—
Intercompany interest income (expense), net	(2)	63	(61)	—	—
Income from continuing operations before income taxes	1,781	1,896	3,818	(5,735)	1,760
Income tax expense	—	—	(146)	—	(146)
Income from continuing operations	1,781	1,896	3,672	(5,735)	1,614
Income from discontinued operations, net of income taxes	—	—	167	—	167
Net income attributable to TE Connectivity Ltd., TEGSA, or Other Subsidiaries	1,781	1,896	3,839	(5,735)	1,781
Other comprehensive loss	(320)	(320)	(328)	648	(320)
Comprehensive income attributable to TE Connectivity Ltd., TEGSA, or Other Subsidiaries	$1,461	$ 1,576	$ 3,511	$(5,087)	$ 1,461

(1) TEGSA selling, general, and administrative expenses include losses of $1,874 million related to intercompany transactions. These losses are offset by corresponding gains recorded by Other Subsidiaries.

25. Tyco Electronics Group S.A. (Continued)

Condensed Consolidating Statement of Operations
For the Fiscal Year Ended September 27, 2013

	TE Connectivity Ltd.	TEGSA	Other Subsidiaries	Consolidating Adjustments	Total
			(in millions)		
Net sales	$ —	$ —	$11,390	$ —	$11,390
Cost of sales	—	—	7,739	—	7,739
Gross margin	—	—	3,651	—	3,651
Selling, general, and administrative expenses	156	3	1,281	—	1,440
Research, development, and engineering expenses	—	—	590	—	590
Acquisition and integration costs	—	—	14	—	14
Restructuring and other charges, net	—	—	222	—	222
Operating income (loss)	(156)	(3)	1,544	—	1,385
Interest income	—	—	17	—	17
Interest expense	—	(135)	(4)	—	(139)
Other expense, net	—	—	(183)	—	(183)
Equity in net income of subsidiaries	1,323	1,411	—	(2,734)	—
Equity in net income of subsidiaries of discontinued operations	122	122	—	(244)	—
Intercompany interest income (expense), net	(13)	54	(41)	—	—
Income from continuing operations before income taxes	1,276	1,449	1,333	(2,978)	1,080
Income tax (expense) benefit	—	(4)	79	—	75
Income from continuing operations	1,276	1,445	1,412	(2,978)	1,155
Income from discontinued operations, net of income taxes	—	—	122	—	122
Net income	1,276	1,445	1,534	(2,978)	1,277
Less: net income attributable to noncontrolling interests	—	—	(1)	—	(1)
Net income attributable to TE Connectivity Ltd., TEGSA, or Other Subsidiaries	1,276	1,445	1,533	(2,978)	1,276
Other comprehensive income	74	74	64	(138)	74
Comprehensive income attributable to TE Connectivity Ltd., TEGSA, or Other Subsidiaries	$1,350	$1,519	$ 1,597	$(3,116)	$ 1,350

25. Tyco Electronics Group S.A. (Continued)

Condensed Consolidating Balance Sheet
As of September 25, 2015

	TE Connectivity Ltd.	TEGSA	Other Subsidiaries	Consolidating Adjustments	Total
			(in millions)		
Assets					
Current assets:					
Cash and cash equivalents	$ —	$ —	$ 3,329	$ —	$ 3,329
Accounts receivable, net	—	—	2,120	—	2,120
Inventories	—	—	1,615	—	1,615
Intercompany receivables	813	389	66	(1,268)	—
Prepaid expenses and other current assets	4	6	468	—	478
Deferred income taxes	—	—	345	—	345
Total current assets	817	395	7,943	(1,268)	7,887
Property, plant, and equipment, net	—	—	2,920	—	2,920
Goodwill	—	—	4,824	—	4,824
Intangible assets, net	—	—	1,555	—	1,555
Deferred income taxes	—	—	2,144	—	2,144
Investment in subsidiaries	9,505	19,645	—	(29,150)	—
Intercompany loans receivable	22	2,328	8,110	(10,460)	—
Receivable from Tyco International plc and Covidien plc	—	—	964	—	964
Other assets	—	44	270	—	314
Total Assets	$10,344	$22,412	$28,730	$(40,878)	$20,608
Liabilities and Equity					
Current liabilities:					
Current maturities of long-term debt	$ —	$ 500	$ —	$ —	$ 500
Accounts payable	2	—	1,141	—	1,143
Accrued and other current liabilities	442	75	1,232	—	1,749
Deferred revenue	—	—	185	—	185
Intercompany payables	311	824	133	(1,268)	—
Total current liabilities	755	1,399	2,691	(1,268)	3,577
Long-term debt	—	3,402	1	—	3,403
Intercompany loans payable	4	8,106	2,350	(10,460)	—
Long-term pension and postretirement liabilities	—	—	1,327	—	1,327
Deferred income taxes	—	—	329	—	329
Income taxes	—	—	1,954	—	1,954
Other liabilities	—	—	433	—	433
Total Liabilities	759	12,907	9,085	(11,728)	11,023
Total Equity	9,585	9,505	19,645	(29,150)	9,585
Total Liabilities and Equity	$10,344	$22,412	$28,730	$(40,878)	$20,608

25. Tyco Electronics Group S.A. (Continued)

Condensed Consolidating Balance Sheet
As of September 26, 2014

	TE Connectivity Ltd.	TEGSA	Other Subsidiaries	Consolidating Adjustments	Total
			(in millions)		
Assets					
Current assets:					
Cash and cash equivalents	$ —	$ 1	$ 2,456	$ —	$ 2,457
Accounts receivable, net	—	—	2,057	—	2,057
Inventories	—	—	1,509	—	1,509
Intercompany receivables	932	230	30	(1,192)	—
Prepaid expenses and other current assets	6	3	510	—	519
Deferred income taxes	—	—	324	—	324
Assets held for sale	—	—	2,013	—	2,013
Total current assets	938	234	8,899	(1,192)	8,879
Property, plant, and equipment, net	—	—	2,920	—	2,920
Goodwill	—	—	3,726	—	3,726
Intangible assets, net	—	—	1,087	—	1,087
Deferred income taxes	—	—	2,047	—	2,047
Investment in subsidiaries	8,602	19,966	—	(28,568)	—
Intercompany loans receivable	20	2,160	9,883	(12,063)	—
Receivable from Tyco International plc and Covidien plc	—	—	1,037	—	1,037
Other assets	—	30	426	—	456
Total Assets	$9,560	$22,390	$30,025	$(41,823)	$20,152
Liabilities and Equity					
Current liabilities:					
Current maturities of long-term debt	$ —	$ 577	$ —	$ —	$ 577
Accounts payable	1	—	1,229	—	1,230
Accrued and other current liabilities	282	50	1,262	—	1,594
Deferred revenue	—	—	176	—	176
Intercompany payables	260	—	932	(1,192)	—
Liabilities held for sale	—	—	416	—	416
Total current liabilities	543	627	4,015	(1,192)	3,993
Long-term debt	—	3,281	—	—	3,281
Intercompany loans payable	4	9,880	2,179	(12,063)	—
Long-term pension and postretirement liabilities	—	—	1,280	—	1,280
Deferred income taxes	—	—	229	—	229
Income taxes	—	—	2,044	—	2,044
Other liabilities	—	—	312	—	312
Total Liabilities	547	13,788	10,059	(13,255)	11,139
Total Equity	9,013	8,602	19,966	(28,568)	9,013
Total Liabilities and Equity	$9,560	$22,390	$30,025	$(41,823)	$20,152

25. Tyco Electronics Group S.A. (Continued)

Condensed Consolidating Statement of Cash Flows
For the Fiscal Year Ended September 25, 2015

	TE Connectivity Ltd.	TEGSA	Other Subsidiaries	Consolidating Adjustments	Total
			(in millions)		
Cash Flows From Operating Activities:					
Net cash provided by continuing operating activities(1)	$ 1,186	$ 1,270	$ 1,824	$(2,661)	$ 1,619
Net cash provided by discontinued operating activities	—	—	294	—	294
Net cash provided by operating activities	1,186	1,270	2,118	(2,661)	1,913
Cash Flows From Investing Activities:					
Capital expenditures	—	—	(600)	—	(600)
Proceeds from sale of property, plant, and equipment	—	—	17	—	17
Acquisition of business, net of cash acquired	—	—	(1,725)	—	(1,725)
Proceeds from divestiture of discontinued operations, net of cash retained by sold operations	—	709	2,248	—	2,957
Change in intercompany loans	—	(1,304)	—	1,304	—
Other	—	—	12	—	12
Net cash provided by (used in) continuing investing activities	—	(595)	(48)	1,304	661
Net cash used in discontinued investing activities	—	—	(25)	—	(25)
Net cash provided by (used in) investing activities	—	(595)	(73)	1,304	636
Cash Flows From Financing Activities:					
Changes in parent company equity(2)	80	624	(704)	—	—
Net decrease in commercial paper	—	(328)	—	—	(328)
Proceeds from issuance of long-term debt	—	617	—	—	617
Repayment of long-term debt	—	(250)	(223)	—	(473)
Proceeds from exercise of share options	—	—	103	—	103
Repurchase of common shares	(916)	—	(107)	—	(1,023)
Payment of common share dividends to shareholders	(515)	—	13	—	(502)
Intercompany distributions(1)	—	(1,335)	(1,326)	2,661	—
Loan activity with parent	165	—	1,139	(1,304)	—
Transfers from discontinued operations	—	—	269	—	269
Other	—	(4)	4	—	—
Net cash used in continuing financing activities	(1,186)	(676)	(832)	1,357	(1,337)
Net cash used in discontinued financing activities	—	—	(269)	—	(269)
Net cash used in financing activities	(1,186)	(676)	(1,101)	1,357	(1,606)
Effect of currency translation on cash	—	—	(71)	—	(71)
Net increase (decrease) in cash and cash equivalents	—	(1)	873	—	872
Cash and cash equivalents at beginning of fiscal year	—	1	2,456	—	2,457
Cash and cash equivalents at end of fiscal year	$ —	$ —	$ 3,329	$ —	$ 3,329

(1) During fiscal 2015, other subsidiaries made distributions to TEGSA in the amount of $1,326 million and TEGSA made distributions to TE Connectivity Ltd. in the amount of $1,335 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.

25. Tyco Electronics Group S.A. (Continued)

Condensed Consolidating Statement of Cash Flows
For the Fiscal Year Ended September 26, 2014

	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]	$(296)	$ 1,829	$ 2,153	$(1,882)	$ 1,804
Net cash provided by discontinued operating activities	—	—	279	—	279
Net cash provided by (used in) operating activities	(296)	1,829	2,432	(1,882)	2,083
Cash Flows From Investing Activities:					
Capital expenditures	—	—	(635)	—	(635)
Proceeds from sale of property, plant, and equipment	—	—	129	—	129
Acquisition of business, net of cash acquired	—	—	(522)	—	(522)
Intercompany distribution receipts[1]	—	99	—	(99)	—
Change in intercompany loans	—	347	—	(347)	—
Other	—	—	(10)	—	(10)
Net cash provided by (used in) continuing investing activities	—	446	(1,038)	(446)	(1,038)
Net cash used in discontinued investing activities	—	—	(37)	—	(37)
Net cash provided by (used in) investing activities	—	446	(1,075)	(446)	(1,075)
Cash Flows From Financing Activities:					
Changes in parent company equity[2]	67	(3,259)	3,192	—	—
Net decrease in commercial paper	—	(23)	—	—	(23)
Proceeds from issuance of long-term debt	—	1,322	—	—	1,322
Repayment of long-term debt	—	(303)	(57)	—	(360)
Proceeds from exercise of share options	—	—	156	—	156
Repurchase of common shares	(127)	—	(451)	—	(578)
Payment of common share dividends to shareholders	(452)	—	9	—	(443)
Intercompany distributions[1]	—	—	(1,981)	1,981	—
Loan activity with parent	808	—	(1,155)	347	—
Transfers from discontinued operations	—	—	242	—	242
Other	—	(11)	2	—	(9)
Net cash provided by (used in) continuing financing activities	296	(2,274)	(43)	2,328	307
Net cash used in discontinued financing activities	—	—	(242)	—	(242)
Net cash provided by (used in) financing activities	296	(2,274)	(285)	2,328	65
Effect of currency translation on cash	—	—	(19)	—	(19)
Net increase in cash and cash equivalents	—	1	1,053	—	1,054
Cash and cash equivalents at beginning of fiscal year	—	—	1,403	—	1,403
Cash and cash equivalents at end of fiscal year	$ —	$ 1	$ 2,456	$ —	$ 2,457

(1) During fiscal 2014, other subsidiaries made distributions to TEGSA in the amount of $1,981 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.

25. Tyco Electronics Group S.A. (Continued)

Condensed Consolidating Statement of Cash Flows For the Fiscal Year Ended September 27, 2013

	TE Connectivity Ltd.	TEGSA	Other Subsidiaries	Consolidating Adjustments	Total
			(in millions)		
Cash Flows From Operating Activities:					
Net cash provided by continuing operating activities[1]	$ 3,621	$ 1,972	$ 2,058	$(5,876)	$ 1,775
Net cash provided by discontinued operating activities	—	—	271	—	271
Net cash provided by operating activities	3,621	1,972	2,329	(5,876)	2,046
Cash Flows From Investing Activities:					
Capital expenditures	—	—	(581)	—	(581)
Proceeds from sale of property, plant, and equipment	1	—	21	—	22
Acquisition of business, net of cash acquired	—	—	(6)	—	(6)
Proceeds from divestiture of discontinued operations, net of cash retained by sold operations	—	—	14	—	14
Intercompany distribution receipts[1]	—	1,100	—	(1,100)	—
Change in intercompany loans	—	1,566	—	(1,566)	—
Other	(3)	—	26	—	23
Net cash provided by (used in) continuing investing activities	(2)	2,666	(526)	(2,666)	(528)
Net cash used in discontinued investing activities	—	—	(17)	—	(17)
Net cash provided by (used in) investing activities	(2)	2,666	(543)	(2,666)	(545)
Cash Flows From Financing Activities:					
Changes in parent company equity[2]	(826)	(174)	1,000	—	—
Net increase in commercial paper	—	50	—	—	50
Repayment of long-term debt	—	(714)	—	—	(714)
Proceeds from exercise of share options	—	—	214	—	214
Repurchase of common shares	(602)	—	(242)	—	(844)
Payment of common share dividends and cash distributions to shareholders	(391)	—	7	—	(384)
Intercompany distributions[1]	—	(3,800)	(3,176)	6,976	—
Loan activity with parent	(1,800)	—	234	1,566	—
Transfers from discontinued operations	—	—	254	—	254
Net cash used in continuing financing activities	(3,619)	(4,638)	(1,709)	8,542	(1,424)
Net cash used in discontinued financing activities	—	—	(254)	—	(254)
Net cash used in financing activities	(3,619)	(4,638)	(1,963)	8,542	(1,678)
Effect of currency translation on cash	—	—	(9)	—	(9)
Net decrease in cash and cash equivalents	—	—	(186)	—	(186)
Cash and cash equivalents at beginning of fiscal year	—	—	1,589	—	1,589
Cash and cash equivalents at end of fiscal year	$ —	$ —	$ 1,403	$ —	$ 1,403

(1) During fiscal 2013, other subsidiaries made distributions to TEGSA in the amount of $3,176 million and TEGSA made distributions to TE Connectivity Ltd. in the amount of $3,800 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 25, 2015, September 26, 2014, and September 27, 2013

Description	Balance at Beginning of Year	Additions Charged to Costs and Expenses	Acquisitions, Divestitures, and Other	Deductions	Balance at End of Year
			(in millions)		
Fiscal 2015:					
Allowance for doubtful accounts receivable	$ 14	$ 2	$ 3	$ (1)	$ 18
Valuation allowance on deferred tax assets	1,706	1,627	1	(97)	3,237
Fiscal 2014:					
Allowance for doubtful accounts receivable	$ 29	$ 2	$—	$ (17)	$ 14
Valuation allowance on deferred tax assets	1,801	285	—	(380)	1,706
Fiscal 2013:					
Allowance for doubtful accounts receivable	$ 26	$ 3	$—	$ —	$ 29
Valuation allowance on deferred tax assets	1,700	323	—	(222)	1,801

REPORT OF THE STATUTORY AUDITOR ON THE CONSOLIDATED FINANCIAL STATEMENTS OF TE CONNECTIVITY LTD.

To the General meeting of
TE CONNECTIVITY LTD., SCHAFFHAUSEN

Report of the Statutory Auditor on the consolidated financial statements

As Statutory Auditor, we have audited the accompanying consolidated financial statements of TE Connectivity Ltd. (the "Company"), which comprise the consolidated balance sheet as of September 25, 2015, and the consolidated statement of operations, statement of comprehensive income, statement of shareholders' equity, statement of cash flows and notes for the year then ended.

Board of Directors' Responsibility

The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America and the requirements of Swiss law. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Swiss law, Swiss Auditing Standards and auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements for the year ended September 25, 2015 present fairly, in all material respects, the financial position of the Company and the result of its operations and its cash flows in accordance with accounting principles generally accepted in the United States of America, and comply with Swiss law.

Report on Other Legal Requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act ("AOA") and independence (Article 728 CO and Article 11, AOA) and that there are no circumstances incompatible with our independence.

In accordance with Article 728a, paragraph 1, item 3, CO, and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of the consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

Deloitte AG

/s/ Martin Welser	/s/ Matthias Gschwend
Licensed Audit Expert	Licensed Audit Expert
Auditor in charge	

Zurich, November 10, 2015

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TE CONNECTIVITY LTD.

INDEX TO SWISS STATUTORY FINANCIAL STATEMENTS

TE CONNECTIVITY LTD.

SWISS STATUTORY FINANCIAL STATEMENTS

STATEMENTS OF OPERATIONS

For the fiscal years ended September 25, 2015 and September 26, 2014

	September 25, 2015		September 26, 2014	
	U.S. dollars	Swiss francs	U.S. dollars	Swiss francs
	(in millions)			
Income				
Income from distributions made by a subsidiary (Note 2)	$1,335	CHF 1,300	$ —	CHF —
Insurance premiums charged to subsidiaries	13	13	13	12
Remeasurement gain on foreign currency transactions	13	12	12	11
Intercompany interest income	7	6	2	1
Total income	1,368	1,331	27	24
Expenses				
Salary and social costs	5	4	6	5
General and administrative costs	4	4	4	4
Legal and consulting costs	7	7	8	7
Insurance premiums	16	15	17	15
Pre-separation tax settlement expense, net (Note 3)	(10)	(10)	186	167
Expenses for services provided by subsidiaries	54	52	44	40
Intercompany interest expense	4	4	4	4
Total expenses	80	76	269	242
Net income (loss)	$1,288	CHF 1,255	$(242)	CHF (218)

See Notes to Swiss Statutory Financial Statements.

TE CONNECTIVITY LTD.

SWISS STATUTORY FINANCIAL STATEMENTS

BALANCE SHEETS

As of September 25, 2015 and September 26, 2014

	September 25, 2015		September 26, 2014	
	U.S. dollars	Swiss francs	U.S. dollars	Swiss francs
	(in millions, except share data)			
Assets				
Current assets:				
Accounts receivable from subsidiaries (Note 3)	$ 817	CHF 798	$ 942	CHF 895
Prepaid expenses and other current assets	5	5	7	7
Shares held in treasury (Note 4)	—	—	164	150
Total current assets	822	803	1,113	1,052
Investments in subsidiaries (Note 2)	9,649	10,443	9,621	10,416
Total Assets	$10,471	CHF 11,246	$10,734	CHF 11,468
Liabilities and Shareholders' Equity				
Current liabilities:				
Accounts payable	$ 1	CHF 1	$ —	CHF —
Accounts payable to subsidiaries (Note 3)	44	43	46	43
Loans from subsidiaries (Note 3)	272	266	230	218
Accrued and other current liabilities	186	182	50	47
Approved but unpaid distributions to shareholders (Note 4)	264	256	242	217
Total current liabilities	767	748	568	525
Unrealized translation gains (Note 2)	—	580	—	553
Total Liabilities	767	1,328	568	1,078
Commitments, contingencies, and guarantees (Note 3)				
Shareholders' equity (Note 4):				
Share capital, 414,064,381 and 419,070,781 shares authorized and issued, CHF 0.57 par value	182	236	184	239
Statutory reserves:				
General reserve from earnings	38	49	38	49
Free reserves:				
Reserves from capital contributions (Note 4)	7,505	8,392	8,036	8,907
Allocated reserves for the acquisition of treasury shares by a subsidiary (Note 2)	(175)	(166)	(51)	(45)
Unappropriated accumulated earnings	2,728	1,968	1,315	659
Own shares held in treasury	(915)	(875)	—	—
Reserves for treasury shares (Note 2)	341	314	644	581
Total Shareholders' Equity	9,704	9,918	10,166	10,390
Total Liabilities and Shareholders' Equity	$10,471	CHF 11,246	$10,734	CHF 11,468

See Notes to Swiss Statutory Financial Statements.

1. Basis of Presentation

TE Connectivity Ltd. ("TE Connectivity" or the "Company," which may be referred to as "we," "us," or "our"), incorporated in Schaffhausen, Switzerland, is the ultimate holding company of TE Connectivity Ltd. and its subsidiaries (the "TE Group") with a listing on the New York Stock Exchange. The Company employs less than 10 full time positions. For additional information on the TE Group, see our annual report on Form 10-K filed with the United States ("U.S.") Securities and Exchange Commission ("SEC") for the fiscal year ended September 25, 2015.

The accompanying statements of operations reflect the results of operations for the fiscal years ended September 25, 2015 and September 26, 2014, and have been prepared in accordance with the requirements of Swiss law for companies, the Swiss Code of Obligations. The financial statements present the results of the holding company on a stand-alone basis and do not represent the consolidated operations of the TE Group.

On January 1, 2013, changes in Swiss company law became effective. We adopted the requirements on September 27, 2014, the first day of fiscal 2015 (adoption was mandated by January 1, 2015). The Company is exempt from certain requirements for larger companies as the Company prepares consolidated financial statements in accordance with a recognized financial reporting standard (the consolidated financial statements of the TE Group are prepared under accounting principles generally accepted in the U.S.). See Note 2 for additional information on the impact of adoption.

Fiscal Year

Unless otherwise indicated, references in the financial statements to fiscal 2015 and fiscal 2014 are to our fiscal years ended September 25, 2015 and September 26, 2014. Our fiscal year is a "52-53 week" year ending on the last Friday of September. Fiscal 2015 and 2014 were 52 week years.

2. Summary of Significant Accounting Policies

Own Shares Held in Treasury and Allocated Reserves for the Acquisition of Treasury Shares by a Subsidiary

Effective in fiscal 2015, shares held in treasury that are directly owned by us are recorded at historical cost and presented as reductions to equity on our balance sheets. The reserves for treasury shares reflects all treasury shares held by a subsidiary and is recorded at historical cost.

Prior to fiscal 2015 and in accordance with the then applicable law, shares held in treasury that were held directly by us for the purpose of retirement were presented at historical cost, and, because we expected to retire the shares within the next year, as current assets. Our reserves for treasury shares represented all shares held in treasury, whether held by us or a subsidiary, and was recorded at historical cost.

We established the reserves for treasury shares during fiscal 2015 and 2014 by charging, as management deemed appropriate, either accumulated earnings or allocated reserves for the acquisition of treasury shares by a subsidiary. As shares acquired by a subsidiary are re-issued for use in share-based compensation arrangements, we credit the same account impacted by initial acquisition.

Investments in Subsidiaries

Investments in subsidiaries are equity interests held on a long-term basis for the purpose of our business activities. Investments in subsidiaries are carried at a value no higher than cost less adjustments for impairment. No impairments were recorded during fiscal 2015 or fiscal 2014.

2. Summary of Significant Accounting Policies (Continued)

During fiscal 2015, a subsidiary distributed $1,335 million (equivalent to CHF 1,300 million) to us. The distributions are included in income from distributions made by a subsidiary in our statements of operations.

Currency Translation

Our functional currency is the U.S. dollar. We present our financial statements in both U.S. dollars and Swiss francs ("CHF"). Assets and liabilities in U.S. dollars are converted to Swiss francs for presentation purposes using historical foreign exchange rates (for investments in subsidiaries, shares held in treasury, approved but unpaid distributions to shareholders payable, and equity accounts) and current foreign exchange rates (for all other assets and liabilities; at fiscal year-end 2015 and 2014, exchange rates were CHF 0.9768:$1 and CHF 0.9508:$1, respectively). Revenue and expenses, excluding income from distributions made by a subsidiary, are translated using the average exchange rates in effect for the period presented (exchange rates were CHF 0.9558:$1 and CHF 0.8992:$1 for fiscal 2015 and 2014, respectively). Income from distributions made by a subsidiary is translated using the exchange rate in effect on the date that each distribution was made to us. Net unrealized foreign currency translation gains are deferred in the balance sheets, while unrealized translation losses and realized transactional gains and losses are reflected in the statements of operations. We consider all foreign currency transactional gains and losses associated with current assets and liabilities, excluding shares held in treasury, to be realized.

Salaries and Social Charges

Salaries and social charges include cash and equity compensation paid to our directors.

Adoption of New Swiss Accounting Rules

On September 27, 2014, we prospectively adopted new Swiss accounting rules. The most significant impact of adoption was the manner in which we account for treasury shares that we directly hold and is summarized below. Adoption did not impact our accounting for treasury shares held by a subsidiary.

	As reported at September 26, 2014	Adjustment	Impact of adoption as of September 27, 2014
		(CHF Millions)	
Assets			
Shares held in treasury(1)	CHF 150	CHF (150)	CHF —
All other assets	11,318	—	11,318
Total assets	CHF 11,468	CHF (150)	CHF 11,318
Liabilities and Shareholders' Equity			
Total liabilities	CHF 1,078	CHF —	CHF 1,078
Own shares held in treasury(1)	—	(150)	(150)
Reserves for treasury shares held by a subsidiary(2)	581	(150)	431
Unappropriated accumulated earnings	659	150	809
All other equity	9,150	—	9,150
Total shareholders' equity	10,390	(150)	10,240
Total liabilities and shareholders' equity	CHF 11,468	CHF (150)	CHF 11,318

(1) On adoption, shares held in treasury of CHF 150 million was reduced to zero with a corresponding reduction in total shareholders' equity via the creation of shares held in treasury.

(2) Reserves for treasury shares was reduced by CHF 150 million associated with shares held directly by us via an increase in unappropriated accumulated earnings, consistent with how we currently create reserves for treasury shares.

2. Summary of Significant Accounting Policies (Continued)

Reclassifications

Certain prior year balances have been reclassified to conform to current year presentation.

3. Commitments, Contingencies, and Guarantees

Affiliated Debt and Loans Receivable

We have three open lines of credit, the 2012 Line, the 2011 Line, and the Schaffhausen Line, with wholly-owned subsidiaries. All lines bear interest at the 1-month London interbank offered rate ("LIBOR") plus 0.40% (0.59% and 0.55% at September 25, 2015 and September 26, 2014, respectively). The 2012 Line has a $500 million limit (CHF 488 million) on the principal drawable and matures in September 2017. The 2011 Line has a $200 million limit (CHF 195 million) on the principal drawable and matures in September 2016. The Schaffhausen Line does not have a limit on the amount drawable and matures in April 2017. At September 25, 2015 and September 26, 2014, there were no outstanding borrowings under any of the open lines of credit.

We utilize a cash pooling relationship with a wholly-owned subsidiary (the "Cash Pool"). The Cash Pool does not have an expiration date and accrues interest based on LIBOR. At September 25, 2015 and September 26, 2014, our Cash Pool position was an asset of CHF 779 million and CHF 868 million, respectively, and was included in accounts receivable from subsidiaries on our balance sheets.

In order to minimize currency exposure related to distributions to shareholders approved in Swiss francs and paid in U.S. dollars, we enter into arrangements with a wholly-owned subsidiary in which we borrow Swiss francs from, and simultaneously loan U.S. dollars to, the subsidiary. As distributions to shareholders are paid, both the borrowing and the loan receivable are partially settled. As of September 25, 2015 and September 26, 2014, the borrowing totaled CHF 266 million and CHF 218 million, respectively, and was reflected as loans from subsidiaries on our balance sheets. At both periods, the loan receivable, which approximates the borrowing, was included in the Cash Pool asset reflected in accounts receivable from subsidiaries on our balance sheets.

We have fully and unconditionally guaranteed the debt of a subsidiary, Tyco Electronics Group S.A., totaling approximately CHF 3,812 million and CHF 3,668 million at September 25, 2015 and September 26, 2014, respectively. As of September 25, 2015, we have not been required to perform on our guarantee.

Tax Sharing Agreement

We are a party to the Tax Sharing Agreement ("TSA") with Tyco International Ltd. ("Tyco International") and Covidien plc ("Covidien", which, on January 26, 2015, was acquired and now operates as a subsidiary of Medtronic plc), under which we share responsibility for certain of our, Tyco International's, and Covidien's income tax liabilities based on a sharing formula for periods prior to and including June 29, 2007. We, Tyco International, and Covidien share 31%, 27%, and 42%, respectively, of U.S. income tax liabilities that arise from adjustments made by tax authorities to our, Tyco International's, and Covidien's U.S. income tax returns. The effect of the TSA is to indemnify us for 69% of certain liabilities settled in cash by us with respect to unresolved pre-separation tax matters. Pursuant to that indemnification, we have made similar indemnifications to Tyco International and Covidien with respect to 31% of certain liabilities settled in cash by the companies relating to unresolved pre-separation tax matters. All costs and expenses associated with the management of these shared tax liabilities are shared equally among the parties.

3. Commitments, Contingencies, and Guarantees (Continued)

During fiscal 2015 and 2014, we recorded net income of CHF 10 million and net expense of CHF 167 million, respectively, related to the TSA and tax settlements involving Tyco International, Covidien, and us. These amounts are presented in pre-separation tax settlement expense, net in our statements of operations.

Performance Guarantees

From time to time, we provide performance guarantees and surety bonds in favor of our subsidiaries. At September 25, 2015 and September 26, 2014, these performance guarantees totaled CHF 451 million and CHF 497 million, respectively. In addition to these amounts, all of which are quantifiable, we have issued a parent company guarantee in behalf of a U.S.-based aerospace customer that does not have a limit. We do not anticipate having to perform under these guarantees.

We are the leader of a Swiss value-added tax ("VAT") group ("VAT Group"). All companies in the VAT Group maintain primary responsibility for their own VAT liabilities. However, in the event of non-compliance by any company in the VAT Group, all companies within the VAT Group assume joint and several responsibility for any VAT liabilities. As VAT Group leader, we have not had to assume responsibility for any events of noncompliance by the other companies in the group.

4. Equity

Changes in Equity Accounts

The following table presents activity related to our equity accounts during fiscal 2015 and 2014 in Swiss francs.

	Share Capital	General Reserve from Earnings	Reserves from Capital Contributions	Allocated Reserves for the Acquisition of Treasury Shares by a Subsidiary	Unappropriated Accumulated Earnings	Own Shares Held in Treasury	Reserves for Treasury Shares held by a Subsidiary	Total Shareholders' Equity
					(in CHF millions)			
September 27, 2013	CHF 244	CHF —	CHF 9,342	CHF —	CHF 1,094	CHF —	CHF 684	CHF 11,364
Appropriation of general reserve	—	49	—	—	—	—	—	49
Approved dividends	—	—	(435)	—	—	—	—	(435)
Retirement of treasury shares	(5)	—	—	—	5	—	(373)	(373)
Transfer of reserves for treasury shares and other	—	—	—	(45)	(222)	—	270	3
Net loss	—	—	—	—	(218)	—	—	(218)
September 26, 2014	239	49	8,907	(45)	659	—	581	10,390
Adoption of Swiss accounting rules	—	—	—	—	150	(150)	(150)	(150)
Correction related to appropriation of general reserve(1)	—	—	—	—	(49)	—	—	(49)
Approved dividends	—	—	(515)	—	—	—	—	(515)
Retirement of treasury shares	(3)	—	—	—	(283)	286	—	—
Acquisition of treasury shares	—	—	—	—	—	(1,011)	—	(1,011)
Transfer of reserves for treasury shares and other	—	—	—	(121)	236	—	(117)	(2)
Net income	—	—	—	—	1,255	—	—	1,255
September 25, 2015	CHF 236	CHF 49	CHF 8,392	CHF (166)	CHF 1,968	CHF (875)	CHF 314	CHF 9,918

(1) Reflects a correction to the appropriation of the general reserve in fiscal 2014.

4. Equity (Continued)

The following table presents activity related to our equity accounts during fiscal 2015 and 2014 in U.S. dollars.

	Share Capital	General Reserve from Earnings	Reserves from Capital Contributions	Allocated Reserves for the Acquisition of Treasury Shares by a Subsidiary	Unappropriated Accumulated Earnings	Own Shares Held in Treasury	Reserves for Treasury Shares held by a Subsidiary	Total Shareholders' Equity
				(in USD millions)				
September 27, 2013	$189	$—	$8,520	$ —	$1,858	$ —	$ 723	$11,290
Appropriation of general reserve	—	38	—	—	(38)	—	—	—
Approved dividends	—	—	(484)	—	—	—	—	(484)
Retirement of treasury shares	(5)	—	—	—	5	—	(398)	(398)
Transfer of reserves for treasury shares and other	—	—	—	(51)	(268)	—	319	—
Net loss	—	—	—	—	(242)	—	—	(242)
September 26, 2014	184	38	8,036	(51)	1,315	—	644	10,166
Adoption of Swiss accounting rules	—	—	—	—	164	(164)	(164)	(164)
Approved dividends	—	—	(531)	—	—	—	—	(531)
Retirement of treasury shares	(2)	—	—	—	(303)	305	—	—
Acquisition of treasury shares	—	—	—	—	—	(1,056)	—	(1,056)
Transfer of reserves for treasury shares and other	—	—	—	(124)	264	—	(139)	1
Net income	—	—	—	—	1,288	—	—	1,288
September 25, 2015	$182	$38	$7,505	$(175)	$2,728	$ (915)	$ 341	$ 9,704

Conditional Share Capital

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. As of September 25, 2015, no conditional shares had been issued.

Own Shares Held in Treasury and Treasury Shares held by a Subsidiary

During the fiscal years ended September 25, 2015 and September 26, 2014, activity related to common shares held in treasury by us was as follows:

	Number of Shares (in millions)	Total Cost (in CHF millions)
Common shares held as of September 27, 2013	9	CHF 373
Additions	3	150
Shareholder-approved retirements	(10)	(373)
Common shares held as of September 26, 2014	2	150
Additions	17	1,011
Shareholder-approved retirements	(5)	(286)
Common shares held as of September 25, 2015	14	CHF 875

4. Equity (Continued)

In fiscal 2015 and 2014, our shareholders approved the cancellation of five million and ten 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.

We acquire treasury shares with the intent to retire them using a virtual secondary trading line (“Secondary Line”). Pursuant to this Secondary Line, we acquired 17 million shares at a historical cost of CHF 1,011 million in fiscal 2015 and 3 million shares at a historical cost of CHF 150 million in fiscal 2014.

Treasury shares held by us and a subsidiary at September 25, 2015 totaled 14 million and 6 million, respectively, with a combined historical cost of CHF 1,189 million. Treasury shares held by us and a subsidiary at September 26, 2014 totaled 2 million and 9 million, respectively, with a combined historical cost of CHF 581 million.

During fiscal 2015 and 2014, our board of directors authorized increases of $3 billion and $1 billion, respectively in the share repurchase program. We and our subsidiary repurchased approximately 18 million of our common shares for $1,163 million (equivalent to CHF 1,115 million) and approximately 11 million of our common shares for $604 million (equivalent to CHF 544 million) during fiscal 2015 and 2014, respectively. At September 25, 2015, we had $2,711 million of availability remaining under our share repurchase authorization. Purchases made both pursuant to the Secondary Line and by a subsidiary are subject to this authorization.

Reserves from Capital Contributions

Reserves from capital contributions, subject to certain conditions, are freely distributable reserves. As of September 25, 2015 and September 26, 2014, reserves from capital contributions were CHF 8,392 million (equivalent to $7,505 million) and CHF 8,907 million (equivalent to $8,036 million), respectively.

General Reserve from Earnings

To comply with the Swiss Code of Obligations, 5% of annual net income must be appropriated to our general reserve until the general reserve, a non-distributable reserve, equals 20% of share capital. In March 2014, our shareholders approved an appropriation for the general reserve in an amount of CHF 49 million. This appropriation satisfies the requirements of the Swiss Code of Obligations with respect to the general reserve.

Distributions to Shareholders

Under current Swiss tax law, subject to certain conditions, distributions to shareholders made in the form of a reduction of registered share capital or from reserves from capital contributions are exempt from Swiss withholding tax.

During the quarters ended December 27, 2013, and March 28, 2014, we paid the third and fourth installments of the dividend originally approved in March 2013 at a rate of $0.25 per installment.

In March 2014, our shareholders approved a dividend payment to shareholders of CHF 1.04 (equivalent to $1.16) per share out of reserves from capital contributions, payable in four quarterly installments beginning in the third quarter of fiscal 2014 through the second quarter of fiscal 2015. We paid the installments of the dividend at a rate of $0.29 per share during each of the quarters ended June 27, 2014, September 26, 2014, December 26, 2014, and March 27, 2015.

4. Equity (Continued)

In March 2015, our shareholders approved a dividend payment to shareholders of $1.32 (approximately CHF 1.27, based on the exchange rate on the date of approval) per share out of reserves from capital contributions, payable in four quarterly installments beginning in the third quarter of fiscal 2015 through the second quarter of fiscal 2016. We paid the installments of the dividend at a rate of $0.33 per share during each of the quarters ended June 26, 2015 and September 25, 2015. We have reflected a liability related to the unpaid distributions in approved but unpaid distributions to shareholders on our balance sheets.

5. Non-Employee Director and Executive Compensation

For information regarding non-employee director and executive compensation, see our Swiss Statutory Compensation Report.

6. Security Ownership of Board of Directors and Executive Officers

Board of Directors

The following table sets forth the shares, options and stock units held as of September 25, 2015 and September 26, 2014 by each member of our board of directors serving on our Board at September 25, 2015. The share ownership of Mr. Lynch, our Chairman and Chief Executive Officer, is set forth in *Executive Management* below.

	Year	Shares Held	DSUs Held[1]
Board of Directors:			
Pierre Brondeau	2015	19,646	12,334
	2014	17,539	12,102
Juergen Gromer	2015	77,477	38,512
	2014	77,477	34,978
William Jeffrey	2015	9,106	—
	2014	6,999	—
Yong Nam	2015	9,106	—
	2014	6,999	—
Daniel Phelan	2015	18,151	12,334
	2014	16,044	12,102
Paula Sneed	2015	19,351	15,140
	2014	17,244	14,855
David Steiner	2015	18,151	12,334
	2014	16,044	12,102
John Van Scoter[2]	2015	23,247	6,605
	2014	18,640	6,481
Laura Wright	2015	3,329	—
	2014	1,222	—

(1) Directors hold DSUs. The DSUs are vested upon issuance, generally will be settled in shares on a one-for-one basis within 30 days following the director's termination, and receive dividend equivalent units.

(2) Includes 400 shares held by Mr. Van Scoter's spouse as of September 25, 2015.

6. Security Ownership of Board of Directors and Executive Officers (Continued)

Executive Management

The following table sets forth the shares, options and stock units held as of September 25, 2015 and September 26, 2014 by each member of our executive management serving in such position as of September 25, 2015.

	Year	Shares Held	Options Held	Options Exercise Price(1)	Fiscal Years of Expiration	RSUs Held(2)	PSUs Held(3)
Executive Management:							
Thomas Lynch(4)	2015	332,639	3,386,552	\$24.60–\$61.50	2017–2025	91,484	157,417
	2014	339,421	3,574,469	\$14.56–\$51.61	2017–2024	112,067	109,680
Terrence Curtin	2015	40,181	581,800	\$33.73–\$72.13	2021–2025	29,817	51,828
	2014	40,181	553,750	\$24.60–\$51.61	2020–2024	34,731	35,082
Joseph Donahue	2015	25,178	295,150	\$34.05–\$61.50	2021–2025	41,281	48,106
	2014	17,272	323,713	\$33.73–\$51.61	2021–2024	33,653	35,082
Robert Hau	2015	34,626	217,200	\$34.05–\$61.50	2023–2025	33,411	39,315
	2014	21,690	158,650	\$34.05–\$51.61	2023–2024	45,012	28,037
John S. Jenkins, Jr. . .	2015	2,558	102,600	\$34.05–\$61.50	2023–2025	16,709	23,716
	2014	2,708	92,550	\$34.05–\$51.61	2023–2024	17,160	16,421
Jane Leipold	2015	17,210	221,752	\$24.60–\$61.50	2017–2025	8,927	15,250
	2014	27,121	432,550	\$24.60–\$51.61	2017–2024	15,847	15,250
Steven Merkt	2015	1,600	178,876	\$34.05–\$61.50	2021–2025	46,134	34,158
	2014	1,390	275,681	\$14.11–\$51.61	2017–2024	18,732	24,036
James O'Toole	2015	4,929	154,076	\$34.05–\$61.50	2021–2025	31,137	31,364
	2014	7,035	216,839	\$19.09–\$51.61	2019–2024	19,032	22,875
Kevin Rock(5)	2015	20,725	115,450	\$34.05–\$72.13	2022–2025	15,662	12,687
Robert Shaddock	2015	18,570	367,950	\$29.15–\$61.50	2018–2025	40,096	34,194
	2014	13,595	456,750	\$14.11–\$51.61	2018–2024	21,575	24,332
Joan Wainwright	2015	36,164	96,888	\$34.05–\$61.50	2022–2025	10,880	18,815
	2014	32,839	118,788	\$33.73–\$51.61	2021–2024	14,263	13,722

(1) Each option provides the right to purchase one share at the exercise price. Subject to acceleration upon certain events, the stock options are exercisable in equal installments on anniversaries of the grant dates.

(2) Executive management holds RSUs. Subject to acceleration upon certain events, the RSUs vest over time on anniversaries of the grant dates, are settled in shares upon vesting on a one-for-one basis, and receive dividend equivalent units.

(3) The PSU amounts in the table above assume achievement of target level of performance including target dividend equivalent units through September 26, 2014 and September 25, 2015, respectively. Under the terms of the PSUs, shares of stock are reserved based on the company's earnings per share growth relative to the Standard & Poor's 500 Non-Financial Companies Index over a three-year performance cycle, subject to various conditions, and the PSUs earn dividend equivalent units. Subject to acceleration upon certain events, vesting of reserved PSUs occurs when the management development and compensation committee certifies year three results following the close of the three-year performance cycle. PSU awards were granted on November 12, 2012, November 14, 2013 and November 10, 2014. Year one certification results relating to the November 12, 2012 grant occurred on December 3, 2013 and the following shares were reserved: (Mr. Lynch—29,836; Mr. Curtin—9,804; Mr. Donahue—9,804; Mr. Hau—7,670; Mr. Jenkins—4,262; Ms. Leipold—2,345; Mr. Merkt—6,392; Mr. O'Toole—6,392; Mr. Rock—2,129; Mr. Shaddock—6,392; and Ms. Wainwright—3,835). Year two certification results relating to the November 12, 2012 grant occurred on December 8, 2014 and the following shares were reserved: (Mr. Lynch—35,972; Mr. Curtin—11,820; Mr. Donahue—11,820; Mr. Hau—9,248; Mr. Jenkins—5,139; Ms. Leipold—2,827; Mr. Merkt—7,706; Mr. O'Toole—7,706; Mr. Rock—2,567; Mr. Shaddock—7,706; and Ms. Wainwright—4,624). Year One certification results relating to the November 14, 2013 grant occurred on December 8, 2014 and the following shares were reserved: (Mr. Lynch—24,281; Mr. Curtin—7,446; Mr. Donahue—7,446; Mr. Hau—6,154; Mr. Jenkins—3,888; Ms. Leipold—2,508; Mr. Merkt—5,503; Mr. O'Toole—4,857; Mr. Rock—1,620; Mr. Shaddock—5,666; and Ms. Wainwright—2,912).

6. Security Ownership of Board of Directors and Executive Officers (Continued)

(4) Mr. Lynch is chairman of the board of directors and chief executive officer.

(5) Includes 18,676 shares held in a family trust over which Mr. Rock has dispositive power. Mr. Rock became a member of executive management in March 2015.

For additional information regarding share-based compensation arrangements, see the TE Group's consolidated financial statements and our Swiss Statutory Compensation Report.

7. Significant Shareholders

The following table sets forth the information indicated for persons or groups known to us to be beneficial owners of more than 5% of our outstanding shares beneficially owned as of September 25, 2015.

Name and Address of Beneficial Owner	Number of Shares	Percentage of Class
Dodge & Cox(1) 555 California Street, 40th Floor San Francisco, CA 94104	38,427,408	9.8%
Harris Associates L.P.(2) 111 S. Wacker Drive, Suite 4600 Chicago, IL 60606	29,889,444	7.6%
The Vanguard Group(3) 100 Vanguard Blvd. Malvern, PA 19355	20,865,708	5.3%

(1) This information is based on a Schedule 13G/A filed with the SEC on February 13, 2015 by Dodge & Cox, which reported sole voting power and sole dispositive power as follows: sole voting power—37,105,132 and sole dispositive power—38,427,408.

(2) This information is based on a Schedule 13G/A filed with the SEC on February 11, 2015 by Harris Associates L.P. and its general partner, Harris Associates Inc., which reported sole voting power and sole dispositive power as follows: sole voting power—28,275,611 and sole dispositive power—28,275,611. As a result of advisory and other relationships with persons who own the shares, Harris Associates L.P. may be deemed to be the beneficial owner of the shares.

(3) This information is based on a Schedule 13G filed with the SEC on February 11, 2015 by The Vanguard Group, which reported sole voting power, sole dispositive power and shared dispositive power as follows: sole voting power—647,947, sole dispositive power—20,252,296, and shared dispositive power—613,412.

8. Subsidiaries of the Company

We are the ultimate holding company of all subsidiaries of the TE Group. Our direct subsidiaries and significant subsidiaries of the TE Group, as determined based on net sales or total assets and all of which are wholly-owned indirectly by us, were as follows as of September 25, 2015:

Entity Name	Jurisdiction	Direct or Indirect Holding(1)	Nominal Capital(2)	Purpose(3)
Tyco Electronics Group S.A.	Luxembourg	Direct	$1	F
Tyco Electronics Holdings (Bermuda) No. 7 Limited	Bermuda	Direct	$—	F
Tyco Electronics Verwaltungs GmbH	Germany	Direct	EUR—	F
TE Connectivity HK Limited.	Hong Kong	Indirect	$380	S
TE Connectivity Holding International II S.a r.l.	Luxembourg	Indirect	$—	F
TE Connectivity Solutions GmbH	Switzerland	Indirect	CHF—	S
Tyco Electronics (Shanghai) Co., Ltd.	China	Indirect	CNY 6	M
TE Connectivity Germany GmbH	Germany	Indirect	EUR 78	M
Tyco Electronics AMP Korea Co., Ltd.	South Korea	Indirect	KRW 6,000	M
Tyco Electronics Corporation	United States	Indirect	$625	M
Tyco Electronics Holding S.a r.l.	Luxembourg	Indirect	$592	F
Tyco Electronics Japan G.K.	Japan	Indirect	JPY 21,776	M
Tyco Electronics Singapore Pte Ltd.	Singapore	Indirect	$183	S
Tyco Electronics Subsea Communications LLC	United States	Indirect	$—	M

(1) All subsidiaries labelled as "direct" are wholly-owned by the Company.

(2) Nominal capital is presented in millions for the currencies noted as of September 25, 2015. Nominal capital denoted with a "—" is insignificant.

(3) "F" denotes the primary purpose as a holding or financing company; "M" denotes the primary purpose as manufacturing and production; "S" denotes the primary purpose as sales and distribution.

9. Subsequent Events

The Company has evaluated subsequent events through November 10, 2015, the date the Swiss Statutory Financial Statements were issued.

On November 7, 2015, the TE Group entered into a definitive agreement to sell its Circuit Protection Devices ("CPD") business for $350 million in cash, subject to a final working capital adjustment. The transaction is expected to close during the second quarter of fiscal 2016 pending customary closing conditions and regulatory approvals. The net assets of the CPD business were approximately $200 million at September 25, 2015. No other significant subsequent events have occurred through this date requiring adjustment to the Swiss Statutory Financial Statements or disclosures.

Proposed Appropriation of Available Earnings

Our board of directors will propose, in conjunction with our annual general meeting, that we carry forward unappropriated accumulated earnings of CHF 1,968 million as included in our balance sheet as of September 25, 2015.

REPORT OF THE STATUTORY AUDITOR ON THE SWISS STATUTORY FINANCIAL STATEMENTS OF TE CONNECTIVITY LTD.

To the General meeting of
TE CONNECTIVITY LTD., SCHAFFHAUSEN

Report of the Statutory Auditor on the financial statements

As Statutory Auditor, we have audited the accompanying financial statements of TE Connectivity Ltd. (the "Company"), which comprise the balance sheet as of September 25, 2015, and the statement of operations and notes for the year then ended.

Board of Directors' Responsibility

The Board of Directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the Company's articles of association. This responsibility includes designing, implementing, and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements for the year ended September 25, 2015 comply with Swiss law and the Company's articles of association.

Report on Other Legal Requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act ("AOA") and independence (Article 728, CO, and Article 11, AOA) and that there are no circumstances incompatible with our independence.

In accordance with Article 728a, paragraph 1, item 3, CO, and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of accumulated earnings complies with Swiss law and the Company's articles of association. We recommend that the financial statements submitted to you be approved.

Deloitte AG

/s/ Martin Welser	/s/ Matthias Gschwend
Licensed Audit Expert	Licensed Audit Expert
Auditor in charge	

Zurich, November 10, 2015

TE Connectivity Ltd.

Swiss Statutory Compensation Report

as of September 25, 2015

A General

Under the new Swiss ordinance against excessive pay in stock exchange listed companies (the "Minder Ordinance") we are now required to prepare a separate Swiss Statutory Compensation Report each year that contains specific items in a presentation format determined by these regulations. This report must be included in the materials made available to our shareholders each year.

Our executive management (as defined under Swiss law) consists of Thomas Lynch, Chairman and Chief Executive Officer; Terrence Curtin, President; Joseph Donahue, Executive Vice President and Chief Operating Officer; Robert Hau, Executive Vice President and Chief Financial Officer; John S. Jenkins, Jr., Executive Vice President and General Counsel; Jane Leipold, Senior Vice President, Global Human Resources; Steven Merkt, President, Transportation Solutions; James O'Toole, President, Communications Solutions; Kevin Rock, President, Industrial Solutions; Robert Shaddock, Executive Vice President and Chief Technology Officer; and Joan Wainwright, President, Channel and Customer Experience.

The following sets forth the compensation for the years ended September 25, 2015 and September 26, 2014, of the members of the Board of Directors and Executive Management for all of the functions that they have performed for TE Connectivity.

For more detailed information about compensation for our Board of Directors and Executive Management, please review our Definitive Proxy Statement for our 2016 Annual Meeting of Shareholders. You may access this report on the Investor Relations section of our website at http://investors.te.com/financial-reports/annual-reports/default.aspx.

B. Compensation of the Board of Directors

Compensation paid during fiscal 2015 and 2014 to each director who is not our salaried employee or an employee of our subsidiaries was based on the following fee structures:

	Fee Structure Effective March, 2015(1)		Fee Structure Effective through February, 2015(1)	
	Cash	Equity	Cash	Equity
Annual retainer	$90,000	$160,000	$ 90,000	$160,000
Additional annual retainers:				
Lead Director	$30,000		$100,000	$ 60,000
Audit Committee Chair	$25,000		$ 25,000	
Audit Committee Member	$10,000		$ 10,000	
Nominating, Governance & Compliance Committee Chair	$15,000		$ 15,000	
Management, Development & Compensation Committee Chair	$20,000		$ 15,000	

(1) The new fee structure became effective March, 2015. The table above reflects full year fee structure.

In addition to the compensation described above, our board governance principles encourage directors to attend certain continuing education courses that are related to their duties as directors, and provide that we will reimburse the costs associated with attending one course every two years. TE Connectivity will also provide company matching gift contributions on behalf of certain directors under TE Connectivity's matching gift program up to a maximum of $10,000 per year.

Our board members also receive non-compensatory reimbursement for expenses incurred in attending board and committee meetings or performing other services for us in their capacities as directors. Such expenses include food, lodging, and transportation. Directors who are employees of us

B. Compensation of the Board of Directors (Continued)

or our subsidiaries, including our current chairman of the board, do not receive any compensation for their services as directors.

Each non-employee director received the equity component of their compensation in the form of a grant of common shares of TE Connectivity Ltd., with the exception of Dr. Gromer, who received the equity component of his compensation in the form of deferred stock units ("DSUs"). Under current U.S. tax law, our U.S.-based non-employee directors cannot defer any portion of their compensation, including DSUs, and therefore, they were issued common shares (which are immediately taxable) in lieu of DSUs. Because Dr. Gromer is a German citizen, he receives his equity compensation in the form of DSUs.

DSUs awarded to Dr. Gromer vested immediately upon grant, and will be paid in common shares within 30 days following termination (subject to the previously-existing option of deferring the payout). Dividend equivalents or additional DSUs are credited to a non-employee director's DSU account when dividends or distributions are paid on our common shares.

The following table discloses the cash and equity awards paid to each of our non-employee directors during fiscal 2015 and 2014.

Table 1—(2015 Audited) (2014 Unaudited)

Name	Fiscal Year	Fees Earned or Paid in Cash ($)[1]	Stock Awards ($)[2]	All Other Compensation ($)[3]	Total ($)
Pierre Brondeau	2015	$120,417	$172,815	$25,135	$318,367
	2014	$100,000	$157,256	$22,895	$280,151
Juergen Gromer	2015	$100,000	$172,815	$47,238	$320,053
	2014	$100,000	$157,256	$37,339	$294,595
William Jeffrey	2015	$ 90,000	$172,815	$ 0	$262,815
	2014	$ 90,000	$157,256	$ 1,000	$248,256
Yong Nam	2015	$ 90,000	$172,815	$ 0	$262,815
	2014	$ 90,000	$157,256	$ 3,450	$250,706
Daniel Phelan	2015	$101,667	$172,815	$31,008	$305,490
	2014	$ 90,000	$157,256	$22,895	$270,151
Frederic Poses[5]	2015	$ 85,417	$118,818	$ 7,932	$212,167
	2014	$205,000	$216,246	$24,468	$445,714
Lawrence Smith[6]	2015	$ 68,750	$172,815	$19,822	$261,387
	2014	$125,000	$157,256	$27,461	$309,717
Paula Sneed	2015	$ 90,000	$172,815	$28,595	$291,410
	2014	$ 90,000	$157,256	$25,810	$273,066
David Steiner	2015	$100,417	$172,815	$25,135	$298,367
	2014	$105,000	$157,256	$22,895	$285,151
John Van Scoter	2015	$ 90,000	$172,815	$ 9,091	$271,906
	2014	$ 90,000	$157,256	$ 8,388	$255,644
Laura Wright[4]	2015	$108,750	$172,815	$10,000	$291,565
	2014	$ 58,333	$ 96,089	$60,000	$214,422

(1) The amounts shown represent the amount of cash compensation earned in fiscal 2015 and 2014 for Board and committee services. Dr. Brondeau received additional fees for his work as lead independent director for fiscal year 2015 (starting March, 2015) and Mr. Poses received additional fees for his work as lead independent director for fiscal year 2014 and fiscal year 2015 until his retirement in March, 2015. Effective March, 2015 Dr. Brondeau, Mr. Phelan and Ms. Wright each

B. Compensation of the Board of Directors (Continued)

received additional fees for their roles as chairs of the nominating, governance and compliance committee, the management development and compensation committee and the audit committee, respectively. Dr. Brondeau and Ms. Wright each received an additional audit committee cash retainer for serving on the committee until March, 2015. Mr. Steiner received an additional audit committee cash retainer for serving on the committee for two months during quarter three, and Mr. Gromer received an additional audit committee cash retainer for serving on the committee for fiscal 2015. For fiscal 2014 Messrs. Poses, Smith, and Steiner each received additional fees for their roles as chair of the nominating, governance and compliance committee, the management development and compensation committee, and the audit committee respectively. Dr. Brondeau, Dr. Gromer, and Mr. Smith each received for the full year the additional audit committee cash retainer for serving on the committee. Ms. Wright received an additional audit committee cash retainer for serving on the audit committee for the last month of quarter two and the last two full quarters of fiscal year 2014.

(2) On November 10, 2014, Dr. Brondeau, Dr. Jeffrey, Mr. Nam, Mr. Phelan, Mr. Smith, Ms. Sneed, Mr. Steiner, Mr. Van Scoter and Ms. Wright each received a grant of 2,810 common shares. Dr. Gromer received an award of 2,810 DSUs. In determining the number of common shares and DSUs to be issued, we used the average daily closing price for the 20-day period prior to the grant date ($56.94 per share), the same methodology used to determine employee equity awards. The grant date fair value of these awards, as shown above for fiscal year 2015, was calculated by using the closing price of TE Connectivity Ltd. common shares on the date of grant ($61.50 per share). As of September 25, 2015, the aggregate number of DSUs outstanding for each non-employee director was as follows: Dr. Brondeau—12,334; Dr. Gromer—38,512; Mr. Phelan—12,334; Ms. Sneed—15,140; Mr. Steiner—12,334; Mr. Van Scoter—6,605. On November 14, 2013, Dr. Brondeau, Dr. Jeffrey, Mr. Nam, Mr. Phelan, Mr. Poses, Mr. Smith, Ms. Sneed, Mr. Steiner and Mr. Van Scoter each received a grant of 3,047 common shares. Dr. Gromer received an award of 3,047 DSUs. Mr. Poses received an additional 1,143 shares in equity compensation for serving as lead independent director for fiscal 2014. In fiscal 2014, in determining the number of common shares and DSUs to be issued, we used the average daily closing price for the 20 day period prior to the grant date ($52.51 per share), the same methodology used to determine employee equity awards. The grant date fair value of these awards, as shown above for fiscal 2014, was calculated by using the closing price of TE Connectivity Ltd. common shares on the date of grant ($51.61 per share). On March 5, 2014, Ms. Wright received a grant of 1,630 common shares. In determining the number of common shares and DSUs to be issued, we used the average daily closing price for the 20-day period prior to the grant date ($57.26 per share), the same methodology used to determine employee equity awards. The grant date fair value of these awards, as shown above for fiscal 2014, was calculated by using the closing price of TE Connectivity Ltd. common shares on the date of grant ($58.95 per share). The common shares and DSUs vested immediately and non-employee directors receive dividend equivalents in connection with any DSU award granted to them.

(3) Amounts shown represent the value of dividend equivalent units earned on current and prior DSU awards calculated using the market value on the date of the dividend, company matching gift contributions made on behalf of certain directors under TE Connectivity's matching gift program, and amounts reimbursed to Mr. Phelan in fiscal 2015 and Mr. Smith in fiscal 2014 for expenses incurred when attending continuing education courses. The $47,238 and $37,339 amounts reported in fiscal 2015 and 2014, respectively, for Dr. Gromer are the dividend equivalent unit amount earned on his DSU awards. The $60,000 amount reported for Ms. Wright in fiscal 2014 is for fees paid for consulting services performed prior to her being elected to the board.

(4) On March 4, 2014, Ms. Wright was elected to our Board of Directors. Cash compensation for Ms. Wright was pro-rated for her service during fiscal 2014

(5) On November 10, 2015, Mr. Poses received a fiscal 2015 stock award of 1,405 common shares and an additional 527 common shares for serving as lead independent director and Mr. Poses retired from the Board effective March 3, 2015. The number of common shares issued to Mr. Poses was determined in the same manner applied to all grants on November 10, 2014 and reflects a pro-ration of his service during fiscal 2015. Cash compensation for Mr. Poses was pro-rated for his service during fiscal 2015.

(6) Cash compensation for Mr. Smith was pro-rated for his service during fiscal 2015.

c. Compensation of Executive Management

The following table presents information concerning Executive Management's 2015 and 2014 compensation.

c. Compensation of Executive Management (Continued)

Table 2—(2015 Audited) (2014 Unaudited)

Name and Principal Position	Year	Salary[3] ($)	Bonus ($)	Stock Awards[4] ($)	Option Awards[5] ($)	Non-Equity Incentive Plan Compensation[6] ($)	Change in Pension Value and Nonqualified Deferred Compensation Earnings[7] ($)	All Other Compensation[8] ($)	Total ($)
Thomas J. Lynch, Chief Executive Officer	2015	$1,200,000	—	$ 4,590,360	$4,682,416	$1,080,000	—	$ 612,301	$12,165,077
	2014	$1,172,308	—	$ 3,685,986	$3,828,213	$2,512,800	—	$ 417,675	$11,616,982
All Other Executive Management[1]	2015	$6,014,607	—	$14,921,633	$9,549,126	$3,216,328	$ 90,816	$2,516,976	$36,309,486
	2014[2]	$5,599,496	—	$ 7,494,805	$7,782,888	$5,930,442	$143,712	$2,821,372	$29,772,715

(1) The executive management team for Swiss reporting purposes includes Mr. Hau, Mr. Curtin, Mr. Donahue, Mr. Jenkins, Ms. Leipold, Mr. Merkt, Mr. O'Toole, Mr. Rock, Mr. Shaddock, Ms. Wainwright and Mr. Gambill until his last day of work in March, 2015.

(2) 2014 total compensation does not include Mr. Rock as he was not a member of the executive management team for Swiss reporting purposes in fiscal 2014.

(3) Amounts shown are not reduced to reflect the named executive officers' elections, if any, to defer receipt of salary into the SSRP.

(4) This amount represents the grant date fair value of restricted stock units (RSUs) and performance stock units (PSUs) calculated using the provisions of Accounting Standards Codification ("ASC") 718, *Compensation—Stock Compensation*. The value of PSUs included in the table assumes target performance. All dividend equivalent units earned on unvested RSUs and PSUs are reported in the All Other Compensation column.

(5) This amount represents the grant date fair value of stock options calculated using the provisions of ASC 718.

(6) Represents amounts earned under the TE Connectivity Ltd. annual incentive program. Amounts shown are not reduced to reflect the named executive officers' elections, if any, to defer receipt of awards into the SSRP.

(7) Represents the aggregate change in actuarial present value of the accumulated benefits for four executives in 2015 and three executives in 2014 under the frozen pension plan.

(8) See the All Other Compensation table below for a breakdown of amounts shown in column (i) which include perquisites, the company's 401(k) plan and nonqualified defined contribution plan, dividend equivalent units and other amounts. The amounts reflected in the table for perquisites are our incremental cost. We also provide group life, health, hospitalization and medical reimbursement plans which do not discriminate in scope, terms or operation in favor of officers and are available to all full-time employees; the values of the benefits are not shown in the table.

All Other Compensation

Name	Year	Perquisites[a] ($)	Insurance Premiums[b] ($)	Dollar Value of Dividends not factored into Grant Date Fair Value[c] ($)	Company Contributions to DC plans[d] ($)	ESPP Company Match[e] ($)	Payment for unused vacation/ personal time[f] ($)	Severance[g] ($)	Total All Other Compensation ($)
Thomas J. Lynch	2015	$ 84,569	—	$304,964	$222,768	—	—	—	$ 612,301
	2014	$ 17,353	—	$236,767	$163,555	—	—	—	$ 417,675
All Other Executive Management	2015	$ 576,830	$620	$710,646	$800,683	$1,950	$17,371	$408,876	$2,516,976
	2014	$1,551,944	$568	$509,777	$735,948	$1,950	$21,185	—	$2,821,372

(a) Perquisites consisting of the following:

- Amounts in fiscal 2015 for Mr. Lynch and five other executives reflect an attendance gift provided to all attendees at a certain business meeting. Amounts in fiscal 2015 and 2014 include the incremental cost to us of Mr. Lynch's non-business use of our aircraft. Mr. Lynch is permitted to use the corporate aircraft for business and non-business purposes. The incremental cost to us during fiscal year 2015 and 2014 includes the direct variable cost and value of the lost corporate tax benefit associated with Mr. Lynch's travel to attend Thermo Fisher Scientific Inc. and Cummins Inc. board meetings, as Mr. Lynch is a member of the board of directors of both companies, and occasional personal use. Amounts in fiscal 2015 also include the incremental cost to us of non-business travel after the conclusion of a business trip for two executives. Executive officers have limited access to the use of the corporate aircraft for non-business purposes.

- Amounts reflect a cash perquisite paid for the first two quarters of fiscal 2015 for one executive under the executive perquisites allowance program which provides a cash allowance of 10% of base salary for executives whose employment is based in the United States.

c. Compensation of Executive Management (Continued)

- Amounts for fiscal 2015 and fiscal 2014 include various miscellaneous fees and expenses, personal tax preparation assistance, international tax payments and U.S. tax gross-up payments pertaining to expatriate assignments for two executives. Due to the timing of payments, the following range of exchange rates, primarily as determined by TE Connectivity finance, were used to convert amounts reported or paid in EUR to U.S. dollars: $1.08–$1.27:EUR 1 in fiscal 2015 and $1.33–$1.38:EUR 1 in fiscal 2014.

- Fiscal 2014 amounts include tax gross-up payments for calendar year 2013 on relocation allowances paid in fiscal year 2013 for two executives. In accordance with our relocation benefit policy, tax gross-up payments are made to cover the additional taxes assessed on the value of the relocation benefits provided.

(b) Additional income reported for participation in a company paid split dollar life insurance program for one executive.

(c) The value of dividend equivalent units credited in the fiscal year to each individual's unvested restricted stock units and performance stock units (PSU) using the closing price on the date of the crediting. The dividend equivalent unit value associated with the PSUs reflects target performance and will be adjusted based on certified performance results following the close of the three-year performance period.

(d) Contributions made on behalf of the named executive officers under TE Connectivity's qualified defined contribution plan and accruals on behalf of the named executive officers under the SSRP (a nonqualified defined contribution excess plan).

Name	Year	Company Matching Contribution (Qualified Plan)(*)	Company Contribution (Non-Qualified Plan)
Mr. Lynch	2015	$ 15,900	$206,868
	2014	$ 13,000	$150,555
All Other Executive Management	2015	$170,353	$630,330
	2014	$148,064	$587,884

(*) Included in the amount above is an additional matching contribution of $5,720 and $6,240 for fiscal 2015 for two executives and $5,610 for fiscal 2014 for one executive as a result of a frozen defined benefit plan.

(e) The company matching contribution made under the TE Connectivity employee stock purchase plan for one executive.

(f) The value of unused vacation and personal time for one executive.

(g) The value of severance payments for one executive, as per the terms of an employment agreement entered into before January 1, 2014.

REPORT OF THE STATUTORY AUDITOR ON THE SWISS STATUTORY COMPENSATION REPORT OF TE CONNECTIVITY LTD.

To the General meeting of
TE CONNECTIVITY LTD., SCHAFFHAUSEN

We have audited Tables 1 and 2 within the accompanying compensation report of TE Connectivity Ltd. for the year ended September 25, 2015.

Board of Directors' Responsibility

The Board of Directors is responsible for the preparation and overall fair presentation of the compensation report in accordance with Swiss law and the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (the "Ordinance"). The Board of Directors is also responsible for designing the compensation system and defining individual compensation packages.

Auditor's Responsibility

Our responsibility is to express an opinion on the accompanying compensation report. We conducted our audit in accordance with Swiss Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the compensation report complies with Swiss law and articles 14–16 of the Ordinance.

An audit involves performing procedures to obtain audit evidence on the disclosures made in the compensation report with regard to compensation, loans and credits in accordance with articles 14–16 of the Ordinance. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements in the compensation report, whether due to fraud or error. This audit also includes evaluating the reasonableness of the methods applied to value components of remuneration, as well as assessing the overall presentation of the compensation report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the compensation report of TE Connectivity Ltd. for the year ended September 25, 2015 complies with Swiss law and articles 14–16 of the Ordinance.

Deloitte AG

/s/ Martin Welser
Martin Welser
Licensed audit expert
Auditor in charge

/s/ Matthias Gschwend
Matthias Gschwend
Licensed audit expert

Zurich, December 18, 2015

BOARD OF DIRECTORS

Thomas J. Lynch
Chairman &
Chief Executive Officer,
TE Connectivity Ltd.

Dr. Pierre R. Brondeau*
President, Chairman, &
Chief Executive Officer,
FMC Corporation

Dr. Juergen W. Gromer
Retired President,
Tyco Electronics

Dr. William A. Jeffrey
Chief Executive Officer
& President,
SRI International

Yong Nam
Advisor to the CEO,
Daelim Industrial Co. Ltd.
Former Chief Executive Officer,
LG Electronics Inc.

Daniel J. Phelan
Retired Chief of Staff,
GlaxoSmithKline plc

Paula A. Sneed
Chair & Chief Executive Officer,
Phelps Prescott Group, LLC
Retired Executive Vice President,
Kraft Foods Inc.

David P. Steiner
President, Chief Executive Officer,
& Director,
Waste Management, Inc.

John C. Van Scoter
President, Chief Executive Officer,
& Director,
eSolar, Inc.

Laura H. Wright
Founder,
GSB Advisors
Retired Chief Financial Officer,
Southwest Airlines Co.

**Lead Independant Director of the TE Connectivity Ltd. Board of Directors*

LEADERSHIP TEAM AND OFFICERS

Thomas J. Lynch
Chairman &
Chief Executive Officer

Terrence R. Curtin
President,
TE Connectivity

Mario Calastri
Senior Vice President,
Treasurer

Que Dallara
Senior Vice President,
Corporate Strategy

Joseph B. Donahue
Executive Vice President,
Chief Operating Officer

Joseph F. Eckroth, Jr.
Senior Vice President,
Chief Information Officer

Robert W. Hau
Executive Vice President,
Chief Financial Officer

John S. Jenkins, Jr.
Executive Vice President,
General Counsel

Jane A. Leipold
Senior Vice President,
Global Human Resources

Steven T. Merkt
President,
Transportation Solutions

Minoru Okamoto
Senior Advisor to the CEO

James O'Toole
President,
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Robert J. Ott
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Jeanne Quirk
Senior Vice President,
Mergers & Aquisitions

Eric J. Resch
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Chief Tax Officer

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Robert N. Shaddock
Executive Vice President,
Chief Technology Officer

Amy B. Shah
Senior Vice President,
Chief Marketing Officer

Joan E. Wainwright
President,
Channel & Customer Experience

CORPORATE DATA

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Switzerland

STOCK EXCHANGE

The company's common shares are traded on the New York Stock Exchange (NYSE) under the ticker symbol TEL.

FORM 10-K

Copies of the company's Annual Report on Form 10-K for the fiscal year ended September 25, 2015 may be obtained by shareholders without charge upon written request to TE Connectivity Ltd., Rheinstrasse 20, CH-8200 Schaffhausen, Switzerland. The Annual Report on Form 10-K is also available on the company's website at **www.te.com**

SHAREHOLDER SERVICES

Registered shareholders (shares held in your own name with our transfer agent) with requests such as change of address or dividend checks should contact TE Connectivity's transfer agent at:

Wells Fargo Shareowner Services
1110 Centre Pointe Curve, Suite 101
Mendota Heights, MN 55120-4100
866.258.4745
www.shareowneronline.com

Beneficial shareholders (shares held with a bank or broker) should contact the bank or brokerage holding their shares with their requests.

Other shareholder inquiries may be directed to TE Connectivity Shareholder Services at the company's registered and principal executive office above.

www.te.com

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