

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

FORM 10-K

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

For the fiscal year ended September 30, 2016

or

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

For the transition period from _____ to _____

Commission File Number: 001-37757



Adient plc

(exact name of Registrant as specified in its charter)

Ireland

(State or other jurisdiction of incorporation or organization)

98-1328821

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

25-28 North Wall Quay, IFSC, Dublin 1, Ireland

(Address of principal executive offices)

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

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

(Title of class)

Ordinary Shares, par value \$0.001

(Name of exchange on which registered)

New York Stock Exchange

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

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15 (d) of the Act.

Yes No

Note: Checking the box above will not relieve any registrant required to file reports pursuant to Section 13 or 15(d) of the Exchange Act from their obligations under those Sections.

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

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

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act).

Yes No

As of March 31, 2016, the registrant's ordinary shares were not publicly traded. At October 31, 2016, 93,671,810 ordinary shares were issued and outstanding.

Documents Incorporated by Reference

Portions of the Registrant's definitive proxy statement relating to its 2017 annual general meeting of shareholders to be held on March 13, 2017 (the "2017 Proxy Statement") are incorporated by reference into Part III of this Annual Report on Form 10-K where indicated. The 2017 Proxy Statement will be filed with the U.S. Securities and Exchange Commission within 120 days after the end of the fiscal year to which this report relates.

Adient plc
Form 10-K
For the Fiscal Year Ended September 30, 2016

TABLE OF CONTENTS

ITEM		PAGE
	<u>PART I</u>	
<u>ITEM 1</u>	<u>Business</u>	<u>3</u>
<u>ITEM 1A</u>	<u>Risk Factors</u>	<u>9</u>
<u>ITEM 1B</u>	<u>Unresolved Staff Comments</u>	<u>24</u>
<u>ITEM 2</u>	<u>Properties</u>	<u>24</u>
<u>ITEM 3</u>	<u>Legal Proceedings</u>	<u>24</u>
<u>ITEM 4</u>	<u>Mine Safety Disclosures</u>	<u>24</u>
	<u>PART II</u>	
<u>ITEM 5</u>	<u>Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities</u>	<u>25</u>
<u>ITEM 6</u>	<u>Selected Financial Data</u>	<u>26</u>
<u>ITEM 7</u>	<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	<u>27</u>
<u>ITEM 7A</u>	<u>Quantitative and Qualitative Discussions About Market Risk</u>	<u>42</u>
<u>ITEM 8</u>	<u>Financial Statements and Supplementary Data</u>	<u>44</u>
<u>ITEM 9</u>	<u>Changes in and Disagreements with Accountants on Accounting and Financial Disclosure</u>	<u>87</u>
<u>ITEM 9A</u>	<u>Controls and Procedures</u>	<u>87</u>
<u>ITEM 9B</u>	<u>Other Information</u>	<u>88</u>
	<u>PART III</u>	
<u>ITEM 10</u>	<u>Directors, Executive Officers and Corporate Governance</u>	<u>88</u>
<u>ITEM 11</u>	<u>Executive Compensation</u>	<u>88</u>
<u>ITEM 12</u>	<u>Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters</u>	<u>88</u>
<u>ITEM 13</u>	<u>Certain Relationships and Related Transactions, and Director Independence</u>	<u>88</u>
<u>ITEM 14</u>	<u>Principal Accounting Fees and Services</u>	<u>88</u>
	<u>PART IV</u>	
<u>ITEM 15</u>	<u>Exhibits, Financial Statement Schedules</u>	<u>89</u>
<u>ITEM 16</u>	<u>Summary</u>	<u>89</u>
	<u>Signatures</u>	<u>90</u>

Forward-Looking Statements

This Annual Report on Form 10-K ("Form 10-K") contains forward-looking statements, within the meaning of the Private Securities Litigation Reform Act of 1995, that involve risks and uncertainties. Many of the forward-looking statements are located in Part II, Item 7 of this Form 10-K under the heading "Management's Discussion and Analysis of Financial Condition and Results of Operations." Forward-looking statements provide current expectations of future events based on certain assumptions and include any statement that does not directly relate to any historical or current fact. Forward-looking statements can also be identified by words such as "future," "anticipates," "believes," "estimates," "expects," "intends," "will," "would," "could," "can," "may," or similar terms. Forward-looking statements are not guarantees of future performance and Adient's actual results may differ significantly from the results discussed in the forward-looking statements. Factors that might cause such differences include, but are not limited to, those discussed in Part I, Item 1A of this Form 10-K under the heading "Risk Factors," which are incorporated herein by reference. All information presented herein is based on Adient's fiscal calendar. Unless otherwise stated, references to particular years, quarters, months or periods refer to Adient's fiscal years ended in September and the associated quarters, months and periods of those fiscal years. Adient assumes no obligation to revise or update any forward-looking statements for any reason, except as required by law.

PART II

Item 1. Business

Overview

On October 31, 2016, Adient plc ("Adient" or the "Company") became an independent company as a result of the separation of the automotive seating and interiors businesses from Johnson Controls International plc. Adient was incorporated under the laws of Ireland in fiscal 2016 for the purpose of holding these businesses. Adient's ordinary shares began trading "regular-way" under the ticker symbol "ADNT" on the New York Stock Exchange on October 31, 2016. On September 2, 2016, Johnson Controls, Inc. and Tyco International plc completed their previously announced combination pursuant to an Agreement and Plan of Merger (the "Merger"). Following the Merger, the entity was renamed "Johnson Controls International plc" and is referred to in this Form 10-K as "Johnson Controls," "JCI" or the "Parent."

Adient is the world's largest automotive seating supplier.* Adient has a leading market position in the Americas, Europe and China, and has longstanding relationships with the largest global original equipment manufacturers, or OEMs, in the automotive space. Adient's proprietary technologies extend into virtually every area of automotive seating solutions, including complete seating systems, frames, mechanisms, foam, head restraints, armrests, trim covers and fabrics. Adient is a global seat supplier with the capability to design, develop, engineer, manufacture, and deliver complete seat systems and components in every major automotive producing region in the world. Adient also participates in the automotive interiors market primarily through its joint venture in China, Yanfeng Global Automotive Interior Systems Co., Ltd., or YFAI.

Adient designs, manufactures and markets a full range of seating systems and components for passenger cars, commercial vehicles and light trucks, including vans, pick-up trucks and sport/crossover utility vehicles. Adient also supplies high performance seating systems to the international motorsports industry through its award winning RECARO brand of products. Adient operates approximately 230 wholly- and majority-owned manufacturing or assembly facilities, with operations in 33 countries. Additionally, Adient has partially-owned affiliates in China, Asia, Europe and North America.

Adient's business model is focused on developing and maintaining long-term customer relationships, which has allowed Adient to successfully grow with leading global OEMs. Adient and its engineers work closely with customers as vehicle platforms are developed, which results in close ties with key decision makers at OEM customers.

Adient is committed to being the world's premier automotive seating supplier through leadership in cost, quality, launch execution and customer satisfaction. Through its global footprint, vertical integration and partnerships in China, Adient has leveraged its capabilities to drive growth in the automotive seating industry. Adient intends to leverage these capabilities to further grow its seating business and potentially enter into additional product markets adjacent to the automotive industry.

Business Organization

Reportable Segments Adient has two reportable segments: Seating and Interiors. The Seating reportable segment produces automotive seat metal structures and mechanisms, foam, trim, fabric and complete seat systems. The Interiors reportable segment, primarily derived from the YFAI global automotive interiors joint venture completed on July 2, 2015, produces instrument panels, floor consoles, door panels, overhead consoles, cockpit systems, decorative trim and other products. Prior to the completion of the joint venture, the Interiors reportable segment produced instrument panels, floor consoles and door panels. These segments reflect the way Adient evaluates its business performance and manages its operations. Further information regarding Adient's reportable segments may be found in Part II, Item 7 of this Form 10-K under the subheading "Segment Analysis," and in Part II, Item 8 of this Form 10-K in Note 18, "Segment Information," of the notes to combined financial statements.

* Based on production volumes. Source: IHS Automotive

Global Manufacturing Footprint and Functional Expertise Adient operates a global network of approximately 230 manufacturing plants in 33 countries that supplies automotive OEMs with complete seats, modules and components. In fiscal 2016, Adient delivered more than 25 million seat systems on a "just-in-time or in-sequence" basis globally. Those businesses supplied seating systems on more than 360 nameplates to 40 different OEMs. Adient's industry-leading technologies complement proven expertise in consumer insights and marketing, value product planning, product design for cost, design for manufacturing, system integration, evaluation, validation and manufacturing. Adient's approximately 75,000 highly skilled and engaged employees have earned a reputation for delivering high quality, value-added seating and interiors products that support auto manufacturers' goals of brand differentiation.

Longstanding Customer Relationships with Leading Global OEMs Adient works with OEMs to develop complete seating solutions to meet and exceed consumer expectations for performance, safety and comfort. Adient does business with all major global OEM customers, and in many cases, works closely with those customers to develop a seating solution integrated into the overall vehicle appearance and architecture.

Global Development Network Adient's expertise in innovation and development represents a key competitive differentiator in the automotive seating business. In the development process, key downstream elements of the product are locked in, including material costs, plant conversion costs, quality characteristics and certain technical requirements. Adient uses a common product development process globally that ensures that these elements are correct at the outset of the development process, reflects the best practices of Adient's operations worldwide and meets the expectations of Adient's diverse customer base. Its product launch system is customizable and scalable based on customer and product requirements.

Adient's worldwide engineering network includes ten core development centers. These development centers utilize a globally consistent approach to the process for developing seating products. By leveraging a network of subject matter technical experts, Adient is able to efficiently implement best practices and improve product cost and quality. Adient's product development practices also entail leveraging low cost country development centers in India, China and Slovakia.

Development Centers

Plymouth (USA)	Trencin (Slovakia)
Burscheid (Germany)	Yokohama (Japan)
Solingen (Germany)	Shanghai (China)
Kaiserslautern (Germany)	Changchun (China)
Ansan (South Korea)	Pune (India)

Platform for Global Growth Adient's current global platform creates multiple opportunities for growth, such as:

- *Market share expansion in seating and seating components.* Adient has extensive relationships with global OEM customers. These relationships, combined with Adient's product offerings, enhance Adient's ability to expand its business with regional customers who are growing and expanding globally and also with new entrants to the automotive market.
- *Regional growth opportunities.* Adient is able to leverage its position as the market leader in Europe, North America and China to grow in other markets, such as Southeast Asia.
- *Vertical integration.* Adient's efficient operations provide opportunities for continued vertical integration in areas that could enhance Adient's capabilities, expand profit margins and grow revenues with customers who employ component sourcing strategies. Adient believes that as a vertically integrated supplier with global scale and strong design, engineering and lean manufacturing capabilities in both complete seat systems and components, it is well positioned to benefit from these opportunities.
- *Business expansion.* Adient is able to leverage its track record of low cost, high quality, effectively executed product launches and ability to maintain high customer satisfaction to pursue growth into additional product markets adjacent to the automotive industry.

Business Strategy

Adient focuses on growing its business through the following strategies, among others:

Cash Flow Generation Adient expects to generate strong cash flows. The anticipated cash from operating activities generated by Adient should allow it to pay down debt and invest in the business to support organic growth. Excess cash flow could also allow Adient to pursue other alternatives, including new capital investment projects, strategic acquisitions and the return of capital to shareholders through a combination of dividends and/or share repurchases. However, there can be no guarantee that Adient will pay dividends in a timely manner, or at all, or that Adient will repurchase any of its shares or the price at which any such repurchase may occur.

Customer Focus and Commercial Management Through dedicated customer teams, Adient maintains close relationships with its global OEM customers. These relationships enable Adient to clearly understand its customers' needs so that it is positioned to meet its customers' requirements. Adient's customer teams lead the new business acquisition process, which ensures alignment with Adient's product, process and manufacturing strategies. These teams partner with customers in identifying optimal product solutions to meet product demand, and also lead commercial negotiations with Adient's customers. Adient believes that its commercial teams excel at balancing these commercial topics to find "win/win" solutions for the customer and for Adient.

To enhance customer experience and drive loyalty, Adient gathers customer feedback through annual "voice of the customer" surveys. Customer input from these surveys, as well as daily customer interaction, guides Adient's improvement activities in quality, cost and delivery. Input from customers, tracked using a customer relationship management tool to improve account management, enables prompt attention to customer concerns. Adient expects that its commercial management efforts will continue to yield outstanding performance and results.

Product Innovation and Process Leadership Adient has a strong record for developing winning product and process technologies over many years, which has created a competitive advantage for Adient and its customers. Management expects to increase investment in innovation.

Adient utilizes a Global Core Product Portfolio, or CPP, strategy for part and design reuse in all of its product applications. Adient intends to continue investing in its CPP to sustain and expand its market success and to leverage its existing modular and scalable systems and interchangeable components. Through the CPP strategy, Adient provides high quality products for its customers with market competitive cost and mass (low weight to improve fuel economy) while meeting their performance requirements. Adient intends to continue using its CPP to advance Adient's lean manufacturing initiatives by providing standard, flexible processes that reduce complexity, inventory and floor space. This will yield reductions in development time, product cost and investment.

Product templates and knowledge documents are continually updated with lessons learned from previous development programs. Knowledge is transferred from these templates into the next program design, drawings and documents. This development strategy has reduced the average seating program development time by approximately 35%. The continued use of this process will add value to customers' products and Adient through higher performing products, development time compression and lower costs.

Adient is also investing in a new Product Lifecycle Management, or PLM, system. This system is an interactive and interdisciplinary collaboration tool that will serve as a management database for program, product and process related data and simplifies the management of automotive seating programs and associated data. It is also expected to aid in the standardization of the development process and in communication with all sites that support global program execution. The PLM system not only will serve as storage for data and documents, but also will support workflow, schedule and change management of ongoing or upcoming programs, thereby enabling effective decision making and program management.

Leadership Position in China Adient has an advantaged position in China established through strategic partnerships it developed as an early market entrant. Adient is the largest supplier of "just-in-time" seating in China.* It operates through 17 joint ventures with 60 manufacturing locations in 32 cities, which are supported by additional technical centers. Adient's strong position with European and American automakers is complemented by partnerships with all major auto groups in China, which has resulted in Adient's broad market penetration relative to seating competitors and market leadership in the industry's largest and one of the fastest-growing markets. Adient leverages its operating expertise and innovation capabilities developed worldwide to further support its growth in China. Adient expects revenues in China to continue to grow as the automotive market continues to expand.

Operational Efficiencies Adient intends to maintain high capacity utilization and increase its efficiency through continued use of standardized manufacturing processes, which represent a core competency. These standardized manufacturing processes allow Adient to deliver exceptional quality levels and minimize waste. Adient achieves scale advantages through a global manufacturing footprint and an integrated supply chain. Adient fosters an environment of continuous improvement and identifies best business practices through the analysis of process and cost metrics, which are then shared globally throughout Adient's manufacturing network.

To ensure superior service levels, minimal inventory and optimal factory utilization, Adient employs a rigorous Sales & Operational Planning, or S&OP, process. A well-executed S&OP process provides two strategic advantages: superior customer service and on-time delivery which result in both customer retention and the opportunity for market share gain.

* Based on production volumes. Source: IHS Automotive

Adient's focus on global operational efficiencies will also be applied to its corporate cost structure, which Adient expects will produce a lean corporate overhead structure. Adient believes that maintaining a lean and operationally efficient process throughout the organization will enable it to be a market leader in cost and that this will result in margin expansion. Adient also intends to continue streamlining the mechanisms and structures operations, which are capital intensive with long lead times and designs that span multiple vehicle platforms. Adient has made progress integrating product and process technologies across metal structures and mechanisms; however, opportunities still exist to streamline the product and process portfolio.

Research and Development Costs

Expenditures for research activities relating to product development and improvement are charged against income as incurred and included within selling, general and administrative expenses in the combined statements of income. Such expenditures for the years ended September 30, 2016, 2015 and 2014 were \$460 million, \$599 million and \$667 million, respectively. A portion of these costs associated with these activities is reimbursed by customers and, for the fiscal years ended September 30, 2016, 2015 and 2014 were \$308 million, \$364 million and \$348 million, respectively.

Product/Systems

Adient designs and manufactures a full range of seating systems and components for passenger cars, commercial vehicles and light trucks, including vans, pick-up trucks and sport/crossover utility vehicles. Adient's technologies extend into virtually every area of automotive seating solutions including complete seating systems, frames, mechanisms, foam, head restraints, armrests, trim covers and fabrics. Adient also supplies high performance seating systems to the international motorsports industry through its award winning RECARO brand of products.

Customers

Adient is a supplier to all of the global OEMs and has longstanding relationships with premier automotive manufacturers, including BMW, Daimler AG, Fiat Chrysler Automobiles, Ford Motor Company, General Motors Company, Honda Motor Company, Hyundai Motor Company, Jaguar Land Rover, Kia Motor Company, Mazda Motor Company, Mitsubishi Motors, Nissan Motor Company, PSA Peugeot Citroen, Renault, Suzuki, Toyota Motor Corporation, Volkswagen AG and Volvo. Adient also supplies most of the growing regional OEMs such as BAIC Motor Co., Ltd., Brilliance Auto Group, Changan Automobile (Group) Co., Ltd., FAW Group Corporation, Great Wall Motors Company Limited, SAIC Motor Corporation Limited, Tata Motors Limited and Zhejiang Geely Holding Group Co., Ltd and newer auto manufacturers such as Tesla Motors, Inc. Additionally, Adient has more than 20 joint venture partnerships with key OEMs, including SAIC Motor Corporation Limited, Beijing Automobile Works Co., Ltd. and FAW Group Corporation.

Industry

The Automotive Seating industry provides OEMs with complete seats on a "just-in-time" or "in-sequence" basis. Seats are assembled to specific order and delivered on a predetermined schedule directly to an automotive assembly line. The components for these complete seat assemblies such as seating foam, metal structures, fabrics, seat covers and seat mechanisms are shipped to Adient or competitor seating assembly plants. Adient is the world's largest* in complete seat assembly and one of the largest in all major seating components, operating manufacturing plants that produce seating foam, metal structures, fabrics, seat covers and seat mechanisms.

Overall, Adient expects long-term growth of vehicle sales and production in the OEM market. The industry has experienced growth over the past few years in nearly all geographic regions with the exceptions being South America and Japan/Korea, where vehicle production has declined over the same period. Vehicle production increased by 12% in Greater China, 4% in South Asia, 3% in Europe, and 3% in North America, and decreased by 21% in South America and 2% in Japan/Korea in fiscal year 2016, in each case as compared to fiscal year 2015.

Demand for automotive parts in the OEM market is generally a function of the number of new vehicles produced, which is primarily driven by macro-economic factors such as credit availability, interest rates, fuel prices, consumer confidence, employment and other trends. Although OEM demand is tied to actual vehicle production, participants in the automotive supplier industry also have the opportunity to grow through increasing product content per vehicle by further penetrating business with existing customers and in existing markets, gaining new customers and increasing their presence in global markets. Adient believes that, as a company with a global presence and advanced technology, engineering, manufacturing and customer support capabilities, it is well positioned to benefit from these opportunities. In addition, Adient expects to leverage these capabilities to pursue future growth in adjacent markets.

* Based on production volumes. Source: IHS Automotive

Sourcing Patterns by OEMs Most OEMs have adopted global vehicle platforms to increase standardization, reduce per unit cost and increase capital efficiency and profitability. In seating, three sourcing patterns have emerged over the past five years:

1. *Core seat structures* : By developing common front seat frames and mechanisms across multiple vehicle platforms, OEMs are reducing costs.
2. *Component sourcing* : Several OEMs have shifted from sourcing a complete seating system to a components approach where the OEM sources each of the different components of the seat and seating assembly as separate business awards.
3. *Engineering "in-sourcing"* : Some OEMs are conducting the design and engineering internally and are selecting suppliers that have the capability to manufacture products on a worldwide basis and adapt to regional variations.

Adient believes that as a supplier with global scale and strong design, engineering and lean manufacturing capabilities in both complete seat systems and components it is well positioned to benefit from these opportunities.

Shorter Product Development Cycles As a result of new safety and environmental regulations, as well as a trend of more rapid customer preference changes, OEMs are requiring suppliers to respond faster with new designs and product innovations. Although these trends are more significant in mature markets, emerging markets are moving rapidly towards the regulatory standards and consumer preferences of the more mature markets. Suppliers with strong technologies, robust global engineering and development capabilities will be best positioned to meet OEM demands for rapid innovation.

Competition

Adient faces competition from other automotive suppliers and, with respect to certain products, from the automobile OEMs who produce or have the capability to produce certain products the business supplies. The automotive supply industry competes on the basis of technology, quality, reliability of supply and price. Design, engineering and product planning are increasingly important factors. The competitive landscape for seating and components can be categorized into three segments: (1) traditional seating suppliers, (2) component specialists and (3) competitors who are partnered with an OEM through ownership or interlocking business relationships. Independent suppliers that represent the principal competitors of Adient include Lear Corporation, Faurecia SA and Magna International Inc. The businesses operated through YFAI primarily compete with Faurecia SA, Grupo Antolin-Irausa SA and International Automotive Components Group SA. Adient's deep vertical integration, global footprint and broad product offering make it well positioned to compete against the traditional global Tier-1's and component specialists.

Raw Materials

Raw materials used by Adient in connection with its operations, including steel, aluminum, polyurethane chemicals, fabrics, leather, vinyl and polypropylene, were readily available during fiscal 2016, and Adient expects such availability to continue. During fiscal 2017, commodity prices could fluctuate throughout the year and significantly affect Adient's results of operations.

Intellectual Property

Generally, Adient seeks statutory protection for strategic or financially important intellectual property developed in connection with its business. Certain intellectual property, where appropriate, is protected by contracts, licenses, confidentiality or other agreements.

Adient owns numerous U.S. and non-U.S. patents (and their respective counterparts), the more important of which cover those technologies and inventions embodied in current products or which are used in the manufacture of those products. While Adient believes patents are important to its business operations and in the aggregate constitute a valuable asset, no single patent, or group of patents, is critical to the success of the business. Adient, from time to time, grants licenses under its patents and technology and receives licenses under patents and technology of others.

Adient's trademarks, certain of which are material to its business, are registered or otherwise legally protected in the United States and many non-U.S. countries where products and services of Adient are sold. Adient, from time to time, becomes involved in trademark licensing transactions.

Most works of authorship produced for Adient, such as computer programs, catalogs and sales literature, carry appropriate notices indicating Adient's claim to copyright protection under U.S. law and appropriate international treaties.

Regulation

Adient operates in a constantly evolving global regulatory environment and is subject to numerous and varying regulatory requirements for its product performance and material content. Adient's practice is to identify potential regulatory and quality risks early in the design and development process and proactively manage them throughout the product lifecycle through use of routine assessments, protocols, standards, performance measures and audits. New regulations and changes to existing regulations are managed in collaboration with the OEM customers and implemented through Adient's global systems and procedures designed to ensure compliance with existing laws and regulations. Adient demonstrates material content compliance through the International Material Data System, or IMDS, which is the automotive industry material data system. In the IMDS, all materials used for car manufacturing are archived and maintained, in order to meet the obligations placed on the car manufacturers-and thus on their suppliers-by national and international standards, laws and regulations.

Adient works collaboratively with a number of stakeholder groups including government agencies (e.g. , National Highway Traffic Safety Administration), its customers and its suppliers to proactively engage in federal, state and international public policy processes.

Environmental, Health and Safety Matters

Adient is involved in various lawsuits, claims and proceedings incident to the operation of its businesses, including those pertaining to product liability, environmental, safety and health, intellectual property, employment, commercial and contractual matters, and various other matters. Although the outcome of such lawsuits, claims and proceedings cannot be predicted with certainty and some may be disposed of unfavorably to Adient, it is management's opinion that none of these will have a material adverse effect on Adient's financial position, results of operations or cash flows. Costs related to such matters were not material to the periods presented. Further details regarding Adient's commitments and contingencies is provided in Part II, Item 8 of this Form 10-K in Note 20, "Commitments and Contingencies," of the notes to combined financial statements.

Employees

As of September 30, 2016 , Adient employed approximately 75,000 employees, of whom approximately 63,000 were hourly and 12,000 were salaried.

Seasonal Factors

Adient's principal operations are directly related to the automotive industry. Consequently, Adient may experience seasonal fluctuations to the extent automotive vehicle production slows, such as in the summer months when many customer plants close for model year changeovers and in December when many customer plants close for the holidays.

Available Information

Adient's Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and amendments to reports filed pursuant to Sections 13(a) and 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), are filed with the Securities and Exchange Commission (the "SEC"). Adient is subject to the informational requirements of the Exchange Act and files or furnishes reports, proxy statements and other information with the SEC. Such reports and other information filed by Adient with the SEC are available free of charge on Adient's website at www.adient.com when such reports are available on the SEC's website. The public may read and copy any materials filed by Adient with the SEC at the SEC's Public Reference Room at 100 F Street, NE Room 1580, Washington, DC 20549. The public may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC maintains an internet site that contains reports, proxy and information statements and other information regarding issuers that file electronically with the SEC at www.sec.gov. The contents of these websites are not incorporated into this filing. Further, Adient's references to website URLs are intended to be inactive textual references only.

Executive Officers

The following table sets forth certain information with respect to Adient's executive officers:

Name	Age	Position(s) Held	Year Appointed to Present Position
R. Bruce McDonald	56	Chairman and Chief Executive Officer	2016
Cathleen A. Ebacher	54	Vice President, General Counsel and Secretary	2016
Byron S. Foster	48	Executive Vice President	2016
Neil E. Marchuk	59	Executive Vice President and Chief Human Resources Officer	2016
Eric S. Mitchell	45	Executive Vice President	2016
Mark A. Skonieczny Jr.	47	Vice President and Corporate Controller	2016
Jeffrey M. Stafeil	46	Executive Vice President and Chief Financial Officer	2016

R. Bruce McDonald. Mr. McDonald is the Chairman and Chief Executive Officer of Adient. Mr. McDonald was the Executive Vice President, Vice Chairman of Johnson Controls and served in that role from 2014 to 2016. He was Chief Financial Officer of Johnson Controls from 2005 to 2014 and Executive Vice President since 2006. Mr. McDonald serves on the board of Dana Incorporated, where he is the chair of the Audit Committee and a member of the Compensation Committee.

Cathleen A. Ebacher. Ms. Ebacher is the Vice President, General Counsel and Secretary of Adient. Ms. Ebacher was the Vice President and Global General Counsel—Centers of Excellence of Johnson Controls and served in that role from 2012 to 2016. She was Vice President and General Counsel—Enterprise Legal Services from 2011 to 2012. Prior to that, Ms. Ebacher was the Vice President—Global Business Lines and Operations, or GBL&O, and Director—GBL&O for Johnson Controls from 2009 to 2011.

Byron S. Foster. Mr. Foster is an Executive Vice President of Adient. Mr. Foster served as the Group Vice President & General Manager—Complete Seat and Strategy of Johnson Controls' Automotive Experience business from 2015 to 2016, as the Group Vice President & General Manager—Customer Groups & Strategy, of Johnson Controls' Automotive Experience business from 2012 to 2015 and as the Group Vice President & General Manager—Metals, of Johnson Controls' Automotive Experience business from 2011 to 2012.

Neil E. Marchuk. Mr. Marchuk is the Executive Vice President and Chief Human Resources Officer of Adient. Prior to joining Johnson Controls in 2016, Mr. Marchuk served as Executive Vice President, Human Resources of TRW Automotive from 2006 to 2015.

Eric S. Mitchell. Mr. Mitchell is an Executive Vice President of Adient. Mr. Mitchell served as the Vice President & General Manager, North America of Johnson Controls' Building Efficiency business from 2015 to 2016 as the Vice President and General Manager—Aftermarket, of Johnson Controls' Power Solutions business from 2013 to 2014, the Group Vice President and General Manager—Components & Sourcing, of Johnson Controls' Power Solutions business from 2012 to 2013 and the Vice President and General Manager, EMEA, of Johnson Controls' Power Solutions business from 2009 to 2012.

Mark A. Skonieczny Jr. Mr. Skonieczny is the Vice President and Corporate Controller of Adient. Mr. Skonieczny was the Vice President of Corporate Development of Johnson Controls from 2014 to 2016, the Vice President of Finance, Global Aftermarket of Johnson Controls' Power Solutions business from 2012 to 2014 and the Vice President of Finance for North America Systems, Latin America and the Middle East for Johnson Controls' Building Efficiency business from 2007 to 2012.

Jeffrey M. Stafeil. Mr. Stafeil is the Executive Vice President and Chief Financial Officer of Adient. Mr. Stafeil was Executive Vice President, Chief Financial Officer of Visteon Corporation from 2012 to 2016. He also served as Chief Executive Officer of DURA Automotive Systems from 2010 to 2012 and as DURA's Executive Vice President, Chief Financial Officer from 2008 to 2012. Mr. Stafeil currently serves on the board of directors, and as Audit Committee Chairman, of each of Mentor Graphics Corporation and Metaldyne Performance Group.

Item 1A. Risk Factors

The following discussion of risk factors contains forward-looking statements. These risk factors may be important to understanding other statements in this Form 10-K. The following information should be read in conjunction with Part II, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the combined financial statements and related notes in Part II, Item 8, "Financial Statements and Supplementary Data" of this Form 10-K.

The business, financial condition and operating results of the Company can be affected by a number of factors, whether currently known or unknown, including but not limited to those described below, any one or more of which could, directly or indirectly, cause the Company's actual financial condition and operating results to vary materially from past, or from anticipated future, financial condition and operating results. Any of these factors, in whole or in part, could materially and adversely affect the Company's business, financial condition, operating results and stock price.

Because of the following factors, as well as other factors affecting the Company's financial condition and operating results, past financial performance should not be considered to be a reliable indicator of future performance, and investors should not use historical trends to anticipate results or trends in future periods.

Risks Related to Adient's Business

General economic, credit and capital market conditions could adversely affect Adient's financial performance, Adient's ability to grow or sustain its businesses and Adient's ability to access the capital markets.

Adient competes around the world in various geographic regions and product markets. Global economic conditions affect Adient's business. As discussed in greater detail below, any future financial distress in the industries and/or markets where Adient competes could negatively affect Adient's revenues and financial performance in future periods, result in future restructuring charges, and adversely impact Adient's ability to grow or sustain its businesses.

The capital and credit markets provide Adient with liquidity to operate and grow its business beyond the liquidity that operating cash flows provide. A worldwide economic downturn and/or disruption of the credit markets could reduce Adient's access to capital necessary for its operations and executing its strategic plan. If Adient's access to capital were to become constrained significantly, or if costs of capital increased significantly, due to lowered credit ratings, prevailing industry conditions, the volatility of the capital markets or other factors, Adient's financial condition, results of operations and cash flows could be adversely affected.

The U.K.'s referendum to leave the European Union, which we refer to as "Brexit," has and may continue to cause disruptions to capital and currency markets worldwide. The full impact of the Brexit decision, however, remains uncertain. A process of negotiation will determine the future terms of the U.K.'s relationship with the European Union. During this period of negotiation, Adient's results of operations and access to capital may be negatively affected by interest rate, exchange rate and other market and economic volatility, as well as regulatory and political uncertainty. Brexit may also have a detrimental effect on Adient's customers and suppliers, which would, in turn, adversely affect Adient's revenues and financial condition.

Adient operates in the highly competitive automotive supply industry.

The global automotive component supply industry is highly competitive. Competition is based primarily on price, technology, quality, delivery and overall customer service. There can be no assurance that Adient's products will be able to compete successfully with the products of Adient's competitors. Furthermore, the rapidly evolving nature of the markets in which Adient competes may attract new entrants. Additionally, consolidation in the automotive industry may lead to decreased product purchases from Adient. As a result, Adient's sales levels and margins

could be adversely affected by pricing pressures from OEMs and pricing actions of competitors. These factors may lead to selective resourcing of business to competitors. In addition, any of Adient's competitors may foresee the course of market development more accurately than Adient, develop products that are superior to Adient's products, produce similar products at a lower cost than Adient, or adapt more quickly than Adient to new technologies or evolving customer requirements. As a result, Adient's products may not be able to compete successfully with its competitors' products and Adient may not be able to meet the growing demands of customers. These trends may adversely affect Adient's sales as well as the profit margins on Adient's products.

Unfavorable changes in the condition of the global automotive industry may adversely affect Adient's results of operations.

Adient's financial performance will depend, in part, on conditions in the automotive industry. If automakers experience a decline in the number of new vehicle sales, Adient may experience reductions in orders from these customers, incur write-offs of accounts receivable, incur impairment charges or require additional restructuring actions beyond its current restructuring plans, particularly if any of the automakers cannot adequately fund their operations or experience financial distress. In addition, such adverse changes could have a negative impact on Adient's business, financial condition or results of operations.

The cyclical nature of original equipment automobile production rates may adversely affect Adient's results of operations.

The financial performance of Adient's business is directly related to automotive production by its customers. Automotive production and sales are highly cyclical and depend on general economic conditions and other factors, including consumer spending and preferences. An economic decline that results in a reduction in automotive production by Adient's customers could have a material adverse impact on Adient's results of operations.

Adient may incur material losses and costs as a result of warranty claims and product liability actions that may be brought against Adient.

Adient faces an inherent business risk of exposure to warranty claims and product liability in the event that its products fail to perform as expected and, in the case of product liability, such failure of its products results, or is alleged to result, in bodily injury and/or property damage. If any of Adient's products are or are alleged to be defective, Adient may be required to participate in a recall involving such products. As suppliers become more integrally involved in the vehicle design process and assume more of the vehicle assembly functions, auto manufacturers are increasingly looking to their suppliers for contribution when faced with recalls and product liability claims. A recall claim brought against Adient, or a product liability claim brought against Adient in excess of its available insurance, could have a material adverse impact on Adient's results of operations. In addition, a recall claim could require Adient to review its entire product portfolio to assess whether similar issues are present in other product lines, which could result in significant disruption to Adient's business and could have a material adverse impact on Adient's results of operations.

Auto manufacturers are also increasingly requiring their suppliers to guarantee or warrant their products and bear the costs of repair and replacement of such products under new vehicle warranties. Depending on the terms under which Adient supplies products to an auto manufacturer, an auto manufacturer may attempt to hold Adient responsible for some or all of the repair or replacement costs of defective products under new vehicle warranties, when the vehicle manufacturer asserts that the product supplied did not perform as warranted. Although Adient cannot assure that the future costs of warranty claims by its customers will not be material, Adient believes its established reserves are adequate to cover potential warranty settlements. Adient's warranty reserves are based on Adient's best estimates of amounts necessary to settle future and existing claims. Adient regularly evaluates the level of these reserves, and adjusts them when appropriate. However, the final amounts determined to be due related to these matters could differ materially from Adient's recorded estimates.

Any changes in consumer credit availability or cost of borrowing could adversely affect Adient's business.

Declines in the availability of consumer credit and increases in consumer borrowing costs have negatively impacted global automotive sales and resulted in lower production volumes in the past. Substantial declines in automotive sales and production by Adient's customers could have a material adverse effect on Adient's business, results of operations and financial condition.

Risks associated with Adient's non-U.S. operations could adversely affect Adient's business, financial condition and results of operations.

Adient has significant operations in a number of countries outside the United States, some of which are located in emerging markets. Long-term economic uncertainty in some of the regions of the world in which Adient operates, such as Asia, South America and Europe and other emerging markets, could result in the disruption of markets and negatively affect cash flows from Adient's operations to cover its capital needs and debt service requirements.

In addition, as a result of Adient's global presence, a significant portion of its revenues and expenses is denominated in currencies other than the U.S. dollar. Adient is therefore subject to foreign currency risks and foreign exchange exposure. While Adient employs financial instruments to hedge some of its transactional foreign exchange exposure, these activities do not insulate Adient completely from those exposures. Exchange rates can be volatile and could adversely impact Adient's financial results and the comparability of results from period to period.

There are other risks that are inherent in Adient's non-U.S. operations, including the potential for changes in socio-economic conditions, laws and regulations, including import, export, labor and environmental laws, and monetary and fiscal policies; protectionist measures that may prohibit acquisitions or joint ventures, or impact trade volumes; unsettled political conditions; government-imposed plant or other operational

shutdowns; backlash from foreign labor organizations related to Adient's restructuring actions; corruption; natural and man-made disasters, hazards and losses; violence, civil and labor unrest; and possible terrorist attacks.

These and other factors may have a material adverse effect on Adient's non-U.S. operations and therefore on Adient's business and results of operations.

Risks associated with joint venture partnerships may adversely affect Adient's business and financial results.

Adient has entered into several joint ventures worldwide and may enter into additional joint ventures in the future. Adient's joint venture partners may at any time have economic, business or legal interests or goals that are inconsistent with Adient's goals or with the goals of the joint venture. In addition, Adient may compete against its joint venture partners in certain of its other markets. Disagreements with Adient's business partners may impede Adient's ability to maximize the benefits of its partnerships. Adient's joint venture arrangements may require Adient, among other matters, to pay certain costs or to make certain capital investments or to seek its joint venture partner's consent to take certain actions. In addition, Adient's joint venture partners may be unable or unwilling to meet their economic or other obligations under the operative documents, and Adient may be required to either fulfill those obligations alone to ensure the ongoing success of a joint venture or to dissolve and liquidate a joint venture. The above risks, if realized, could result in a material adverse effect on Adient's business and financial results.

The regulation of Adient's international operations could adversely affect its business, results of operations and reputation.

Due to Adient's global operations, Adient is subject to many laws governing international relations, including those that prohibit improper payments to government officials and commercial customers, and restrict where Adient can do business, what information or products Adient can supply to certain countries and what information Adient can provide to a non-U.S. government, including but not limited to the U.S. Foreign Corrupt Practices Act (FCPA), U.K. Bribery Act, the U.S. Export Administration Act and U.S. and international economic sanctions regulations. Adient has internal policies and procedures relating to such regulations; however, there is a risk that such policies and procedures will not always protect Adient from the reckless acts of employees or representatives, particularly in the case of recently acquired operations that may not have significant training in applicable compliance policies and procedures. Violations of these laws, which are complex, may result in criminal penalties, sanctions and/or fines that could have a material adverse effect on Adient's business, financial condition and results of operations and reputation. In addition, Adient is subject to antitrust laws in various countries throughout the world. Changes in these laws or their interpretation, administration or enforcement may occur over time. Any such changes may limit Adient's future acquisitions or operations. Violations of antitrust laws may result in penalties, sanctions and/or fines that could have a material adverse effect on Adient's business, financial condition and results of operations and reputation.

Global climate change could negatively affect Adient's business.

Increased public awareness and concern regarding global climate change may result in more regional and/or federal requirements to reduce or mitigate the effects of greenhouse gas emissions. There continues to be a lack of consistent climate legislation, which creates economic and regulatory uncertainty. Such regulatory uncertainty extends to future incentives for energy efficient vehicles and costs of compliance, which may impact the demand for Adient's products and Adient's results of operations.

There is a growing consensus that greenhouse gas emissions are linked to global climate changes. Climate changes, such as extreme weather conditions, create financial risk to Adient's business. For example, the demand for Adient's products and services may be affected by unseasonable weather conditions. Climate changes could also disrupt Adient's operations by impacting the availability and cost of materials needed for manufacturing and could increase insurance and other operating costs. These factors may impact Adient's decisions to construct new facilities or maintain existing facilities in areas most prone to physical climate risks. Adient could also face indirect financial risks passed through the supply chain, and process disruptions due to physical climate changes could result in price modifications for Adient's products and the resources needed to produce them.

Risks related to Adient's defined benefit retirement plans may adversely impact Adient's results of operations and cash flow.

Significant changes in actual investment return on defined benefit plan assets, discount rates, mortality assumptions and other factors could adversely affect Adient's results of operations and the amounts of contributions Adient must make to its defined benefit plans in future periods. Generally accepted accounting principles in the United States require that Adient calculate income or expense for the plans using actuarial valuations. These valuations reflect assumptions about financial markets and interest rates, which may change based on economic conditions. Funding requirements for Adient's defined benefit plans are dependent upon, among other factors, interest rates, underlying asset returns and the impact of legislative or regulatory changes related to defined benefit funding obligations.

Negative or unexpected tax consequences could adversely affect Adient's results of operations.

Adverse changes in the underlying profitability and financial outlook of Adient's operations in several jurisdictions could lead to additional changes in Adient's valuation allowances against deferred tax assets and other tax reserves on Adient's statements of financial position. Additionally, changes in tax laws in the United States, Ireland or in other countries where Adient has significant operations could materially affect deferred tax assets and liabilities on Adient's statements of financial position and income tax provision on Adient's statements of income.

Adient is also subject to tax audits by governmental authorities in the United States and in non-U.S. jurisdictions. Negative unexpected results from one or more such tax audits could adversely affect Adient's results of operations.

Legal proceedings in which Adient is, or may be, a party may adversely affect Adient.

Adient is currently and may in the future become subject to legal proceedings and commercial or contractual disputes. These are typically lawsuits, claims and proceedings that arise in the normal course of business including, without limitation, claims pertaining to product liability, product safety, environmental, safety and health, intellectual property, employment, commercial and contractual matters and various other matters. The outcome of such lawsuits, claims or proceedings cannot be predicted with certainty and some may be disposed of unfavorably to Adient. There exists the possibility that such claims may have an adverse impact on Adient's results of operations that is greater than Adient anticipates, and/or negatively affect Adient's reputation.

Adient is also subject to a risk of product liability or warranty claims if its products actually or allegedly fail to perform as expected or the use of its products results, or is alleged to result, in bodily injury and/or property damage. While Adient will maintain reasonable limits of insurance coverage to appropriately respond to such exposures, large product liability claims, if made, could exceed Adient's insurance coverage limits and insurance may not continue to be available on commercially acceptable terms, if at all. Adient may incur significant costs to defend these claims or experience product liability losses in the future. In addition, if any of Adient's designed products are, or are alleged to be, defective, Adient may be required to participate in recalls and exchanges of such products. The future cost associated with providing product warranties and/or bearing the cost of repair or replacement of Adient's products could have a material adverse effect on Adient's business, financial condition and results of operations.

A downgrade in the ratings of Adient's debt capital could restrict Adient's ability to access the debt capital markets and increase Adient's interest costs.

Unfavorable changes in the ratings that rating agencies assign to Adient's debt may ultimately negatively impact Adient's access to the debt capital markets and increase the costs Adient incurs to borrow funds. Future tightening in the credit markets and a reduced level of liquidity in many financial markets due to turmoil in the financial and banking industries could affect Adient's access to the debt capital markets or the price Adient pays to issue debt. A downgrade in Adient's ratings or volatility in the financial markets causing limitations to the debt capital markets could have an adverse effect on Adient's business or Adient's ability to meet its liquidity needs.

Additionally, an increase in the level of Adient's indebtedness may increase Adient's vulnerability to adverse general economic and industry conditions and may affect Adient's ability to obtain additional financing.

The potential insolvency or financial distress of third parties could adversely impact Adient's business and results of operations.

Adient is exposed to the risk that third parties to various arrangements who owe Adient money or goods and services, or who purchase goods and services from Adient, will not be able to perform their obligations or continue to place orders due to insolvency or financial distress. If third parties fail to perform their obligations under arrangements with Adient, Adient may be forced to replace the underlying commitment at current or above-market prices or on other terms that are less favorable to Adient. In such events, Adient may incur losses, or Adient's results of operations, financial condition or liquidity could otherwise be adversely affected.

Adient may be unable to complete or integrate acquisitions or joint ventures effectively, which may adversely affect its growth, profitability and results of operations.

Adient expects acquisitions of businesses and assets, as well as joint ventures (or other strategic arrangements) to play a role in its future growth. Adient cannot be certain that it will be able to identify attractive acquisition or joint venture targets, obtain financing for acquisitions on satisfactory terms, successfully acquire identified targets or form joint ventures, or manage the timing of acquisitions due to other capital obligations across its businesses. Additionally, Adient may not be successful in integrating acquired businesses or joint ventures into its existing operations and achieving projected synergies. Competition for acquisition opportunities in the various industries in which Adient operates may rise, thereby increasing Adient's costs of making acquisitions or causing Adient to refrain from making further acquisitions. If Adient were to use equity securities to finance a future acquisition, Adient's then-current shareholders would experience dilution. Adient is also subject to applicable antitrust laws and must avoid anticompetitive behavior. These and other factors related to acquisitions and joint ventures may negatively and adversely impact Adient's growth, profitability and results of operations.

Adient may be unable to realize the expected benefits of its restructuring actions, which could adversely affect its profitability and operations.

In order to align Adient's resources with its growth strategies, operate more efficiently and control costs, Adient may periodically announce restructuring plans, which may include workforce reductions, global plant closures and consolidations, asset impairments and other cost reduction initiatives. Adient may undertake restructuring actions and workforce reductions in the future. As these plans and actions are complex, unforeseen factors could result in expected savings and benefits to be delayed or not realized to the full extent planned (if at all), and Adient's operations and business may be disrupted.

A failure of Adient's information technology (IT) and data security infrastructure could adversely impact Adient's business, operations and reputation.

Adient relies upon the capacity, reliability and security of its IT and data security infrastructure, as well as its ability to expand and continually update this infrastructure in response to the changing needs of its business. If Adient experiences a problem with the functioning of an important

IT system or a security breach of Adient's IT systems, including during system upgrades and/or new system implementations, the resulting disruptions could have an adverse effect on Adient's business.

Adient and certain of its third-party vendors receive and store personal information in connection with Adient's human resources operations and other aspects of Adient's business. Despite Adient's implementation of security measures, Adient's IT systems, like those of other companies, are vulnerable to damages from computer viruses, natural disasters, unauthorized access, cyber-attack and other similar disruptions. Any system failure, accident or security breach could result in disruptions to Adient's operations. A material network breach in the security of Adient's IT systems could include the theft of Adient's intellectual property, trade secrets, customer information, human resources information or other confidential information. To the extent that any disruptions or security breach results in a loss or damage to Adient's data, or an inappropriate disclosure of confidential, proprietary or customer information, it could cause significant damage to Adient's reputation, affect Adient's relationships with its customers, lead to claims against Adient and ultimately harm its business. In addition, Adient may be required to incur significant costs to protect against damage caused by these disruptions or security breaches in the future.

Regulations related to conflict minerals could adversely impact Adient's business.

SEC rules aimed at improving the transparency and accountability concerning the supply of certain minerals, known as conflict minerals, originating from the Democratic Republic of Congo (DRC) and adjoining countries, impose annual disclosure requirements on companies that use such minerals in their products. There are costs associated with complying with these disclosure requirements, including for diligence to determine the sources of conflict minerals used in Adient's products and other potential changes to products, processes or sources of supply as a consequence of such verification activities. Adient's compliance with these disclosure rules could adversely affect the sourcing, supply and pricing of materials used in Adient's products. As there may be only a limited number of suppliers offering "conflict free" conflict minerals, Adient cannot be sure that it will be able to obtain necessary conflict minerals from such suppliers in sufficient quantities or at competitive prices, or that Adient will be able to satisfy customers who require Adient's products to be conflict free. Also, Adient may face reputational challenges if Adient determines that certain of its products contain minerals not determined to be conflict free or if Adient is unable to sufficiently verify the origins for all conflict minerals used in its products through the procedures Adient may implement.

Adient's business success depends on attracting and retaining qualified personnel.

Adient's ability to sustain and grow its business requires it to hire, retain and develop a highly skilled and diverse management team and workforce. Failure to ensure that Adient has the leadership capacity with the necessary skill set and experience could impede Adient's ability to deliver its growth objectives and execute its strategic plan. Organizational and reporting changes as a result of any future leadership transition and corporate initiatives could result in increased turnover. Additionally, any unplanned turnover or inability to attract and retain key employees could have a negative effect on Adient's results of operations.

Adient's inability to achieve product cost reductions that offset customer-imposed price reductions could adversely affect Adient's financial performance.

Downward pricing pressure by automotive manufacturers is a characteristic of the automotive industry. Adient's financial performance is largely dependent on its ability to achieve product cost reductions through product design enhancement and supply chain management, as well as manufacturing efficiencies and restructuring actions. Adient's inability to achieve product cost reductions that offset customer-imposed price reductions could adversely affect Adient's financial condition, operating results and cash flows.

Adverse developments affecting, or the financial distress of, one or more of Adient's suppliers could adversely affect Adient's financial performance.

Adient obtains components and other products and services from numerous automotive suppliers and other vendors throughout the world. Adient is responsible for managing its supply chain, including suppliers that may be the sole sources of products that Adient requires, which Adient's customers direct Adient to use or which have unique capabilities that would make it difficult and/or expensive to re-source. In certain instances, entire industries may experience short-term capacity constraints. Additionally, Adient's production capacity, and that of Adient's customers and suppliers, may be adversely affected by natural disasters. Any such significant disruption could adversely affect Adient's financial performance. Unfavorable economic or industry conditions could also result in financial distress within Adient's supply chain, thereby increasing the risk of supply disruption. Although market conditions generally have improved in recent years, uncertainty remains and another economic downturn or other unfavorable industry conditions in one or more of the regions in which Adient operates could cause a supply disruption and thereby adversely affect Adient's financial condition, operating results and cash flows.

Increases in the costs and restrictions on the availability of raw materials, energy, commodities and product components could adversely affect Adient's financial performance.

Raw material, energy and commodity costs can be volatile. Although Adient has developed and implemented strategies to mitigate the impact of higher raw material, energy and commodity costs, these strategies, together with commercial negotiations with Adient's customers and suppliers, typically offset only a portion of the adverse impact. Certain of these strategies also may limit Adient's opportunities in a declining commodity environment. In addition, the availability of raw materials, commodities and product components fluctuates from time to time due to factors outside of Adient's control. If the costs of raw materials, energy, commodities and product components increase or the availability thereof is restricted, it could adversely affect Adient's financial condition, operating results and cash flows.

The loss of business with respect to, or the lack of commercial success of, a vehicle model for which Adient is a significant supplier could adversely affect Adient's financial performance.

Although Adient receives purchase orders from its customers, these purchase orders often provide for the supply of a customer's annual requirements for a particular vehicle model and assembly plant, or in some cases, for the supply of a customer's requirements for the life of a particular vehicle model, rather than for the purchase of a specific quantity of products. In addition, it is possible that Adient's customers could elect to manufacture its products internally or increase the extent to which they require Adient to utilize specific suppliers or materials in the manufacture of its products. The loss of business with respect to, the lack of commercial success of or an increase in directed component sourcing for a vehicle model for which Adient is a significant supplier could reduce Adient's sales or margins and thereby adversely affect Adient's financial condition, operating results and cash flows.

Shifts in market shares among vehicles or vehicle segments or shifts away from vehicles on which Adient has significant content could have a material adverse effect on Adient's profitability.

While Adient supplies parts for a wide variety of vehicles produced globally, Adient does not supply parts for all vehicles produced, nor is the number or value of parts evenly distributed among the vehicles for which Adient does supply parts. Shifts in market shares among vehicles or vehicle segments, particularly shifts away from vehicles on which Adient has significant content and shifts away from vehicle segments in which Adient's sales may be more heavily concentrated, could have a material adverse effect on Adient's profitability.

Changes in consumer demand may adversely affect Adient's results of operations.

Increases in energy costs or other factors (e.g. , climate change concerns) may shift consumer demand away from motor vehicles that typically have higher interior content that Adient supplies, such as light trucks, crossover vehicles, minivans and sports utility vehicles, to smaller vehicles having less interior content. The loss of business with respect to, or a lack of commercial success of, one or more particular vehicle models for which Adient is a significant supplier could reduce Adient's sales and harm Adient's profitability, thereby adversely affecting Adient's results of operations.

Adient may not be able to successfully negotiate pricing terms with its customers, which may adversely affect its results of operations.

Adient will negotiate sales prices annually with its automotive customers. Any cost-cutting initiatives that its customers adopt generally result in increased downward pressure on pricing. If Adient is unable to generate sufficient production cost savings in the future to offset price reductions, Adient's results of operations may be adversely affected. In particular, large commercial settlements with Adient's customers may adversely affect Adient's results of operations.

Adient's profitability and results of operations may be adversely affected by a significant failure or inability to comply with the specifications and manufacturing requirements of its OEM customers.

Adient's business faces the production demands and requirements of its OEM customers, as described in the section of this information statement entitled "Business-Industry." A significant failure or inability to comply with customer specifications and manufacturing requirements or delays or other problems with existing or new products (including program launch difficulties, as discussed below) could result in financial penalties, increased costs, loss of sales, loss of customers or potential breaches of customer contracts, which could have an adverse effect on Adient's profitability and results of operations.

Adient's profitability and results of operations may be adversely affected by program launch difficulties.

The launch of new business is a complex process, the success of which depends on a wide range of factors, including the production readiness of Adient's and its suppliers' manufacturing facilities and manufacturing processes, as well as factors related to tooling, equipment, employees, initial product quality and other factors. Adient's failure to successfully launch material new or takeover business could have an adverse effect on Adient's profitability and results of operations.

Work stoppages and similar events could significantly disrupt Adient's business.

Because the automotive industry relies heavily on just-in-time delivery of components during the assembly and manufacture of vehicles, a work stoppage at one or more of Adient's manufacturing and assembly facilities could have material adverse effects on the business. Similarly, if one or more of Adient's customers were to experience a work stoppage, that customer would likely halt or limit purchases of Adient's products, which could result in the shutdown of the related manufacturing facilities. A significant disruption in the supply of a key component due to a work stoppage at one of Adient's suppliers or any other supplier could have the same consequences, and accordingly, have a material adverse effect on Adient's financial results.

A variety of other factors could adversely affect Adient's results of operations.

Any of the following could materially and adversely impact Adient's results of operations: the loss of, or changes in, automobile supply contracts, sourcing strategies or customer claims with Adient's major customers or suppliers; start-up expenses associated with new vehicle programs or delays or cancellations of such programs; underutilization of Adient's manufacturing facilities, which are generally located near, and devoted

to, a particular customer's facility; inability to recover engineering and tooling costs; market and financial consequences of any recalls that may be required on products that Adient has supplied or sold into the automotive aftermarket; delays or difficulties in new product development and integration; quantity and complexity of new program launches, which are subject to Adient's customers' timing, performance, design and quality standards; interruption of supply of certain single-source components; the potential introduction of similar or superior technologies; changing nature and prevalence of Adient's joint ventures and relationships with its strategic business partners; and global overcapacity and vehicle platform proliferation.

Risks Related to Being a Separate, Stand-Alone Company

Adient's historical information is not necessarily representative of the results that it would have achieved as a separate, publicly traded company and may not be a reliable indicator of its future results .

The historical information about Adient in this Annual Report on Form 10-K refers to Adient's business as operated by and integrated with Johnson Controls. Adient's historical financial information is derived from the consolidated financial statements and accounting records of Johnson Controls. Accordingly, the historical financial information included in this Annual Report on Form 10-K does not necessarily reflect the financial condition, results of operations or cash flows that Adient would have achieved as a separate, publicly traded company during the periods presented or those that Adient will achieve in the future primarily as a result of the factors described below:

Prior to the separation, Adient's business was operated by Johnson Controls as part of its broader corporate organization, rather than as an independent company. Johnson Controls or one of its affiliates performed various corporate functions for Adient, such as accounting, information technology, and treasury. Adient's historical financial results reflect allocations of corporate expenses from Johnson Controls for such functions and may not reflect the expenses Adient would have incurred had it operated as a separate publicly traded company. As a result of the separation, Adient is responsible for the additional costs associated with being an independent, publicly traded company, including costs related to corporate governance and external reporting.

Generally, Adient's working capital requirements and capital for its general corporate purposes, including acquisitions, research and development and capital expenditures, were historically satisfied as part of the corporate-wide cash management policies of Johnson Controls. As a stand-alone company, Adient may need to obtain additional financing from banks, through public offerings or private placements of debt or equity securities, strategic relationships or other arrangements and the cost of capital for Adient's business may be higher than Johnson Controls' cost of capital prior to the separation.

Other significant changes may occur in Adient's cost structure, management, financing and business operations as a result of operating as a company separate from Johnson Controls. For additional information about the past financial performance of Adient's business and the basis of presentation of the historical combined financial statements of Adient's business, see Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" and Item 8, "Financial Statements and Supplementary Data."

As an independent, publicly traded company, Adient may not enjoy the same benefits that it did as a segment of Johnson Controls.

Adient's business was previously integrated with the other businesses of Johnson Controls. Adient was able to use Johnson Controls' size and purchasing power in procuring various goods and services and shared economies of scope and scale in costs, employees, vendor relationships and customer relationships. Although Adient has entered into transition agreements with Johnson Controls, these arrangements may not fully capture the benefits Adient has enjoyed as a result of being integrated with Johnson Controls and may result in Adient paying higher amounts than in the past for these services. As a separate, independent company, Adient may be unable to obtain goods and services at the prices and terms obtained prior to the separation, which could decrease Adient's overall profitability. This could have an adverse effect on Adient's results of operations and financial condition as a stand-alone company.

As Adient builds its information technology infrastructure and transitions its data to its own systems, Adient could incur substantial additional costs and experience temporary business interruptions.

Adient has begun to install and implement its information technology infrastructure to support certain of its business functions, including accounting and reporting, manufacturing process control, customer service, inventory control and distribution. Adient may incur temporary interruptions in business operations if it cannot fully transition effectively from Johnson Controls' existing transactional and operational systems, data centers and the transition services that support these functions as Adient replaces these systems. Adient may not be successful in implementing its new systems and transitioning its data, and it may incur substantially higher costs for implementation than currently anticipated. Adient's failure to avoid operational interruptions as it implements the new systems and replaces Johnson Controls' information technology services, or its failure to implement the new systems and replace Johnson Controls' services successfully, could disrupt its business and have a material adverse effect on its profitability. In addition, if Adient is unable to replicate or transition certain systems, its ability to comply with regulatory requirements could be impaired.

Johnson Controls may fail to perform under various transaction agreements that have been executed as part of the separation or Adient may fail to have necessary systems and services in place when certain of the transaction agreements expire.

In connection with the separation, Adient and Johnson Controls have entered into a separation and distribution agreement and various other agreements, including a transition services agreement, a tax matters agreement, an employee matters agreement and a transitional trademark

license agreement. Certain of these agreements provide for the performance of services by each company for the benefit of the other for a period of time after the separation. Adient relies on Johnson Controls to satisfy performance and payment obligations under these agreements. If Johnson Controls is unable to satisfy its obligations under these agreements, including its indemnification obligations, Adient could incur operational difficulties or losses.

If Adient does not have in place its own systems and services, or if Adient does not have agreements with other providers of these services when the transaction or long-term agreements terminate, Adient may not be able to operate its business effectively and its profitability may decline. Adient is in the process of creating its own, or engaging third parties to provide, systems and services to replace many of the systems and services Johnson Controls currently provides to it. Adient may not be successful in effectively or efficiently implementing these systems and services or in transitioning data from Johnson Controls' systems to Adient's. These systems and services may also be more expensive or less efficient than the systems and services Johnson Controls is expected to provide during the transition period.

Potential indemnification liabilities to Johnson Controls pursuant to the separation agreement could materially adversely affect Adient.

The separation agreement with Johnson Controls provides for, among other things, the principal corporate transactions required to effect the separation, certain conditions to the separation and provisions governing the relationship between Adient and Johnson Controls with respect to and resulting from the separation. Among other things, the separation agreement provides for indemnification obligations designed to make Adient financially responsible for substantially all liabilities that may exist relating to its business activities, whether incurred prior to or after the separation, as well as those obligations of Johnson Controls assumed by Adient pursuant to the separation agreement. Adient may be subject to substantial liabilities under these indemnifications.

Adient may not be able to engage in desirable strategic or capital raising transactions as a stand-alone company.

Johnson Controls and Adient have engaged in various restructuring transactions in connection with the separation. To preserve the tax-free treatment of certain such restructuring transactions, for the two-year period following the separation, under the tax matters agreement that Adient has entered into with Johnson Controls, Adient may be prohibited, except in specific circumstances, from (i) entering into any transaction pursuant to which all or a portion of the Adient ordinary shares would be acquired, whether by merger or otherwise, (ii) ceasing to actively conduct certain of its businesses or (iii) taking or failing to take any other action that would prevent certain of such restructuring transactions from qualifying as transactions that are generally tax-free for U.S. federal income tax purposes under Sections 355 and 368(a)(1)(D) of the Internal Revenue Code of 1986, as amended (the "Code"). These restrictions may limit for a period of time Adient's ability to pursue certain strategic transactions or other transactions that Adient may believe to be in the best interests of its shareholders or that might increase the value of its business.

Certain of Adient's executive officers and directors may have actual or potential conflicts of interest because of their previous service as executive officers or directors of Johnson Controls.

Because of their past service with Johnson Controls, certain of Adient's officers and directors own Johnson Controls shares, options to purchase Johnson Controls shares or other equity awards. Even though Adient's board of directors consists of a majority of directors who are independent, and Adient's executive officers and directors who were formerly employees or directors of Johnson Controls ceased to be employees or directors of Johnson Controls, some Adient executive officers and directors continue to have a financial interest in Johnson Controls shares. Continuing ownership of Johnson Controls shares and equity awards could create, or appear to create, potential conflicts of interest if Adient and Johnson Controls pursue the same corporate opportunities or face decisions that could have different implications for Adient and Johnson Controls.

Adient may not achieve some or all of the expected benefits of the separation, and the separation may adversely affect Adient's business.

Adient may not be able to achieve the full strategic and financial benefits expected to result from the separation, or such benefits may be delayed or not occur at all. The separation and distribution are expected to provide the following benefits, among others: (i) allowing Adient to focus exclusively on its own business and its distinct needs, and pursue unique opportunities for long-term growth and profitability; (ii) leaner more cost effective corporate structure; (iii) more efficient allocation of capital for Adient; and (iv) direct access by Adient to the capital markets.

Adient may not achieve these and other anticipated benefits for a variety of reasons, including, among others: (a) the separation will require significant amounts of management's time and effort, which may divert management's attention from operating and growing Adient's business; (b) Adient may be more susceptible to market fluctuations and other adverse events than if it were still a part of Johnson Controls; and (c) Adient's business will be less diversified than Johnson Controls' business prior to the separation. If Adient fails to achieve some or all of the benefits expected to result from the separation, or if such benefits are delayed, the business, financial conditions, and results of operations of Adient could be adversely affected.

Adient may have received better terms from unaffiliated third parties than the terms it will receive in its agreements with Johnson Controls.

The agreements Adient has entered into with Johnson Controls in connection with the separation, including a transition services agreement, a tax matters agreement, an employee matters agreement and a transitional trademark license agreement, were prepared in the context of the separation while Adient's business was still operated by and part of Johnson Controls. Accordingly, during the period in which the terms of those agreements were prepared, Adient did not have an independent board of directors or a management team that was independent of Johnson Controls. As a result, the terms of those agreements may not reflect terms that would have resulted from arm's-length negotiations between unaffiliated third parties. Arm's-length negotiations between Johnson Controls and an unaffiliated third party in another form of transaction, such as a buyer in a sale of a business transaction, may have resulted in more favorable terms to the unaffiliated third party.

Challenges in the commercial and credit environment may adversely affect Adient's access to capital.

Adient's ability to issue debt or enter into other financing arrangements on acceptable terms could be adversely affected if there is a material decline in the demand for Adient's products or in the solvency of its customers or suppliers or other significantly unfavorable changes in economic conditions. Volatility in the world financial markets could increase borrowing costs or affect Adient's ability to access the capital markets. These conditions may adversely affect Adient's ability to maintain its credit ratings.

Adient has incurred debt obligations that could adversely affect Adient's business, profitability and its ability to meet Adient's obligations.

As of September 30, 2016, Adient's total combined indebtedness approximated \$3.6 billion. This significant amount of debt could potentially have important consequences to Adient and its debt and equity investors, including:

- requiring a substantial portion of Adient's cash flow from operations to make interest payments on this debt following the separation;
- making it more difficult to satisfy debt service and other obligations;
- increasing the risk of a future credit ratings downgrade of its debt, which could increase future debt costs and limit the future availability of debt financing;
- increasing Adient's vulnerability to general adverse economic and industry conditions;
- reducing the cash flow available to fund capital expenditures and other corporate purposes and to grow Adient's business;
- limiting Adient's flexibility in planning for, or reacting to, changes in its business and the industry;
- placing Adient at a competitive disadvantage relative to its competitors that may not be as highly leveraged with debt; and
- limiting Adient's ability to borrow additional funds as needed or take advantage of business opportunities as they arise, pay cash dividends or repurchase ordinary shares.

In addition, Adient's term loan and revolving credit facilities require Adient to maintain compliance with a maximum total net leverage ratio tested on a quarterly basis. Events beyond Adient's control, including changes in general business and economic conditions, may affect its ability to meet this requirement. A breach of the restrictive covenants in Adient's credit facilities or Adient's inability to comply with the maximum total net leverage ratio could result in an event of default under Adient's debt agreements. If an event of default occurs and is continuing under such agreements, the lenders thereunder could elect to declare all amounts outstanding, together with accrued interest, to be immediately due and payable, which could result in acceleration of Adient's other debt. If Adient was unable to repay any borrowings under the credit facilities when due, the lenders thereunder could proceed against their collateral.

To the extent that Adient incurs additional indebtedness, the risks described above could increase. In addition, Adient's actual cash requirements in the future may be greater than expected. Adient's cash flow from operations may not be sufficient to repay all of the outstanding debt as it becomes due, and Adient may not be able to borrow money, sell assets or otherwise raise funds on acceptable terms, or at all, to refinance Adient's debt.

Adient's internal controls around accounting and financial reporting may not be adequate to ensure complete and accurate reporting of Adient's financial position, results of operations and cash flows.

The Exchange Act requires that Adient file annual, quarterly and current reports with respect to its business and financial condition. Under the Sarbanes Oxley Act, Adient is required to maintain effective disclosure controls and procedures and internal controls over financial reporting. Any failure to achieve and maintain effective internal controls could have a material adverse effect on Adient's business, financial condition, results of operations and cash flow.

Risks Related to Adient Ordinary Shares

Adient's share price may fluctuate significantly.

Adient cannot predict the prices at which shares of its ordinary shares may trade. The market price of Adient ordinary shares may fluctuate significantly due to a number of factors, some of which may be beyond Adient's control, including:

- actual or anticipated fluctuations in Adient's operating results;
- changes in earnings estimated by securities analysts or Adient's ability to meet those estimates;
- the operating and stock price performance of comparable companies;

- changes to the regulatory and legal environment under which Adient operates;
- the trading volume and liquidity of Adient ordinary shares; and
- domestic and worldwide economic conditions.

In addition, when the market price of a company's shares drops significantly, shareholders often institute securities class action lawsuits against the company. A lawsuit against Adient could cause it to incur substantial costs and could divert the time and attention of its management and other resources.

Adient cannot guarantee the timing, amount or payment of dividends on its ordinary shares.

Although Adient expects to pay regular cash dividends in the future, the timing, declaration, amount and payment of future dividends to shareholders will fall within the discretion of Adient's board of directors. The board's decisions regarding the payment of dividends will depend on many factors, such as Adient's financial condition, earnings, sufficiency of distributable reserves, capital requirements, debt service obligations, legal requirements, regulatory constraints and other factors that the board deems relevant. Adient's ability to pay dividends will depend on its ongoing ability to generate cash from operations and access capital markets. Adient cannot guarantee that it will pay a dividend in the future or continue to pay any dividend if Adient commences paying dividends. For more information, see Item 5, "Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities."

Adient shares may be diluted in the future.

In the future, per share ownership percentage in Adient may be diluted because of equity issuances for acquisitions, capital market transactions or otherwise, including equity awards that Adient has granted and may grant in the future to Adient's directors, officers and employees. Adient's employees have options to purchase its ordinary shares as a result of the conversion in the distribution of their Johnson Controls stock options (in whole or in part) to Adient share options. Adient anticipates its compensation committee will grant additional stock options or other stock-based awards to its employees as well. Such awards will have a dilutive effect on Adient's earnings per share, which could adversely affect the market price of Adient ordinary shares. From time to time, Adient will issue additional options or other stock-based awards to its employees under Adient's employee benefits plans.

In addition, Adient's articles of association authorize Adient to issue, without the approval of Adient's shareholders, one or more classes or series of preferred shares having such designation, powers, preferences and relative, participating, optional and other special rights, including preferences over Adient ordinary shares respecting dividends and distributions, as Adient's board of directors generally may determine. The terms of one or more classes or series of preferred shares could dilute the voting power or reduce the value of Adient ordinary shares. For example, Adient could grant the holders of preferred shares the right to elect some number of Adient's directors in all events or on the happening of specified events or the right to veto specified transactions. Similarly, the repurchase or redemption rights or liquidation preferences Adient could assign to holders of preferred shares could affect the residual value of the ordinary shares.

Certain provisions in Adient's articles of association, among other things, could prevent or delay an acquisition of Adient, which could decrease the trading price of Adient ordinary shares.

The Adient articles of association include measures that may be found in the charters of U.S. companies and that could have the effect of deterring coercive takeover practices, inadequate takeover bids and unsolicited offers. These provisions include, among others: (i) the power for the board of directors to issue and allot preferred shares or implement a shareholder rights plan without shareholder approval in certain circumstances; (ii) a provision similar to Section 203 of the Delaware General Corporation Law, which provides that, subject to limited exceptions, persons that acquire, or are affiliated with a person that acquires, more than 15 percent of the outstanding ordinary shares of Adient shall not engage in any business combination with Adient, including by merger, consolidation or acquisitions of additional shares, for a three-year period following the date on which that person or its affiliates becomes the holder of more than 15 percent of Adient's outstanding ordinary shares; (iii) rules regarding how shareholders may present proposals or nominate directors for election at shareholder meetings; and (iv) the ability of the Adient board of directors to fill vacancies on the board of directors in certain circumstances.

It could be difficult for Adient to obtain shareholder approval for a merger or negotiated transaction because the shareholder approval requirements for certain types of transactions differ, and in some cases are greater, under Irish law than under U.S. state law.

In addition, several mandatory provisions of Irish law could prevent or delay an acquisition of Adient. For example, Adient will be subject to various provisions of Irish law relating to mandatory bids, voluntary bids, requirements to make a cash offer and minimum price requirements, as well as substantial acquisition rules and rules requiring the disclosure of interests in Adient ordinary shares in certain circumstances. Also, Irish companies, including Adient, may only alter their memorandum of association and articles of association with the approval of the holders of at least 75% of the company's shares present and voting in person or by proxy at a general meeting of the company.

As an Irish public limited company, certain capital structure decisions require shareholder approval, which may limit Adient's flexibility to manage its capital structure.

Irish law provides that a board of directors may allot shares (or rights to subscribe for or convertible into shares) only with the prior authorization of shareholders, such authorization for a maximum period of five years, each as specified in the articles of association or relevant shareholder resolution. This authorization would need to be renewed by Adient's shareholders upon its expiration (*i.e.* , at least every five years). The Adient articles of association authorize the allotment of shares (subject to the limits provided for in the NYSE Listed Company Manual) for a period of five years from the date of their adoption, which authorization will need to be renewed by ordinary resolution, being a resolution passed by a simple majority of votes cast, upon expiration but may be sought more frequently for additional five-year terms (or any shorter period).

Irish law also generally provides shareholders with preemptive rights when new shares are issued for cash; however, it is possible for the Adient articles of association, or shareholders in general meeting, to exclude preemptive rights. Such an exclusion of preemptive rights may be for a maximum period of up to five years from the date of adoption of the articles of association, if the exclusion is contained in the articles of association, or from the date of the shareholder resolution, if the exclusion is by shareholder resolution; in either case, this exclusion would need to be renewed by Adient's shareholders upon its expiration (*i.e.* , at least every five years). The Adient articles of association exclude preemptive rights for a period of five years from the date of adoption of the Adient articles of association, which exclusion will need to be renewed by special resolution, being a resolution passed by not less than 75% of votes cast, upon expiration but may be sought more frequently for additional five-year terms (or any shorter period).

Irish law also generally prohibits a public company from repurchasing its own shares without the prior approval of shareholders by ordinary resolution, being a resolution passed by a simple majority of votes cast, and other formalities. Such approval may be for a maximum period of up to five years. Prior to the separation, an ordinary resolution was adopted to permit purchases of Adient ordinary shares. This ordinary resolution will need to be renewed upon expiration (*i.e.* , at least every five years) but may be sought more frequently for additional five-year terms (or any shorter period).

Irish law requires that Adient meet certain additional financial requirements before it declares dividends.

Under Irish law, Adient will be able to declare dividends and make distributions only out of "distributable reserves." Distributable reserves are the accumulated realized profits of Adient that have not previously been utilized in a distribution or capitalization less accumulated realized losses that have not previously been written off in a reduction or reorganization of capital, and include reserves created by way of a reduction of capital, including the share premium account. In addition, no distribution or dividend may be paid or made by Adient unless the net assets of Adient are equal to, or exceed, the aggregate of Adient's called up share capital plus non-distributable reserves and the distribution does not reduce Adient's net assets below such aggregate. Non-distributable reserves include the share premium account, the capital redemption reserve fund and the amount by which Adient's accumulated unrealized profits that have not been previously utilized by any capitalization exceed Adient's accumulated unrealized losses that have not previously been written off in a reduction or reorganization of capital.

Adient is in the process of capitalizing the reserve created pursuant to the internal restructuring transactions related to the separation and is implementing a parallel court-approved reduction of that capital in order to create a reserve of an equivalent amount of distributable reserves to support the payment of possible future dividends or future share repurchases. Neither the capitalization nor the reduction will impact shareholders' relative interests in the capital of Adient. The Adient articles of association permit Adient by ordinary resolution of the shareholders to declare dividends, provided that the directors have made a recommendation as to its amount. The dividend may not exceed the amount recommended by the directors. The directors may also decide to pay interim dividends if it appears to them that the profits available for distribution justify the payment. When recommending or declaring the payment of a dividend, the directors will be required under Irish law to comply with their duties, including considering Adient's future financial requirements.

The laws of Ireland differ from the laws in effect in the United States and may afford less protection to holders of Adient securities.

It may not be possible to enforce court judgments obtained in the United States against Adient in Ireland based on the civil liability provisions of the U.S. federal or state securities laws. In addition, there is some uncertainty as to whether the courts of Ireland would recognize or enforce judgments of U.S. courts obtained against Adient or its directors or officers based on the civil liabilities provisions of the U.S. federal or state securities laws or hear actions against Adient or those persons based on those laws. The United States currently does not have a treaty with Ireland providing for the reciprocal recognition and enforcement of judgments in civil and commercial matters in Ireland. Therefore, a final judgment for the payment of money rendered by any U.S. federal or state court based on civil liability, whether or not based solely on U.S. federal or state securities laws, would not automatically be enforceable in Ireland.

A judgment obtained against Adient will be enforced by the courts of Ireland if the following general requirements are met: (i) U.S. courts must have had jurisdiction in relation to the particular defendant according to Irish conflict of law rules (the submission to jurisdiction by the defendant would satisfy this rule) and (ii) the judgment must be final and conclusive and the decree must be final and unalterable in the court which pronounces it. A judgment can be final and conclusive even if it is subject to appeal or even if an appeal is pending. Where however the effect of lodging an appeal under the applicable law is to stay execution of the judgment, it is possible that in the meantime the judgment may not be actionable in Ireland. It remains to be determined whether final judgment given in default of appearance is final and conclusive. However, Irish courts may refuse to enforce a judgment of the U.S. courts which meets the above requirements for one of the following reasons: (i) if the judgment is not for a definite sum of money; (ii) if the judgment was obtained by fraud; (iii) the enforcement of the judgment in Ireland would be contrary to natural or constitutional justice; (iv) the judgment is contrary to Irish public policy or involves certain U.S. laws which will not

be enforced in Ireland; or (v) jurisdiction cannot be obtained by the Irish courts over the judgment debtors in the enforcement proceedings by personal service in Ireland or outside Ireland under Order 11 of the Ireland Superior Courts Rules.

As an Irish company, Adient is governed by the Irish Companies Act 2014, which differs in some material respects from laws generally applicable to U.S. corporations and shareholders, including, among others, differences relating to interested director and officer transactions and shareholder lawsuits. Likewise, the duties of directors and officers of an Irish company generally are owed to the company only. Shareholders of Irish companies generally do not have a personal right of action against directors or officers of the company and may exercise such rights of action on behalf of the company only in limited circumstances. Accordingly, holders of Adient's securities may have more difficulty protecting their interests than would holders of securities of a corporation incorporated in a jurisdiction of the United States.

In addition, the Adient articles of association provide that the Irish courts have exclusive jurisdiction to determine any and all derivative actions in which a holder of Adient ordinary shares asserts a claim in the name of Adient, actions asserting a claim of breach of a fiduciary duty of any of the directors of Adient and actions asserting a claim arising pursuant to any provision of Irish law or Adient's articles of association. Under Irish law, the proper claimant for wrongs committed against Adient, including by the Adient directors, is considered to be Adient itself. Irish law permits a shareholder to initiate a lawsuit on behalf of a company such as Adient only in limited circumstances, and requires court permission to do so.

The IRS may not agree that Adient is a foreign corporation for U.S. federal tax purposes.

For U.S. federal tax purposes, a corporation is generally considered to be a tax resident of the jurisdiction of its organization or incorporation. Because Adient is a company incorporated under the laws of Ireland, it would be classified as a foreign corporation under these rules. Section 7874 of the Code, or Section 7874, provides an exception to this general rule under which a foreign incorporated entity may, in certain circumstances, be classified as a U.S. corporation for U.S. federal tax purposes. The rules under Section 7874 are relatively new and complex and there is limited guidance regarding their application.

Under Section 7874, a corporation created or organized outside the United States (*i.e.*, a foreign corporation) will nevertheless be treated as a U.S. corporation for U.S. federal tax purposes if (i) the foreign corporation directly or indirectly acquires substantially all of the properties held directly or indirectly by a U.S. corporation (including through an acquisition of the outstanding shares of the U.S. corporation), (ii) the former shareholders of the acquired U.S. corporation hold at least 80% (by either vote or value) of the shares of the foreign acquiring corporation after the acquisition by reason of holding shares in the acquired U.S. corporation (including the receipt of the foreign corporation's shares in exchange for the U.S. corporation's shares), or the 80% Ownership Test, and (iii) the foreign corporation's "expanded affiliated group" does not have substantial business activities in the foreign corporation's country of organization or incorporation relative to such expanded affiliated group's worldwide activities. For purposes of Section 7874, acquisitions of multiple U.S. corporations (and/or substantially all of the assets of multiple U.S. corporations) by a foreign corporation, if treated as part of a plan or series of related transactions, may be treated as a single acquisition, in which case all shares of the foreign acquiring corporation received by the shareholders of the U.S. corporations would be aggregated for purposes of the 80% Ownership Test. Where, pursuant to the same transaction, stock of the foreign acquiring corporation is received in exchange for stock of a U.S. corporation as well as other property, the portion of the stock of the foreign acquiring corporation received in exchange for the stock of the U.S. corporation is determined based on the relative value of the stock of the U.S. corporation compared with the aggregate value of such stock and such other property.

As part of the separation, Adient indirectly acquired assets, including stock of U.S. subsidiaries, from Johnson Controls, Inc., which is a U.S. corporation. It is currently not expected that Section 7874 will cause Adient or any of its affiliates to be treated as a U.S. corporation for U.S. tax purposes as a result of such acquisitions because, among other things, based on the rules for determining ownership under Section 7874 and the Treasury Regulations promulgated thereunder and certain factual assumptions, (i) the assets acquired from Johnson Controls, Inc. are not expected to constitute "substantially all" of the properties held directly or indirectly by Johnson Controls, Inc. and (ii) the shares received by reason of holding stock in the U.S. subsidiaries of Johnson Controls, Inc. transferred in the separation are not expected to represent at least 80% (by either vote or value) of the relevant shares. The law and Treasury Regulations promulgated under Section 7874 are relatively new, complex and somewhat unclear, and there is limited guidance regarding the application of Section 7874 in circumstances similar to the separation. For example, there is currently no guidance that expressly defines what constitutes "substantially all" of the properties of a U.S. corporation for purposes of Section 7874 and it is possible that the IRS may assert that "substantially all" of the properties of Johnson Controls, Inc. (or of a U.S. subsidiary of Johnson Controls, Inc.) were acquired in the separation. In addition, there is limited guidance on the application of the 80% Ownership Test in circumstances similar to the separation and the IRS may not agree that the shares held by reason of holding shares in U.S. subsidiaries that (or substantially all of the assets of which) were transferred in the separation represent less than 80% (by either vote or value) of the relevant shares for purposes of Section 7874. Moreover, the percentage represented by such shares will depend on the relative valuation of the various assets (including stock of subsidiaries) that are transferred in connection with the separation. Valuation matters can be subjective, and the IRS may also seek to challenge the valuation of such assets.

In addition, on April 4, 2016, the U.S. Department of Treasury (the "U.S. Treasury") and the IRS issued temporary Treasury Regulations under Section 7874 (the "Temporary 7874 Regulations"), which generally increase the likelihood that the relevant ownership percentages under Section 7874 will be exceeded. Although it is presently not expected that the Temporary 7874 Regulations will adversely affect the U.S. federal tax status of Adient or any of its foreign affiliates as a foreign corporation (and although it is possible that the Temporary 7874 Regulations could cause certain exceptions to the application of Section 7874 to apply to the separation), the Temporary 7874 Regulations are new and complex, and there is limited guidance regarding their application.

Accordingly, there can be no assurance that the IRS will not challenge the status of Adient or any of its foreign affiliates as a foreign corporation under Section 7874 or that such challenge would not be sustained by a court. If the IRS were to successfully challenge such status under Section 7874, Adient and its affiliates could be subject to substantial additional U.S. tax liability. Adient estimates that if it were treated as a U.S. corporation for U.S. federal tax purposes, its effective tax rate could be approximately 5-7% higher than the effective tax rate if it were treated as a foreign corporation for U.S. federal tax purposes. However, this estimate is based on multiple assumptions, including assumptions as to Adient's structure and capitalization and the expected treatment of Adient's global income under U.S. and non-U.S. tax laws. The difference between Adient's actual effective tax rate if it were treated as a U.S. corporation compared to its effective tax rate if it were treated as a foreign corporation could be higher or lower than this estimate, and there can be no guarantee that Adient's effective tax rate following the separation will be consistent with Adient's current estimates. In addition, Adient and certain of its foreign affiliates are expected, regardless of any application of Section 7874, to be treated as tax residents of countries other than the United States. Consequently, if Adient or any such affiliate is treated as a U.S. corporation for U.S. federal tax purposes under Section 7874, Adient or such affiliate could be liable for both U.S. and non-U.S. taxes, which could have a material adverse effect on its financial condition and results of operations.

Section 7874 may limit the ability of Adient's U.S. affiliates to use certain tax attributes following the separation or otherwise increase such U.S. affiliates' U.S. taxable income.

Following the acquisition of a U.S. corporation by a foreign corporation, Section 7874 of the Code can limit the ability of the acquired U.S. corporation and its U.S. affiliates to use U.S. tax attributes (including net operating losses and certain tax credits) to offset U.S. taxable income resulting from certain transactions. Specifically, Section 7874 can apply in this manner if (i) the foreign corporation acquires, directly or indirectly, substantially all of the properties held directly or indirectly by a U.S. corporation (including through an acquisition of the outstanding shares of the U.S. corporation), (ii) after the acquisition, the former shareholders of the acquired U.S. corporation hold at least 60% (by either vote or value) but less than 80% (by vote and value) of the shares of the foreign acquiring corporation by reason of holding shares in the acquired U.S. corporation (including the receipt of the foreign corporation's shares in exchange for the U.S. corporation's shares), or the 60% Ownership Test, and (iii) the foreign corporation's "expanded affiliated group" does not have substantial business activities in the foreign corporation's country of organization or incorporation relative to such expanded affiliated group's worldwide activities. For purposes of Section 7874, acquisitions of multiple U.S. corporations (and/or substantially all of the assets of multiple U.S. corporations) by a foreign corporation, if treated as part of a plan or series of related transactions, may be treated as a single acquisition, in which case all shares of the foreign acquiring corporation received by the shareholders of the U.S. corporations would be aggregated for purposes of the 60% Ownership Test. Where, pursuant to the same transaction, stock of the foreign acquiring corporation is received in exchange for stock of a U.S. corporation as well as other property, the stock of the foreign acquiring corporation that was received in exchange for the stock of the U.S. corporation is determined based on the relative value of the stock of the U.S. corporation compared with the aggregate value of such stock and such other property.

As part of the separation, Adient indirectly acquired assets, including stock of U.S. subsidiaries, from Johnson Controls, Inc., which is a U.S. corporation, in exchange for Adient ordinary shares. It is currently not expected that Section 7874 will limit the ability of Adient's U.S. affiliates to use certain tax attributes because, among other things, based on the rules for determining ownership under Section 7874 and the Treasury Regulations promulgated thereunder and certain factual assumptions, (i) the assets acquired from Johnson Controls, Inc. are not expected to constitute "substantially all" of the properties held directly or indirectly by Johnson Controls and (ii) the shares received by reason of holding stock in the U.S. subsidiaries transferred in the separation are not expected to represent at least 60% (by either vote or value) of the relevant shares. However, whether or not certain of the tests under Section 7874 are satisfied must be finally determined at the completion of the separation, by which time there could be adverse changes in relevant facts and circumstances. In addition, as discussed above, the Treasury Regulations promulgated under Section 7874 are relatively new, complex and somewhat unclear and there is limited guidance regarding the application of Section 7874 in circumstances similar to the separation. Moreover, the percentage of shares held by reason of holding stock of relevant U.S. subsidiaries of Johnson Controls, Inc. will depend on the relative valuation of the assets transferred in connection with the separation and valuation matters can be subjective.

In addition, the Temporary 7874 Regulations generally increase the likelihood that the relevant ownership percentages under Section 7874 will be exceeded and limit or eliminate certain tax benefits to so-called inverted corporations and groups, including with respect to access to certain foreign earnings, post-inversion restructuring transactions and the ability to use certain attributes and deductions. Although it is presently not expected that the Temporary 7874 Regulations will materially adversely affect the benefits of the separation or the ability of Adient's U.S. affiliates to use certain U.S. tax attributes or deductions (and although it is possible that the Temporary 7874 Regulations could cause certain exceptions to the application of Section 7874 to apply to the separation), the Temporary 7874 Regulations are new and complex, and there is limited guidance regarding their application.

Accordingly, there can be no assurance that the IRS would not assert that Section 7874 applies to limit the ability of the U.S. subsidiaries and affiliates of Adient to use certain U.S. tax attributes or that such challenge would not be sustained by a court. If the relevant tests under Section 7874 are satisfied for any reason, or if changes in applicable law adversely affect the application of the above rules to Adient, Adient's U.S. affiliates could be limited in their ability to use their U.S. tax attributes, if any, to offset taxable income resulting from certain transactions, or could otherwise have their U.S. taxable income increased.

Adient's status as a foreign corporation for U.S. federal tax purposes and the U.S. tax liabilities of the Adient group could be affected by a change in law.

Under current law, Adient is expected to be treated as a foreign corporation for U.S. federal tax purposes and Section 7874 is not otherwise expected to apply to Adient or its affiliates as a result of the separation. However, changes to the rules contained in Section 7874 and the Treasury

Regulations promulgated thereunder, or other changes in law, could adversely affect Adient's and/or its affiliates' status as foreign corporations for U.S. federal tax purposes, the ability of Adient's U.S. affiliates to use certain attributes or deductions, the Adient group's effective tax rate and/or future tax planning for the Adient group, and any such changes could have prospective or retroactive application to Adient, its shareholders and affiliates, and/or the separation and distribution.

Recent legislative and other proposals have aimed to expand the scope of U.S. corporate tax residence, including in such a way as could cause Adient and/or its affiliates to be treated as U.S. corporations if the management and control of Adient or such affiliates were determined to be located primarily in the United States. In addition, recent legislative and other proposals have aimed to expand the scope of Section 7874, or otherwise address certain perceived issues arising in connection with so-called inversion transactions. For example, a provision in the Obama Administration's 2017 budget proposals, which if enacted in its present form, would be effective for transactions completed after December 31, 2016, as well as proposals that have been introduced by members of Congress which, if enacted in their present form, would be effective retroactively to any transactions completed after May 8, 2014, would, among other things, treat a foreign acquiring corporation as a U.S. corporation for U.S. federal tax purposes under Section 7874 if the former shareholders of the acquired U.S. corporation own more than 50% of the shares of the foreign acquiring corporation after the transaction by reason of holding shares in the U.S. acquired corporation (including the receipt of the foreign corporation's shares in exchange for the U.S. corporation's shares). Such or similar proposals, if made retroactively effective to transactions completed during the period in which the separation occurs, could cause Adient and/or its affiliates to be treated as U.S. corporations for U.S. federal tax purposes. In such case, the Adient group would be subject to substantially greater U.S. tax liability than currently contemplated. Other recent legislative and regulatory proposals (including, most recently, proposed legislation introduced by Democratic members of the House of Representatives on February 23, 2016, which, if enacted in its present form, would be effective with respect to any transactions completed on or after May 8, 2014; proposed legislation introduced by Democratic members of the Senate on March 10, 2016, which, if enacted in its present form, would be effective with respect to taxable years ending after March 9, 2016; proposed legislation introduced by Democratic members of the Senate on March 10, 2016, which, if enacted in its present form, would be effective with respect to taxable years beginning after the date of enactment; and proposed Treasury Regulations under Section 385 of the Code issued by the U.S. Treasury and the IRS on April 4, 2016), if enacted or finalized, could cause Adient's U.S. affiliates to be subject to certain intercompany financing limitations, including with respect to their ability to deduct certain interest expense, and could cause Adient and its affiliates to recognize additional taxable income. It is presently uncertain whether any such legislative proposals or any other legislation relating to Section 7874 or so-called inversion transactions will be enacted into law or whether such proposed Treasury Regulations will be issued in final form and, if so, what impact such legislation or final Treasury Regulations would have on Adient and its affiliates.

Any change of law or regulatory action relating to Section 7874 or so-called inversion transactions or inverted groups could adversely impact Adient's and/or its affiliates' U.S. tax status as foreign corporations as well as their financial position, flexibility and results in a material manner.

The IRS may assert that Section 7874 applies to the separation as a result of the merger.

For purposes of Section 7874, if two or more foreign corporations directly or indirectly acquire, in the aggregate, substantially all of the properties of a U.S. corporation, and such acquisitions are treated as part of a plan or a series of related transactions, then each such foreign corporation may be treated as acquiring substantially all of the properties of such U.S. corporation. However, there is no specific guidance regarding how the percentage ownership of the former shareholders of such U.S. corporation in each such foreign corporation is determined for purposes of Section 7874 in such circumstances. The IRS may assert that, even though the Tyco merger is a separate transaction from the separation, the merger should be integrated with the separation and that Adient and/or its affiliates should therefore be treated as having acquired substantially all of the properties of Johnson Controls, Inc. in the separation. In the event the IRS were to prevail with such assertion, the application of Section 7874 to the separation is not entirely clear. It is possible that the determination of whether the 60% Ownership Test or the 80% Ownership Test is met with respect to the separation would be made by reference to the percentage of shares of Johnson Controls held by the former shareholders of Johnson Controls, Inc. after the Tyco merger by reason of holding shares in Johnson Controls, Inc. Under this approach, based on certain factual assumptions and current provisions of U.S. federal income tax law, it is expected that Adient would be respected as a foreign corporation for U.S. federal tax purposes. However, there can be no assurance that the IRS would not assert a different methodology and conclude that either the 60% Ownership Test or the 80% Ownership Test is satisfied. If the IRS were to prevail with such assertion, the ability of Adient's U.S. affiliates to use certain U.S. tax attributes could be limited and/or Adient or its foreign affiliates could be treated as a U.S. corporation for U.S. federal tax purposes. If Adient or its affiliates were to be subject to such limitations or to be so treated, significant adverse tax consequences would result.

Future changes to U.S. and non-U.S. tax laws could adversely affect Adient.

The U.S. Congress, the Organization for Economic Co-operation and Development and other government agencies in jurisdictions where Adient and its affiliates do business have had an extended focus on issues related to the taxation of multinational corporations. One example is in the area of "base erosion and profit shifting," including situations where payments are made between affiliates from a jurisdiction with high tax rates to a jurisdiction with lower tax rates. As a result, the tax laws in the United States and other countries in which Adient and its affiliates do business could change on a prospective or retroactive basis, and any such changes could adversely affect Adient and its affiliates.

Legislative action in the United States could materially adversely affect Adient.

Legislative action may be taken by the U.S. Congress which, if ultimately enacted, could limit the availability of tax benefits or deductions that Adient and its affiliates currently claim, override tax treaties upon which Adient and its affiliates rely, or otherwise affect the taxes that the United States imposes on Adient's and its affiliates' worldwide operations. Such changes could materially adversely affect Adient's effective tax rate

and/or require Adient to take further action, at potentially significant expense, to seek to preserve Adient's effective tax rate. In addition, if proposals were enacted that had the effect of limiting Adient's or its affiliates' ability to take advantage of tax treaties with the United States, Adient and/or its affiliates could incur additional tax expense and/or otherwise incur business detriment.

Changes to the U.S. Model Income Tax Treaty could adversely affect Adient.

On February 17, 2016, the U.S. Treasury released a newly revised U.S. model income tax convention (the "model"), which is the baseline text used by the U.S. Treasury to negotiate tax treaties. The new model treaty provisions were preceded by draft versions released by the U.S. Treasury on May 20, 2015 (the "May 2015 draft") for public comment. The revisions made to the model address certain aspects of the model by modifying existing provisions and introducing entirely new provisions. Specifically, the new provisions target (i) permanent establishments subject to little or no foreign tax, (ii) special tax regimes, (iii) "expatriated entities" subject to Section 7874, (iv) the anti-treaty shopping measures of the limitation on benefits article and (v) subsequent changes in treaty partners' tax laws.

With respect to the new model provisions pertaining to expatriated entities, because it is expected that the separation will not result in the creation of an "expatriated entity" as defined in Section 7874, payments of interest, dividends, royalties and certain other items of income by or to Adient's U.S. affiliates to or from non-U.S. persons would not be expected to become subject to full U.S. withholding tax, even if applicable treaties were subsequently amended to adopt the new model provisions. In response to comments that the U.S. Treasury received regarding the May 2015 draft, the new model treaty provisions pertaining to expatriated entities fix the definition of "expatriated entity" to the meaning ascribed to such term under Section 7874(a)(2)(A) as of the date the relevant bilateral treaty is signed. As discussed above, the rules under Section 7874 are relatively new, complex and are the subject of current and future legislative and regulatory changes. Accordingly, there can be no assurance that the IRS will agree with the position that the separation does not result in the creation of an "expatriated entity" (within the meaning of Section 7874) under current law or law as in effect at the time the applicable treaty were amended or that any such challenge by the IRS would not be sustained by a court, or that such position would not be affected by future or regulatory action which may apply retroactively to the separation.

Legislative and other proposals that would deny governmental contracts to U.S. companies that move their corporate location abroad may affect Adient if adopted.

Various U.S. federal and state legislative and other proposals that would deny governmental contracts to U.S. companies (and subsidiaries of U.S. companies) that move (or have moved) their corporate location abroad may affect Adient and/or its affiliates if adopted. It is difficult to predict the likelihood that any such proposals might be adopted, the nature of the regulations that might be promulgated, or the effect such adoptions and increased regulatory scrutiny might have on Adient's business.

Ordinary shares of Adient received by means of a gift or inheritance could be subject to Irish capital acquisitions tax.

Irish capital acquisitions tax, or CAT (currently levied at a rate of 33% above certain tax free thresholds), could apply to a gift or inheritance of Adient ordinary shares irrespective of the place of residence, ordinary residence or domicile of the parties. This is because Adient ordinary shares are regarded as property situated in Ireland for CAT purposes. The person who receives the gift or inheritance has primary liability for CAT.

Transfers of Adient ordinary shares, other than by means of the transfer of book-entry interests in the Depository Trust Company, may be subject to Irish stamp duty.

It is expected that, for the majority of transfers of Adient ordinary shares, there will not be any Irish stamp duty. Transfers of Adient ordinary shares effected by means of the transfer of book-entry interests in the Depository Trust Company, which we refer to as DTC, are not subject to Irish stamp duty. But if Adient ordinary shares are held directly rather than beneficially through DTC, any transfer of Adient ordinary shares could be subject to Irish stamp duty (currently at the rate of 1% of the higher of the price paid or the market value of the shares acquired). A shareholder who directly holds Adient ordinary shares may transfer those shares into his or her own broker account to be held through DTC (or vice versa) without giving rise to Irish stamp duty provided that there is no change in the beneficial ownership of the shares as a result of the transfer and the transfer is not in contemplation of a sale of the shares by a beneficial owner to a third party.

Payment of Irish stamp duty is generally a legal obligation of the transferee. The potential for stamp duty could adversely affect the price of Adient ordinary shares.

In certain limited circumstances, dividends paid by Adient may be subject to Irish dividend withholding tax.

In certain limited circumstances, Irish dividend withholding tax ("DWT") (currently at a rate of 20%) may arise in respect of dividends paid on Adient ordinary shares. A number of exemptions from DWT exist pursuant to which shareholders resident in the United States and shareholders resident in certain countries may be entitled to exemptions from DWT.

Please note the requirement to complete certain relevant Irish Revenue Commissioners DWT forms ("DWT Forms") in order to qualify for many of the exemptions.

Dividends paid in respect of Adient ordinary shares that are owned by a U.S. resident and held through DTC will not be subject to DWT provided the address of the beneficial owner of such shares in the records of the broker holding such shares is recorded as being in the United States (and such broker has further transmitted the relevant information to a qualifying intermediary appointed by Adient). Similarly, dividends paid in

respect of Adient ordinary shares that are held outside of DTC and are owned by a resident of the United States will not be subject to DWT if such shareholder satisfies the conditions of one of the exemptions including the requirement to furnish a completed IRS Form 6166 or a valid DWT Form to Adient's transfer agent to confirm U.S. residence and claim an exemption. Adient shareholders resident in other countries may also be eligible for exemption from DWT on dividends paid in respect of their Adient ordinary shares provided they satisfy the conditions of one of the exemptions including the requirement to furnish valid DWT Forms to their brokers (in respect of such shares held through DTC) (and such broker has further transmitted the relevant information to a qualifying intermediary appointed by Adient) or to Adient's transfer agent (in respect of such shares held outside of DTC). Other Adient shareholders may be subject to DWT, which could adversely affect the price of Adient ordinary shares.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

The following table sets forth the Company's principal owned and leased facilities as of September 30, 2016.

	Number of Locations			Square Footage (in millions)		
	Manufacturing	Administrative	Total	Owned	Leased	Total
United States	40	11	51	3,196	1,445	4,641
Germany	32	9	41	4,592	2,093	6,685
Mexico	17	—	17	1,706	1,007	2,713
Other European countries	84	4	88	6,178	4,211	10,389
Asia/Pacific	33	7	40	1,594	2,496	4,090
South America	9	—	9	389	206	595
Other foreign	11	—	11	598	598	1,196
	<u>226</u>	<u>31</u>	<u>257</u>	<u>18,253</u>	<u>12,056</u>	<u>30,309</u>

The Company considers its facilities suitable and adequate for the purposes for which they are used and do not anticipate difficulty in renewing existing leases as they expire or in finding alternative facilities. The Seating segment operates the significant majority of the locations. See Part II, Item 8 of this Annual Report on Form 10-K in Note 8, "Leases," of the notes to combined financial statements for information regarding lease commitments.

Item 3. Legal Proceedings

Adient is involved in various lawsuits, claims and proceedings incident to the operation of its businesses, including those pertaining to product liability, product safety, environmental, safety and health, intellectual property, employment, commercial and contractual matters and various other matters. Although the outcome of any such lawsuit, claim or proceeding cannot be predicted with certainty and some may be disposed of unfavorably to Adient, it is management's opinion that none of these will have a material adverse effect on Adient's financial position, results of operations or cash flows. Adient accrues for potential liabilities in a manner consistent with accounting principles generally accepted in the United States, that is, when it is probable a liability has been incurred and the amount of the liability is reasonably estimable.

Item 4. Mine Safety Disclosures

Not applicable.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Principal Market

The Company's ordinary shares are traded on the New York Stock Exchange ("NYSE") under the symbol "ADNT." A "when-issued" trading market for Adient's ordinary shares began on the NYSE on October 17, 2016, and "regular way" trading of Adient's ordinary shares began on October 31, 2016. Prior to October 31, 2016 there was no public market for Adient's ordinary shares. The October 31, 2016 closing share price was \$45.51.

Holders

As of October 31, 2016, there were 32,703 shareholders of record.

Dividends and Issuer Purchase of Equity Securities

The Company did not pay any dividends during fiscal 2016 as it was not a separate company, but expects to pay quarterly dividends going forward, subject to declaration by the Board of Directors. In addition, under Irish law, dividends and distributions (including the payment of cash dividends or share repurchases) may be made only from "distributable reserves" on Adient's unconsolidated balance sheet prepared in accordance with the Irish Companies Act 2014. In addition, no distribution or dividend may be paid or made by Adient unless the net assets of Adient are equal to, or exceed, the aggregate of Adient's share capital that has been paid up or that is payable in the future plus non-distributable reserves, and the distribution does not reduce Adient's net assets below such aggregate.

Upon completion of the separation, Adient did not have any distributable reserves. Adient is in the process of capitalizing the reserve created pursuant to the internal restructuring transactions related to the distribution and is implementing a parallel court-approved reduction of that capital in order to create a reserve of an equivalent amount of distributable reserves to support the payment of possible future dividends or future share repurchases. Neither the capitalization nor the reduction will impact shareholders' relative interests in the capital of Adient. To complete this process, Adient is seeking the approval of the High Court of Ireland, which is required for the creation of distributable reserves to be effective.

Recent Sales of Unregistered Equity Securities

None.

Item 6. Selected Financial Data

The following selected historical combined financial data below should be read in conjunction with Part II, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the historical combined financial statements and related notes thereto included in Part II, Item 8 of this Annual Report on Form 10-K to fully understand factors that may affect the comparability of the information presented below. The selected combined financial data in this section are not intended to replace the combined financial statements and are qualified in their entirety by the combined financial statements and related notes included in this Annual Report on Form 10-K.

Statement of Operations (dollars in millions)	2016		2015		2014		2013		2012	
Net sales ⁽¹⁾	\$	16,837	\$	20,071	\$	22,041	\$	20,470	\$	19,986
Gross profit		1,609		1,852		1,953		1,575		1,501
Net income (loss) attributable to Adient ⁽²⁾		(1,533)		475		307		187		267

Earnings per share ⁽³⁾

Basic	\$	(16.36)	\$	5.07	\$	3.28	\$	2.00	\$	2.85
Diluted	\$	(16.36)	\$	5.06	\$	3.27	\$	2.00	\$	2.85

Balance Sheet Data (dollars in millions)

Total assets	\$	13,033	\$	10,437	\$	11,206	\$	11,387	\$	10,669
Total debt		3,564		59		156		138		128
Invested equity attributable to Adient		4,210		5,626		5,453		5,582		5,558
Total debt to capitalization ⁽⁴⁾		46%		1%		3%		2%		2%

⁽¹⁾ On July 2, 2015, Adient completed the YFAI global automotive interiors joint venture and deconsolidated the contributed interiors business since that date resulting in lower combined net sales in subsequent periods.

⁽²⁾ Net income attributable to Adient includes the following significant items:

(in millions)	2016		2015		2014		2013		2012	
Net mark-to-market pension adjustments	\$	110	\$	6	\$	50	\$	13	\$	37
(Gain) loss on business divestitures - net ⁽⁵⁾		—		(137)		86		(135)		(3)
Costs related to the separation of Adient		369		—		—		—		—
Restructuring and impairment costs		332		182		158		280		143
Tax expense (benefit) of items above		(66)		65		23		1		(24)
		745		116		317		159		153
One-time tax expense items		1,891		293		—		—		—
Impact of significant items	\$	2,636	\$	409	\$	317	\$	159	\$	153

⁽³⁾ Adient earnings per share for 2016, 2015, 2014, 2013 and 2012 were calculated using the number of shares that were distributed to Johnson Controls shareholders upon the separation (93,671,810 shares).

⁽⁴⁾ Total debt to capitalization represents total debt divided by the sum of total debt and invested equity attributable to Adient.

⁽⁵⁾ Net (gain) loss on business divestitures includes a \$106 million gain and \$3 million gain recorded in equity income in fiscal 2013 and 2012, respectively.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

This section and other parts of this Annual Report on Form 10-K ("Form 10-K") contain forward-looking statements, within the meaning of the Private Securities Litigation Reform Act of 1995, that involve risks and uncertainties. Forward-looking statements provide current expectations of future events based on certain assumptions and include any statement that does not directly relate to any historical or current fact. Forward-looking statements can also be identified by words such as "future," "anticipates," "believes," "estimates," "expects," "intends," "plans," "predicts," "will," "would," "could," "can," "may," or similar terms. Forward-looking statements are not guarantees of future performance and the Company's actual results may differ significantly from the results discussed in the forward-looking statements. Factors that might cause such differences include, but are not limited to, those discussed in Part I, Item 1A of this Form 10-K under the heading "Risk Factors," which are incorporated herein by reference. The following discussion should be read in conjunction with the consolidated financial statements and notes thereto included in Part II, Item 8 of this Form 10-K. All information presented herein is based on the Company's fiscal calendar. Unless otherwise stated, references to particular years, quarters, months or periods refer to the Company's fiscal years ended in September and the associated quarters, months and periods of those fiscal years. The Company assumes no obligation to revise or update any forward-looking statements for any reason, except as required by law.

Separation from Johnson Controls

On September 2, 2016, Johnson Controls, Inc. and Tyco International plc completed their previously announced combination pursuant to an Agreement and Plan of Merger (the "Merger"). Following the Merger, the combined entity was renamed "Johnson Controls International plc" and is referred to in this Form 10-K as "Johnson Controls," "JCI" or the "Parent."

On October 31, 2016, Adient plc ("Adient" or the "Company") became an independent company as a result of the separation of the automotive seating and interiors business from Johnson Controls International plc. Adient was incorporated under the laws of Ireland in fiscal 2016 for the purpose of holding these businesses. Adient's ordinary shares began trading "regular-way" under the ticker symbol "ADNT" on the New York Stock Exchange on October 31, 2016. Upon becoming an independent company, the capital structure of Adient consisted of 500 million authorized ordinary shares and 100 million authorized preferred shares (par value of \$0.001 per ordinary and preferred share). The number of Adient ordinary shares issued on October 31, 2016 was 93,671,810.

Adient's historical combined financial statements have been prepared on a stand-alone basis and are derived from Johnson Controls' consolidated financial statements and accounting records. Therefore, these financial statements reflect, in conformity with accounting principles generally accepted in the United States, Adient's financial position, results of operations, comprehensive income (loss) and cash flows as the business was historically operated as part of Johnson Controls prior to the separation. They may not be indicative of Adient's future performance and do not necessarily reflect what Adient's combined results of operations, financial condition and cash flows would have been had Adient operated as a separate, publicly traded company during the periods presented, particularly because many changes occurred in Adient's operations and capitalization as a result of the separation from Johnson Controls.

Adient's combined statement of operations includes its direct expenses for cost of goods sold, research and development, sales and marketing, distribution, and administration as well as allocations of expenses arising from shared services and infrastructure provided by Johnson Controls to Adient, such as information technology, accounting, legal, real estate and facilities, corporate advertising, risk and insurance services, treasury, shareholder services and other corporate and infrastructure services. These operating expenses are allocated to Adient using estimates that Adient considers to be a reasonable reflection of the utilization of services provided to or benefits received by Adient.

Adient expects that Johnson Controls will continue to provide some of the services related to these functions on a transitional basis for a fee under the transition services agreement entered into by Adient and Johnson Controls.

Overview

Adient is the world's largest automotive seating supplier* with relationships with the largest global auto manufacturers. Adient's technologies extend into virtually every area of automotive seating solutions, including complete seating systems, frames, mechanisms, foam, head restraints, armrests, trim covers and fabrics. Adient is an independent seat supplier with global scale and the capability to design, develop, engineer, manufacture and deliver complete seat systems and components in every major automotive producing region in the world. Adient also participates in the automotive interiors market primarily through its approximately 30% equity interest in YFAI.

Adient designs, manufactures and markets a full range of seating systems and components for passenger cars, commercial vehicles and light trucks, including vans, pick-up trucks and sport/crossover utility vehicles. Adient also supplies high performance seating systems to the international motorsports industry through its award winning RECARO brand of products. Adient operates approximately 230 wholly- and majority-owned manufacturing or assembly facilities, with operations in 33 countries. Additionally, Adient has partially-owned affiliates in China, Asia, Europe and North America.

* Based on production volumes. Source: IHS Automotive

Adient operates in two reportable segments, as follows:

Seating

Adient's Seating segment produces automotive seat metal structures and mechanisms, foam, trim, fabric and complete seat systems and operates assembly plants that supply automotive OEMs with complete seats on a "just-in-time/in-sequence" basis. Seats are assembled to specific order and delivered on a predetermined schedule directly to an automotive assembly line.

Interiors

Adient's Interiors segment, primarily derived from the YFAI global automotive interiors joint venture, produces instrument panels, floor consoles, door panels, overhead consoles, cockpit systems, decorative trim and other products. Prior to the launch of the joint venture on July 2, 2015, the Interiors segment produced instrument panels, floor consoles and door panels.

Global Automotive Industry

Adient conducts its business in the automotive industry, which is highly competitive and sensitive to economic conditions. During the fiscal years ended September 30, 2016 and 2015, the global automotive industry continued to experience modest global growth. Growth in China production has outpaced the overall growth rate. Europe production has also increased based on recovering demand in Western Europe and North America production has remained strong. South America continues to experience a contraction in demand while production in the remaining regions was mixed due to varying economic, political and social factors.

Light vehicle production levels by geographic region are provided below:

(units in millions)	Light Vehicle Production				
	FY 2016	Change	FY 2015	Change	FY 2014
Global	91.0	4 %	87.8	1 %	87.0
Greater China	25.8	12 %	23.1	2 %	22.6
Europe	21.3	3 %	20.7	3 %	20.1
North America	17.9	3 %	17.4	4 %	16.8
Japan/Korea	13.0	-2 %	13.2	-5 %	13.9
South Asia	8.2	4 %	7.9	1 %	7.8
South America	2.7	-21 %	3.4	-15 %	4.0
Middle East/Africa	2.1	— %	2.1	17 %	1.8

Source: IHS Automotive, October 2016

Financial Results Summary

Significant aspects of Adient's financial results for the year ended September 30, 2016 include the following:

- Adient recorded net sales of \$16,837 million for the year ended September 30, 2016, representing a decrease of \$3,234 million when compared to the same period in 2015. Excluding the impact of foreign currency translation (\$411 million) and the impact of the YFAI global automotive interiors joint venture (\$2,954 million), net sales increased by 1% year over year.
- Gross profit was \$1,609 million or 9.6% of net sales for the year ended September 30, 2016 compared to \$1,852 million or 9.2% of net sales for the same period in 2015. The increase in gross profit as a percentage of net sales was primarily due to the impact of the YFAI global automotive interiors joint venture and the benefits of cost reduction initiatives.
- Equity income was \$357 million for the year ended September 30, 2016 which is \$62 million higher than the same period in 2015. The increase is primarily due to higher current year income at certain partially-owned Seating affiliates in China and the impact of the YFAI global automotive interiors joint venture.
- Income tax provision was \$ 1,839 million for the year ended September 30, 2016. Adient completed substantial business reorganizations related to the separation which resulted in total non-recurring tax charges of \$1,891 million in fiscal 2016, which will be settled by the Parent subsequent to September 30, 2016. Included in this amount is the tax charge provided for in the third quarter of fiscal 2016 of \$85 million for changes in entity tax status and the charge provided for in the second quarter of fiscal 2016 of \$778 million for income tax expense on foreign undistributed earnings of certain non-U.S. subsidiaries. By comparison, the income tax provision was \$418 million for the year ended September 30, 2015 which included a non-cash tax charge of \$293 million for Adient's change in assertion over permanently reinvested earnings associated with the YFAI global automotive interiors joint venture transaction.

- Net loss attributable to Adient was \$1,533 million for the year ended September 30, 2016 which is \$2,008 million lower than the same period in 2015. The decrease is primarily due to higher tax expense as previously discussed, costs related to the separation of Adient (\$369 million), a current period restructuring and impairment charge (\$332 million), and mark-to-market adjustments on pension and postretirement plans (\$110 million). Excluding these items, net of tax, net income attributable to Adient increased by \$219 million .
- There was \$1,034 million of cash used by operating activities for the year ended September 30, 2016 , primarily as a result of the non-recurring tax charges in fiscal 2016. Excluding the non-recurring tax charges of \$1,891 million, cash from operating activities would have been \$857 million , or \$460 million higher than cash from operating activities of \$397 million for the same period in 2015.

Combined Results of Operations

(in millions)	Year Ended September 30,				
	2016	Change	2015	Change	2014
Net sales	\$ 16,837	-16 %	\$ 20,071	-9 %	\$ 22,041
Cost of sales	15,228	-16 %	18,219	-9 %	20,088
Gross profit	1,609	-13 %	1,852	-5 %	1,953
Selling, general and administrative expenses	(1,222)	8 %	(1,131)	-14 %	(1,308)
Gain (loss) on business divestitures - net	—	*	137	*	(86)
Restructuring and impairment costs	(332)	82 %	(182)	15 %	(158)
Net financing charges	(22)	83 %	(12)	-20 %	(15)
Equity income	357	21 %	295	4 %	284
Income before income taxes	390	-59 %	959	43 %	670
Income tax provision	1,839	*	418	41 %	296
Net income (loss)	(1,449)	*	541	45 %	374
Income attributable to noncontrolling interests	84	27 %	66	-1 %	67
Net income (loss) attributable to Adient	\$ (1,533)	*	\$ 475	55 %	\$ 307

* Measure not meaningful

Net Sales

(in millions)	Year Ended September 30,				
	2016	Change	2015	Change	2014
Net sales	\$ 16,837	-16 %	\$ 20,071	-9 %	\$ 22,041

Net sales for the year ended September 30, 2016 were unfavorably impacted by foreign currency translation (\$411 million) and the completion of the YFAI global automotive interiors joint venture on July 2, 2015 (\$2,954 million). Excluding the unfavorable impact of foreign currency translation and the impact of the completion of the YFAI global automotive interiors joint venture, combined net sales increased by \$131 million , or 1% , primarily due to higher volumes attributable to growth in Asia and Europe, partially offset by softness in the Americas due to changes in automotive production levels and expiring programs. Refer to the segment analysis below for a discussion of net sales by segment.

Net sales for the year ended September 30, 2015 were unfavorably impacted by foreign currency translation (\$1.6 billion) and by the impact of the YFAI global automotive interiors joint venture (\$924 million). Excluding the above items, net sales increased by \$563 million, or 3%, primarily due to higher volumes, incremental sales related to business acquisitions, and net favorable pricing and commercial settlements in South America, partially offset by lower volumes related to a prior year divestiture. The increase in volumes was attributable to increased automotive production levels in the majority of regions around the globe with the exception of South America. Refer to the segment analysis below for a discussion of net sales by segment.

Cost of Sales / Gross Profit

(in millions)	Year Ended September 30,				
	2016	Change	2015	Change	2014
Cost of sales	\$ 15,228	-16 %	\$ 18,219	-9 %	\$ 20,088
Gross profit	1,609	-13 %	1,852	-5 %	1,953
% of sales	9.6%		9.2%		8.9%

Cost of sales for the year ended September 30, 2016 was favorably impacted by the YFAI global automotive interiors joint venture (\$2,705 million) and foreign currency translation (\$369 million). Excluding the above items, costs of sales increased by \$83 million, or 1%. These items favorably impacted current period gross profit as a percent of net sales by 20 basis points. The increase in gross profit as a percentage of net sales was primarily due to the benefits of the impact of the YFAI global automotive interiors joint venture and cost reduction initiatives. Mark-to-market adjustments on pension and postretirement plans had a net unfavorable impact on cost of sales of \$13 million (\$16 million charge in fiscal 2016 compared to a \$3 million charge in fiscal 2015) primarily due to decreases in discount rates for certain non-U.S. pension plans. Refer to the segment analysis below for a discussion of segment income by segment.

Cost of sales for the year ended September 30, 2015 was favorably impacted by foreign currency translation (\$1.5 billion) and by the impact of the YFAI global automotive interiors joint venture (\$843 million). Excluding the above items, cost of sales increased by \$464 million, or 2%. These items favorably impacted current period gross profit as a percent of net sales by 20 basis points. Gross profit as a percentage of sales was also favorably impacted by lower purchasing costs related to supplier pricing concessions, the benefits of cost reduction initiatives and favorable commercial settlements due to recoveries in South America, partially offset by higher operating costs related to current year platform launches and other inefficiencies. Mark-to-market adjustments on pension and postretirement plans had a net favorable impact on cost of sales of \$7 million (\$3 million charge in fiscal 2015 compared to a \$10 million charge in fiscal 2014) primarily due to decreases in discount rates for certain non-U.S. pension plans in the prior year. Refer to the segment analysis below for a discussion of segment income by segment.

Selling, General and Administrative Expenses

(in millions)	Year Ended September 30,				
	2016	Change	2015	Change	2014
Selling, general and administrative expenses	\$ 1,222	8%	\$ 1,131	-14 %	\$ 1,308
% of sales	7.3%		5.6%		5.9%

Selling, general and administrative expenses (SG&A) for the year ended September 30, 2016 was unfavorably impacted by separation costs (\$369 million), partially offset by the YFAI global automotive interiors joint venture (\$154 million), foreign currency translation (\$25 million) and a legal settlement (\$20 million). Excluding the above items, SG&A decreased by \$79 million, or 7%, primarily due to lower corporate allocations from the Parent (\$46 million), prior year transaction and integration costs (\$38 million), and lower costs resulting from cost reduction initiatives. Mark-to-market adjustments on pension and postretirement plans had a net unfavorable impact of \$91 million (\$94 million charge in fiscal 2016 compared to a \$3 million charge in fiscal 2015) primarily due to decreases in discount rates for certain non-U.S. pension plans. Refer to the segment analysis below for a discussion of segment income by segment.

SG&A for the year ended September 30, 2015 was favorably impacted by foreign currency translation (\$68 million) and by the impact of the YFAI global automotive interiors joint venture (\$48 million). Excluding the above items, SG&A decreased by \$61 million, or 5%, primarily due to lower engineering expenses resulting from higher cost recoveries and lower program support requirements, and lower employee related costs from cost reduction initiatives, partially offset by transaction and integration costs. Mark-to-market adjustments on pension and postretirement plans had a net favorable impact on SG&A of \$37 million (\$3 million charge in fiscal 2015 compared to a \$40 million charge in fiscal 2014) primarily due to decreases in discount rates for certain non-U.S. pension plans in the prior year. Refer to the segment analysis below for a discussion of segment income by segment.

Gain (Loss) on Business Divestitures - Net

(in millions)	Year Ended September 30,				
	2016	Change	2015	Change	2014
Gain (loss) on business divestitures - net	\$ —	*	\$ 137	*	\$ (86)

* Measure not meaningful

There were no business divestitures in fiscal 2016. The gain in fiscal 2015 relates primarily to the YFAI global automotive interiors joint venture transaction and the loss in fiscal 2014 relates primarily to the divestiture of the Interiors headliner and sun visor product lines. Refer to Note 2, "Acquisitions and Divestitures," of the notes to combined financial statements for further information on the gain (loss) on business divestitures-net.

Restructuring and Impairment Costs

(in millions)	Year Ended September 30,				
	2016	Change	2015	Change	2014
Restructuring and impairment costs	\$ 332	82%	\$ 182	15%	\$ 158

Refer to Note 15, "Significant Restructuring and Impairment Costs," of the notes to combined financial statements for information related to Adient's restructuring plans.

Net Financing Charges

(in millions)	Year Ended September 30,				
	2016	Change	2015	Change	2014
Net financing charges	\$ 22	83%	\$ 12	-20%	\$ 15

Net financing charges increased in fiscal 2016 compared to fiscal 2015 primarily due to the issuance of debt during the fourth quarter of fiscal 2016. Net financing charges decreased in fiscal 2015 as compared to fiscal 2014 primarily due to lower average borrowing levels.

Equity Income

(in millions)	Year Ended September 30,				
	2016	Change	2015	Change	2014
Equity income	\$ 357	21%	\$ 295	4%	\$ 284

The increase in equity income for the year ended September 30, 2016 was primarily due to current year income related to the YFAI global automotive interiors joint venture and higher equity income from certain other partially-owned Seating affiliates. Refer to the segment analysis below for a discussion of segment income by segment. Refer to Note 19, "Nonconsolidated Partially-Owned Affiliates," of the notes to combined financial statements for further disclosure related to Adient's nonconsolidated partially-owned affiliates.

The increase in equity income for the year ended September 30, 2015 was primarily due to higher current year income at certain partially-owned Seating affiliates in China resulting from higher automotive production levels. Refer to the segment analysis below for a discussion of segment income by segment. Refer to Note 19, "Nonconsolidated Partially-Owned Affiliates," of the notes to combined financial statements for further disclosure related to Adient's nonconsolidated partially-owned affiliates.

Income Tax Provision

(in millions)	Year Ended September 30,				
	2016	Change	2015	Change	2014
Income tax provision	\$ 1,839	*	\$ 418	41%	\$ 296

* Measure not meaningful

The effective tax rate of 472% is above the U.S. statutory rate for fiscal 2016 primarily due to the tax consequences surrounding the separation (\$1,891 million), the jurisdictional mix of restructuring and impairment costs, partially offset by the benefits of continuing global tax planning initiatives and foreign tax rate differentials.

The effective tax rate of 44% is above the U.S. statutory rate for fiscal 2015 primarily due to the tax consequences of business divestitures (\$356 million) partially offset by the benefits of U.S. tax on foreign income (\$252 million), income in certain non-U.S. jurisdictions with a tax rate lower than the U.S. statutory rate and global tax planning initiatives. The effective tax rate of 44% is above the U.S. statutory rate for fiscal 2014 primarily due to the tax consequences of business divestitures (\$71 million) partially offset by the benefits of continuing global tax planning initiatives and income in certain non-U.S. jurisdictions with a tax rate lower than the U.S. statutory tax rate.

The global tax planning initiatives in all fiscal years relates primarily to Adient's portion of Johnson Controls' foreign tax credit planning, global financing structures and alignments of its global business functions in a tax efficient manner.

Valuation Allowances

The Company reviews the realizability of its deferred tax asset valuation allowances on a quarterly basis, or whenever events or changes in circumstances indicate that a review is required. In determining the requirement for a valuation allowance, the historical and projected financial

results of the legal entity or combined group recording the net deferred tax asset are considered, along with any other positive or negative evidence. Since future financial results may differ from previous estimates, periodic adjustments to the Company's valuation allowances may be necessary.

As a result of the Company's fiscal 2016 analysis of the realizability of its worldwide deferred tax assets, and after considering tax planning initiatives and other positive and negative evidence, the Company determined that it was more likely than not that deferred tax assets within Germany and Slovakia would be realized. Therefore, the Company released \$83 million and \$5 million, respectively, of net valuation allowances as income tax benefit in the fourth quarter of fiscal 2016. In addition as a result of the Company's fiscal 2016 analysis, the Company determined that it was more likely than not that deferred tax assets within the United Kingdom would not be realized and recorded \$12 million of net valuation allowances as income tax expense in the fourth quarter of fiscal 2016.

As a result of the Company's fiscal 2015 analysis of the realizability of its worldwide deferred tax assets, and after considering tax planning initiatives and other positive and negative evidence, the Company determined that it was more likely than not that deferred tax assets within South Africa would be realized. Therefore, the Company released \$13 million of net valuation allowances as income tax benefit in the fiscal year ended September 30, 2015.

Other Tax Matters

The Company incurred total tax charges of \$1,891 million for substantial business reorganizations related to the separation. Included in this amount is the tax charge provided for in the third quarter of fiscal 2016 of \$85 million for changes in entity tax status and the charge provided for in the second quarter of fiscal 2016 of \$778 million for the Company's change in assertion over permanently reinvested earnings. In addition during the fourth quarter of fiscal 2016, JCI completed its merger with Tyco, and as a result of the change in control, the Company incurred incremental tax expense of \$89 million.

In fiscal 2015, Adient completed the YFAI global automotive interiors joint venture. Refer to Note 2, "Acquisitions and Divestitures," of the notes to combined financial statements for additional information. In connection with the YFAI global automotive interiors joint venture transaction, Adient recorded a pre-tax gain on divestiture of \$127 million, \$20 million net of tax. The tax impact of the gain is due to the jurisdictional mix of gains and losses on the divestiture, which resulted in non-benefited expenses in certain countries and taxable gains in other countries. In addition, Adient provided income tax expense for repatriation of cash and other tax reserves associated with the YFAI global automotive interiors joint venture transaction, which resulted in a tax charge of \$75 million and \$218 million, respectively.

In fiscal 2014, the Company disposed of its Interiors headliner and sun visor product lines. Refer to Note 2, "Acquisitions and Divestitures," of the notes to combined financial statements for additional information. As a result, the Company recorded a pre-tax loss on divestiture of \$95 million and income tax expense of \$38 million. The income tax expense is due to the jurisdictional mix of gains and losses on the sale, which resulted in non-benefited losses in certain countries and taxable gains in other countries.

Income Attributable to Noncontrolling Interests

(in millions)	Year Ended September 30,				
	2016	Change	2015	Change	2014
Income attributable to noncontrolling interests	\$ 84	27%	\$ 66	-1 %	\$ 67

The increase in income attributable to noncontrolling interests for the year ended September 30, 2016 was primarily due to higher income at partially-owned Seating affiliates in North America driven by higher volumes .

The decrease in income attributable to noncontrolling interests for the year ended September 30, 2015 was primarily due to lower income at partially-owned Seating affiliates in North America.

Net Income (Loss) Attributable to Adient

(in millions)	Year Ended September 30,				
	2016	Change	2015	Change	2014
Net income (loss) attributable to Adient	\$ (1,533)	*	\$ 475	55%	\$ 307

* Measure not meaningful

The decrease in net income attributable to Adient for the year ended September 30, 2016 was primarily due to higher tax expense related to the one-time non-cash change in assertion over permanently reinvested earnings as a result of the separation (\$1,891 million), costs related to the separation of Adient (\$369 million), a current period restructuring and impairment charge (\$332 million), mark-to-market adjustments on pension and postretirement plans (\$110 million) and a non-recurring non-cash tax charge related to changes in entity tax status associated with the separation (\$85 million), partially offset by a non-cash tax charge in fiscal 2015 for Adient's change in assertion over permanently reinvested earnings associated with the YFAI global automotive interiors joint venture transaction (\$293 million). Excluding these items, net of tax, net income attributable to Adient increased \$219 million .

The increase in net income attributable to Adient for the year ended September 30, 2015 was primarily due to the gain related to the YFAI global automotive interiors joint venture, and lower selling, general and administrative expenses due to the benefits of cost reduction initiatives.

Comprehensive Income Attributable to Adient

(in millions)	Year Ended September 30,				
	2016	Change	2015	Change	2014
Comprehensive income (loss) attributable to Adient	\$ (1,562)	*	\$ (48)	*	\$ 49

* Measure not meaningful

The increase in comprehensive loss attributable to Adient for the year ended September 30, 2016 was primarily due to lower net income attributable to Adient (\$2,008 million), partially offset by favorable foreign currency translation adjustments (\$481 million). These year-over-year favorable foreign currency translation adjustments were primarily driven by the weakening of the Brazilian real, Czech Republic koruna and Japanese yen currencies against the U.S. dollar in the prior year.

The increase in comprehensive loss attributable to Adient for the year ended September 30, 2015 was primarily due to unfavorable foreign currency translation adjustments (\$259 million), partially offset by higher net income attributable to Adient (\$168 million). The unfavorable foreign currency translation adjustments were primarily driven by the weakening of the Brazilian real, British pound, Czech koruna, Euro, Japanese yen and Polish zloty against the U.S. dollar in the current year.

Segment Analysis

Management evaluates the performance of its business units based primarily on segment EBIT, which is defined as income before income taxes and noncontrolling interests excluding net financing charges, restructuring and impairment costs, and net mark-to-market adjustments on pension and postretirement plans.

(in millions)	Year Ended September 30,				
	2016	Change	2015	Change	2014
Net Sales					
Seating	\$ 16,616	-1 %	\$ 16,859	-6 %	\$ 17,871
Interiors	221	-93 %	3,212	-23 %	4,170
Total net sales	\$ 16,837	-16 %	\$ 20,071	-9 %	\$ 22,041

(in millions)	Year Ended September 30,				
	2016	Change	2015	Change	2014
Segment EBIT					
Seating	\$ 785	-16 %	\$ 935	4 %	\$ 898
Interiors	69	-69 %	224	*	(5)
Net financing charges	(22)	83 %	(12)	-20 %	(15)
Restructuring and impairment costs	(332)	82 %	(182)	15 %	(158)
Net mark-to-market adjustments on pension and postretirement plans	(110)	*	(6)	-88 %	(50)
Income before income taxes	\$ 390	-59 %	\$ 959	43 %	\$ 670

* Measure not meaningful

Seating

(in millions)	Year Ended September 30,				
	2016	Change	2015	Change	2014
Net sales	\$ 16,616	-1 %	\$ 16,859	-6 %	\$ 17,871
Segment EBIT	785	-16 %	935	4 %	898

Net sales decreased for the year ended September 30, 2016 due to the unfavorable impact of foreign currency translation (\$402 million), and net unfavorable pricing and commercial settlements (\$130 million), partially offset by higher volumes (\$270 million) and incremental sales

related to a prior year business acquisition (\$19 million). The higher volumes were attributable to growth in Asia and Europe, partially offset by softness in the Americas due to changes in automotive production levels and expiring programs in North America.

Segment EBIT decreased for the year ended September 30, 2016 due to current year separation costs (\$369 million), net unfavorable pricing and commercial settlements (\$33 million), the unfavorable impact of foreign currency translation (\$16 million), a prior year gain on a business divestiture (\$10 million) and a pension settlement loss (\$5 million), partially offset by lower operating costs as a result of restructuring actions and operational efficiencies (\$74 million), lower purchasing costs resulting from supplier price concessions (\$46 million), lower corporate allocations from the Parent (\$45 million), higher equity income (\$37 million), lower engineering expenses (\$32 million), higher volumes (\$27 million), a current year favorable legal settlement (\$20 million) and incremental operating income related to a business acquisition (\$2 million).

Net sales decreased for the year ended September 30, 2015 due to the unfavorable impact of foreign currency translation (\$1.4 billion), partially offset by higher volumes (\$277 million), incremental sales related to a business acquisition (\$57 million), and net favorable pricing and commercial settlements (\$34 million). The increase in volumes was attributable to increased automotive production levels in North America and Europe, partially offset by decreases in production levels in South America.

Segment EBIT increased for the year ended September 30, 2015 due to lower purchasing costs resulting from supplier price concessions (\$64 million), higher volumes as discussed above (\$29 million), net favorable pricing and commercial settlements due to recoveries in South America (\$48 million), lower engineering expenses due to higher cost recoveries and lower program support requirements (\$29 million), higher equity income resulting from higher automotive production levels in China (\$20 million), a gain on a business divestiture (\$10 million), lower selling, general and administrative expenses (\$9 million), and incremental operating income related to a business acquisition (\$7 million), partially offset by higher operating costs related to current year platform launches and other inefficiencies (\$132 million), and the unfavorable impact of foreign currency translation (\$47 million).

Interiors

(in millions)	Year Ended September 30,				
	2016	Change	2015	Change	2014
Net sales	\$ 221	-93 %	\$ 3,212	-23 %	\$ 4,170
Segment EBIT	69	-69 %	224	*	(5)

* Measure not meaningful

Net sales decreased for the year ended September 30, 2016 due to the completion of the YFAI global automotive interiors joint venture in the prior year (\$2,954 million), lower volumes primarily driven by plant wind downs (\$20 million), net unfavorable pricing and commercial settlements (\$8 million), and the unfavorable impact of foreign currency translation (\$9 million).

Segment EBIT decreased for the year ended September 30, 2016 due to a prior year net gain on business divestitures (\$127 million), the impact of the YFAI global automotive interiors joint venture transaction and related prior year held for sale depreciation impact (\$109 million), lower volumes (\$8 million), net unfavorable pricing and commercial settlements (\$7 million), and the unfavorable impact of foreign currency translation (\$1 million), partially offset by prior year transaction and integration costs (\$38 million), lower corporate allocations from the Parent (\$22 million), favorable settlements related to prior year business divestitures (\$22 million), lower operating costs (\$10 million) and higher equity income (\$5 million).

Net sales decreased for the year ended September 30, 2015 due to the impact of the YFAI global automotive interiors joint venture (\$924 million), lower volumes related to a prior year business divestiture (\$248 million) and the unfavorable impact of foreign currency translation (\$229 million), partially offset by higher volumes (\$371 million), net favorable pricing and commercial settlements (\$45 million), and incremental sales related to business acquisitions (\$27 million). The increase in volumes was primarily attributable to increased automotive production levels in North America, China and Europe, partially offset by sales containing lower vehicle content.

Segment EBIT increased for the year ended September 30, 2015 due to the net gain on the YFAI global automotive interiors joint venture transaction (\$127 million), a prior year net loss on business divestitures (\$86 million), higher volumes as discussed above (\$37 million), lower operating costs resulting from the held for sale depreciation impact of the contributed interiors business to the YFAI global automotive interiors joint venture (\$25 million), lower selling, general and administrative expenses (\$10 million), lower purchasing costs (\$6 million), lower engineering expenses (\$5 million), higher equity income (\$3 million) and incremental operating income related to business acquisitions (\$3 million), partially offset by current year transaction and integration costs (\$38 million), lower operating income related to a current year business divestiture (\$19 million), net unfavorable pricing and commercial settlements (\$12 million), and the unfavorable impact of foreign currency translation (\$4 million).

Liquidity and Capital Resources

Adient's primary liquidity needs are to fund general business requirements, including working capital, capital expenditures, restructuring and impairment costs and debt service requirements. Adient's principal sources of liquidity are cash flows from operating activities, the revolving credit facility and other debt issuances, and existing cash balances. Funding also came from Johnson Controls through October 31, 2016. Adient actively manages its working capital and associated cash requirements and continually seeks more effective uses of cash. Working capital is

highly influenced by the timing of cash flows associated with sales and purchases, and therefore can be difficult to manage at times. See below and refer to Note 9, "Debt and Financing Arrangements," of the notes to combined financial statements for discussion of financing arrangements.

Indebtedness

Credit Facilities: On July 27, 2016, Adient Global Holdings Ltd ("AGH"), a wholly owned subsidiary of Adient, entered into credit facilities providing for commitments with respect to a \$1.5 billion revolving credit facility and a \$1.5 billion Term Loan A facility. The credit facilities mature on July 27, 2021. Commencing March 31, 2017 until the Term Loan A maturity date, amortization of the funded Term Loan A shall be required in an amount per quarter equal to 0.625% of the original principal amount in the first year following the closing date of the credit facilities (July 27, 2016, "the Closing Date"), 1.25% in each quarter of the second and third years following the Closing Date, and 2.50% in each quarter thereafter prior to final maturity. Following the separation, the credit facility contains covenants that include, among other things and subject to certain significant exceptions, restrictions on Adient's ability to declare or pay dividends, make certain payments in respect of the notes, create liens, incur additional indebtedness, make investments, engage in transactions with affiliates, enter into agreements restricting Adient's subsidiaries' ability to pay dividends, dispose of assets and merge or consolidate with any other person. In addition, the credit facilities contain a financial maintenance covenant requiring Adient to maintain a total net leverage ratio equal to or less than 3.5x adjusted EBITDA, calculated on a quarterly basis. The Term Loan A Facility also requires mandatory prepayments in connection with certain non-ordinary course asset sales and insurance recovery and condemnation events, among other things, and subject in each case to certain significant exceptions.

The full amount of the Term Loan A facility and \$750 million of the revolving credit facility was available to AGH prior to the separation. Following the separation, the full amount of the revolving credit facility is available and the drawn portion will bear interest based on LIBOR plus a margin between 1.25%-2.25%, based on Adient's total net leverage ratio. Following the separation and the satisfaction of certain other conditions, AGH will pay a commitment fee on the unused portion of the commitments under the revolving credit facility based on the total net leverage ratio of Adient, ranging from 0.15% to 0.35%. No amounts were outstanding under the revolving credit facility at September 30, 2016.

Senior Unsecured Notes: On August 19, 2016, AGH issued \$0.9 billion aggregate principal amount of 4.875% USD-denominated unsecured notes due 2026 and €1.0 billion aggregate principal amount of 3.50% euro-denominated unsecured notes due 2024, in a private offering exempt from the registration requirements of the Securities Act of 1933, as amended. Subsequent to September 30, 2016, the proceeds of the notes were used, together with borrowings from the new credit facilities, to pay a distribution of approximately \$3.0 billion to JCI with the remaining proceeds to be used for working capital and general corporate purposes.

Sources of Cash Flows

(in millions)	September 30,		
	2016	2015	2014
Cash provided (used) by operating activities	\$ (1,034)	\$ 397	\$ 797
Cash used by investing activities	(425)	(489)	(586)
Cash provided (used) by financing activities	1,516	93	(225)
Capital expenditures	(437)	(478)	(624)

Cash flows from operating activities

Fiscal 2016 compared to Fiscal 2015: The increase in cash used by operating activities was driven by the significant net loss attributable to Adient which resulted primarily from significant non-recurring tax charges (\$1,891 million) in fiscal 2016. These charges will be settled by the Parent and have been reflected in the Net Transfers from Parent line in the financing section of the combined statement of cash flows. Excluding the non-recurring tax charges, cash provided by operating activities would be \$857 million, or \$460 million higher than cash provided by operating activities of \$397 million for the same period in fiscal 2015. The \$460 million increase in cash provided by operating activities is due to improved operating performance (after adjustment for non-cash and parent-settled tax items) and favorable changes in working capital accounts, primarily accounts receivable.

Fiscal 2015 compared to Fiscal 2014: The decrease in cash provided by operating activities was primarily due to unfavorable changes in accounts receivable, and other assets, partially offset by lower pension contributions, and favorable changes in other working capital accounts.

Cash flows investing activities

Fiscal 2016 compared to Fiscal 2015: The decrease in cash used by investing activities was primarily due to lower capital expenditures, cash received from a prior period divestiture, and prior year acquisitions and investments.

Fiscal 2015 compared to Fiscal 2014: The decrease in cash used by investing activities was primarily due to lower capital expenditures.

Cash flows from financing activities

Fiscal 2016 compared to Fiscal 2015: The increase in cash from financing activities is the result of the significant non-recurring tax charges in fiscal 2016 of \$1,891 million which have been reflected as a net transfer from the Parent due to the Parent's responsibility to settle such tax liabilities. Also reflected as a financing activity in fiscal 2016 is the issuance of Adient's \$1.5 billion Term Loan A, which was subsequently transferred to the Parent and thus resulted in no net financing cash flows in fiscal 2016.

Fiscal 2015 compared to Fiscal 2014: The increase in cash from financing activities was primarily due to net transfers from Johnson Controls related to incremental tax liabilities incurred by JCI resulting from the completion of the YFAI global automotive interiors joint venture in fiscal 2015 and lower levels of cash provided by operating activities.

Capital expenditures

Fiscal 2016 compared to Fiscal 2015: The decrease in capital expenditures in the current year is primarily related to a reduction in program spending for new customer launches and the impact of the completion of the YFAI global automotive interiors joint venture on July 2, 2015.

Fiscal 2015 compared to Fiscal 2014: The decrease in capital expenditures in the current year is primarily related to a reduction in program spending for new customer launches and the impact from the completion of the YFAI global automotive interiors joint venture on July 2, 2015.

Working capital

(in millions)	September 30,	
	2016	2015
Current assets	\$ 5,691	\$ 3,806
Current liabilities	4,260	4,011
Working capital	\$ 1,431	\$ (205)

The increase in working capital is primarily related to the restricted cash balance at September 30, 2016 which resulted from the bond offering proceeds partially offset by decreases in accounts receivable and inventory and increases in restructuring reserves and accrued taxes. See Note 1, "Basis of Presentation and Summary of Significant Accounting Policies" for more information on restricted cash and Note 9, "Debt and Financing Arrangements" for more information on the bond offering. Excluding the restricted cash balance, working capital would be \$(603) million at September 30, 2016 or \$398 million lower than the prior period due primarily to the favorable changes in working capital accounts previously discussed.

Restructuring and Impairment Costs

To better align its resources with its growth strategies and reduce the cost structure of its global operations to address the softness in certain underlying markets, Adient committed to a significant restructuring plan in fiscal 2016 and recorded \$332 million of restructuring and impairment costs in the combined statements of income. The restructuring action related to cost reduction initiatives in the Seating and Interiors segments. The costs consist primarily of workforce reductions, plant closures and asset impairments. Adient currently estimates that upon completion of the restructuring action, the fiscal 2016 restructuring plan will reduce annual operating costs by approximately \$150 million, which is primarily the result of lower cost of sales and selling, general and administrative expenses due to reduced employee-related costs and depreciation expense. For fiscal 2016, there were no significant savings, net of execution costs, related to this plan. Adient expects that savings, net of execution costs, will partially be achieved in fiscal years 2017-2018 and the full annual benefit of these actions is expected in fiscal 2019. The restructuring action is expected to be substantially complete in fiscal 2018. The restructuring plan reserve balance of \$213 million at September 30, 2016 is expected to be paid in cash.

To better align its resources with its growth strategies and reduce the cost structure of its global operations to address the softness in certain underlying markets, Adient committed to a significant restructuring plan in fiscal 2015 and recorded \$182 million of restructuring and impairment costs in the combined statements of income. The costs consist primarily of workforce reductions, plant closures and asset impairments. Adient currently estimates that upon completion of the restructuring action, the fiscal 2015 restructuring plan will reduce annual operating costs by approximately \$130 million, which is primarily the result of lower cost of sales and selling, general and administrative expenses due to reduced employee-related costs and depreciation expense. For fiscal 2016, the savings, net of execution costs, approximated 19% of the expected annual operating cost reduction. Adient expects that the full annual benefit of these actions will be achieved in fiscal 2017. The restructuring action is expected to be substantially complete in fiscal 2017. The restructuring plan reserve balance of \$112 million at September 30, 2016 is expected to be paid in cash.

To better align its resources with its growth strategies and reduce the cost structure of its global operations to address the softness in certain underlying markets, Adient committed to significant restructuring plans in fiscal 2014 and 2013 and recorded \$158 million and \$280 million, respectively, of restructuring and impairment costs in the combined statements of income. The restructuring actions included workforce reductions, plant closures and asset impairments. Adient currently estimates that upon completion of the restructuring actions, the fiscal 2014 and 2013 restructuring plans will reduce annual operating costs by approximately \$85 million and \$210 million, respectively, which is primarily the result of lower cost of sales due to reduced employee-related costs and lower depreciation expense. The expected full annual benefit of these actions, net of execution costs, was substantially achieved in fiscal 2016. The restructuring actions were substantially complete in fiscal 2016. The respective year's restructuring plan reserve balances of \$11 million and \$13 million, respectively, at September 30, 2016 are expected to be paid in cash.

Off-Balance Sheet Arrangements and Contractual Obligations

Adient enters into supply chain financing programs in certain foreign jurisdictions to sell accounts receivable without recourse to third-party financial institutions. Sales of accounts receivable are reflected as a reduction of accounts receivable on the combined statements of financial position and the proceeds are included in cash flows from operating activities in the combined statements of cash flows. Adient's overall liquidity is not materially impacted by these programs.

A summary of Adient's significant contractual obligations as of September 30, 2016 :

(in millions)	Total	2017	2018-2019	2020-2021	Beyond 2021
Long-term debt (including capital lease obligations)	\$ 3,523	\$ 38	\$ 1	\$ 1,463	\$ 2,021
Interest on long-term debt (including capital lease obligations)	921	112	242	230	337
Operating leases	329	84	115	76	54
Purchase obligations	406	406	—	—	—
Pension and postretirement contributions	125	22	18	18	67
Total contractual cash obligations	\$ 5,304	\$ 662	\$ 376	\$ 1,787	\$ 2,479

Quarterly Financial Information (unaudited)

The following tables present Adient's unaudited quarterly results of operations and comprehensive income for each of the eight fiscal quarters in the periods ended September 30. The following tables should be read in conjunction with Adient's audited combined financial statements and related notes appearing elsewhere in this Form 10-K. Adient has prepared the information below on a basis consistent with its audited combined financial statements and has included all adjustments, consisting of normal recurring adjustments, which, in the opinion of Adient's management, are necessary to fairly state its operating results for the quarters presented. Adient's historical unaudited quarterly results of operations are not necessarily indicative of results for any future quarter or for a full year.

Statement of Operations (dollars in millions)	Fiscal 2016				Fiscal 2015			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Net sales	\$ 4,233	\$ 4,298	\$ 4,362	\$ 3,944	\$ 5,273	\$ 5,234	\$ 5,402	\$ 4,162
Cost of sales	3,865	3,868	3,916	3,579	4,829	4,762	4,848	3,780
Net income (loss)	154	(756)	7	(854)	201	219	224	(103)
Income attributable to noncontrolling interests	17	23	21	23	19	18	16	13
Net income (loss) attributable to Adient	137	(779)	(14)	(877)	182	201	208	(116)
Earnings per share ^{(1) (2)}								
Basic	\$ 1.46	\$ (8.32)	\$ (0.15)	\$ (9.36)	\$ 1.94	\$ 2.15	\$ 2.22	\$ (1.24)
Diluted	\$ 1.46	\$ (8.32)	\$ (0.15)	\$ (9.36)	\$ 1.94	\$ 2.14	\$ 2.22	\$ (1.24)

⁽¹⁾ Basic and diluted earnings per share are computed independently for each of the quarters presented. Therefore, the sum of quarterly basic and diluted per share information may not equal annual basic and diluted earnings per share.

⁽²⁾ Adient earnings per share for 2016 and 2015 were calculated using the number of shares that were distributed to Johnson Controls shareholders upon the separation (93,671,810 shares).

Effects of Inflation and Changing Prices

The effects of inflation have not been significant to Adient's results of operations in recent years. Generally, Adient has been able to implement operating efficiencies to sufficiently offset cost increases, which have been moderate.

Critical Accounting Estimates and Policies

Adient prepares its combined financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP). This requires management to make estimates and assumptions that affect reported amounts and related disclosures. Actual results could differ from those estimates. The following policies are considered by management to be the most critical in understanding the judgments that are involved in the preparation of Adient's combined financial statements and the uncertainties that could impact Adient's results of operations, financial position and cash flows.

Revenue Recognition

Adient records revenue when persuasive evidence of an arrangement exists, delivery occurs or services are rendered, the sales price or fee is fixed or determinable and collectability is reasonably assured. Adient delivers products and records revenue pursuant to commercial agreements with its customers generally in the form of an approved purchase order, including the effects of contractual customer price productivity. Adient does negotiate discrete price changes with its customers, which are generally the result of unique commercial issues between Adient and its

customers. Adient records amounts associated with discrete price changes as a reduction to revenue when specific facts and circumstances indicate that a price reduction is probable and the amounts are reasonably estimable. Adient records amounts associated with discrete price changes as an increase to revenue upon execution of a legally enforceable contractual agreement and when collectability is reasonable assured.

Essentially all of Adient's sales are to the automotive industry. In fiscal year 2016, Fiat Chrysler Automobiles N.V. and Ford Motor Company had combined net sales of 12% and 11%, respectively. In fiscal year 2015, Fiat Chrysler Automobiles N.V. and Ford Motor Company had combined net sales of 13% and 11%, respectively. In fiscal year 2014, Fiat Chrysler Automobiles N.V. and Ford Motor Company had combined net sales of 14% each.

Goodwill and Other Long-lived Assets

Goodwill reflects the cost of an acquisition in excess of the fair values assigned to identifiable net assets acquired. Adient reviews goodwill for impairment during the fourth fiscal quarter or more frequently if events or changes in circumstances indicate the asset might be impaired. Adient performs impairment reviews for its reporting units, which have been determined to be Adient's reportable segments using a fair value method based on management's judgments and assumptions or third party valuations. The fair value of a reporting unit refers to the price that would be received to sell the unit as a whole in an orderly transaction between market participants at the measurement date. In estimating the fair value, Adient uses multiples of earnings based on the average of historical, published multiples of earnings of comparable entities with similar operations and economic characteristics. In certain instances, Adient uses discounted cash flow analyses or estimated sales price to further support the fair value estimates. The inputs utilized in the analyses are classified as Level 3 inputs within the fair value hierarchy as defined in ASC 820, "Fair Value Measurement." The estimated fair value is then compared with the carrying amount of the reporting unit, including recorded goodwill. Adient is subject to financial statement risk to the extent that the carrying amount exceeds the estimated fair value.

Adient reviews long-lived assets, including property, plant and equipment and other intangible assets with definite lives, for impairment whenever events or changes in circumstances indicate that the asset's carrying amount may not be recoverable. Adient conducts its long-lived asset impairment analyses in accordance with ASC 360-10-15, "Impairment or Disposal of Long-Lived Assets." ASC 360-10-15 requires Adient to group assets and liabilities at the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets and liabilities and evaluate the asset group against the sum of the undiscounted future cash flows. If the undiscounted cash flows do not indicate the carrying amount of the asset is recoverable, an impairment charge is measured as the amount by which the carrying amount of the asset group exceeds its fair value based on discounted cash flow analysis or appraisals.

In fiscal 2016, Adient concluded it had triggering events requiring assessment of impairment for certain of its long-lived assets. As a result, Adient reviewed the long-lived assets for impairment and recorded a \$87 million impairment charge within restructuring and impairment costs on the combined statements of income. Of the total impairment charge, \$86 million related to the Seating segment and \$1 million related to the Interiors segment. Refer to Note 15, "Significant Restructuring and Impairment Costs," of the notes to combined financial statements for additional information. The impairment was measured, depending on the asset, either under an income approach utilizing forecasted discounted cash flows or a market approach utilizing an appraisal to determine fair values of the impaired assets. These methods are consistent with the methods Adient employed in prior periods to value other long-lived assets. The inputs utilized in the analyses are classified as Level 3 inputs within the fair value hierarchy as defined in ASC 820, "Fair Value Measurement" and primarily consist of expected future cash flows, estimated production volumes, discount rates, estimated salvage values and third-party appraisals.

In fiscal 2015, Adient concluded it had triggering events requiring assessment of impairment for certain of its long-lived assets in conjunction with its announced restructuring actions. As a result, Adient reviewed the long-lived assets for impairment and recorded a \$27 million impairment charge within restructuring and impairment costs on the combined statements of income. The total impairment charge related to the Seating segment. Refer to Note 15, "Significant Restructuring and Impairment Costs," of the notes to combined financial statements for additional information. The impairment was measured, depending on the asset, either under an income approach utilizing forecasted discounted cash flows or a market approach utilizing an appraisal to determine fair values of the impaired assets. These methods are consistent with the methods Adient employed in prior periods to value other long-lived assets. The inputs utilized in the analyses are classified as Level 3 inputs within the fair value hierarchy as defined in ASC 820, "Fair Value Measurement" and primarily consist of expected future cash flows, estimated production volumes, discount rates, estimated salvage values and third-party appraisals.

In fiscal 2014, Adient concluded it had triggering events requiring assessment of impairment for certain of its long-lived assets in conjunction with its restructuring actions announced in fiscal 2014. As a result, Adient reviewed the long-lived assets for impairment and recorded a \$52 million impairment charge within restructuring and impairment costs on the combined statements of income. Of the total impairment charge, \$45 million related to the Interiors segment and \$7 million related to the Seating segment. Refer to Note 15, "Significant Restructuring and Impairment Costs," of the notes to combined financial statements for additional information. The impairment was measured, depending on the asset, either under an income approach utilizing forecasted discounted cash flows or a market approach utilizing an appraisal to determine fair values of the impaired assets. These methods are consistent with the methods Adient employed in prior periods to value other long-lived assets. The inputs utilized in the analyses are classified as Level 3 inputs within the fair value hierarchy as defined in ASC 820, "Fair Value Measurement" and primarily consist of expected future cash flows, estimated production volumes, discount rates, estimated salvage values and third-party appraisals.

Intangible assets with definite lives continue to be amortized over their estimated useful lives and are subject to impairment testing if events or changes in circumstances indicate that the asset might be impaired. A considerable amount of management judgment and assumptions are required in performing the impairment tests.

Stock-based Compensation

Adient's employees have historically participated in Johnson Controls' stock-based compensation plans. Stock-based compensation expense has been allocated to Adient based on the awards and terms previously granted to Adient's employees. The stock-based compensation was initially measured at the fair value of the awards on the grant date and is recognized in the financial statements over the period the employees are required to provide services in exchange for the awards. The fair value of option awards is measured on the grant date using the Black-Scholes option-pricing model. The fair value of each stock appreciation right, or SAR, is estimated using a similar method described for stock options. The fair value of each SAR is recalculated at the end of each reporting period and the liability and expense are adjusted based on the new fair value. The fair value of performance-based share unit, or PSU, awards is based on the Johnson Controls stock price at the grant date and the assessed probability of meeting future performance targets. The fair value of restricted stock awards is based on the number of units granted and the Johnson Controls stock price on the grant date. Stock-based compensation cost for Adient employees who participate in the Johnson Controls plans, excluding the offsetting impact of outstanding Johnson Controls equity swaps, was \$28 million, \$16 million and \$19 million for the fiscal years ended September 30, 2016, 2015 and 2014, respectively.

In conjunction with the separation, the Company adopted the Adient plc 2016 Omnibus Incentive Plan and the Adient plc 2016 Director Share Plan, which provides for the assumption of certain awards granted under the Adient incentive stock program and authorizes the grant of several different forms of benefits including nonqualified stock options, stock appreciation rights, performance shares, performance units and restricted stock units (RSUs). The Adient plc 2016 Omnibus Incentive Plan and Adient plc 2016 Director Share Plan initially reserved 6 million and 0.2 million ordinary shares for issuance with respect to awards for participants, respectively.

Employee Benefit Plans

Johnson Controls provides defined benefit pension, postretirement health care and defined contribution benefits to its eligible employees and retirees, including eligible employees and retirees of Adient. These liabilities are not reflected in Adient's combined statements of financial position. Effective October 31, 2016, in connection with the separation of Adient from JCI, Adient recorded the net benefit plan obligations transferred from JCI.

Adient's combined statements of income include expense allocations for these benefits which were determined using a proportional allocation based on headcount and payroll expense for Adient's employees. Adient considers the expense allocation methodology and results to be reasonable for all periods presented. Total Johnson Controls benefit plan net expenses allocated to Adient amounted to \$21 million, \$32 million and \$45 million for the fiscal years ended September 30, 2016, 2015 and 2014, respectively. These costs are reflected in Adient's cost of sales and selling, general and administrative expenses. These costs were funded through intercompany transactions with Johnson Controls which are now reflected within the net parent investment equity balance.

Adient provides a range of benefits to its employees and retired employees, including pensions and postretirement benefits. These benefits are Adient's direct obligation and have been recorded within Adient's historical combined financial statements. Plan assets and obligations are measured annually, or more frequently if there is a remeasurement event, based on Adient's measurement date utilizing various actuarial assumptions such as discount rates, assumed rates of return, compensation increases, turnover rates and health care cost trend rates as of that date. Adient reviews its actuarial assumptions on an annual basis and makes modifications to the assumptions based on current rates and trends when appropriate.

Adient utilizes a mark-to-market approach for recognizing pension and postretirement benefit expenses, including measuring the market related value of plan assets at fair value and recognizing actuarial gains and losses in the fourth quarter of each fiscal year or at the date of a remeasurement event. Refer to Note 14, "Retirement Plans," of the notes to combined financial statements for disclosure of Adient's pension and postretirement benefit plans.

U.S. GAAP requires that companies recognize in the statement of financial position a liability for defined benefit pension and postretirement plans that are underfunded or unfunded, or an asset for defined benefit pension and postretirement plans that are overfunded. U.S. GAAP also requires that companies measure the benefit obligations and fair value of plan assets that determine a benefit plan's funded status as of the date of the employer's fiscal year end.

Adient considers the expected benefit payments on a plan-by-plan basis when setting assumed discount rates. As a result, Adient uses different discount rates for each plan depending on the plan jurisdiction, the demographics of participants and the expected timing of benefit payments. For the U.S. pension and postretirement plans, Adient uses a discount rate provided by an independent third party calculated based on an appropriate mix of high quality bonds. For the non-U.S. pension and postretirement plans, Adient consistently uses the relevant country specific benchmark indices for determining the various discount rates. Adient's discount rate on U.S. pension plans was 3.70% and 4.40% at September 30, 2016 and 2015, respectively. Adient's discount rate on U.S. postretirement plans was 3.25% and 3.80% at September 30, 2016 and 2015, respectively. Adient's weighted average discount rate on non-U.S. plans was 2.10% and 3.40% at September 30, 2016 and 2015, respectively.

At September 30, 2015, Adient changed the method used to estimate the service and interest components of net periodic benefit cost for pension and other postretirement benefits for plans that utilize a yield curve approach. This change compared to the previous method will result in different service and interest components of net periodic benefit cost (credit) in future periods. Historically, Adient estimated these service and interest cost components utilizing a single weighted-average discount rate derived from the yield curve used to measure the benefit obligation at the beginning of the period. Adient elected to utilize a full yield curve approach in the estimation of these components by applying the specific spot rates along the yield curve used in the determination of the benefit obligation to the relevant projected cash flows. Adient made this change to provide a more precise measurement of service and interest costs by improving the correlation between projected benefit cash flows to the

corresponding spot yield curve rates. This change does not affect the measurement of the total benefit obligations or annual net periodic benefit cost (credit) as the change in the service and interest costs is completely offset in the net actuarial (gain) loss reported. The change in the service and interest costs going forward is not expected to be significant. Adient has accounted for this change as a change in accounting estimate.

In estimating the expected return on plan assets, Adient considers the historical returns on plan assets, adjusted for forward-looking considerations, inflation assumptions and the impact of the active management of the plans' invested assets. Reflecting the relatively long-term nature of the plans' obligations, approximately 57% of the plans' assets are invested in fixed income securities and 21% in equity securities, with the remainder primarily invested in alternative investments. For the years ending September 30, 2016 and 2015, Adient's expected long-term return on U.S. pension plan assets used to determine net periodic benefit cost was 7.50%. The actual rate of return on U.S. pension plans was above 7.50% in fiscal 2016 and below 7.50% in fiscal 2015. For the years ending September 30, 2016 and 2015, Adient's weighted average expected long-term return on non-U.S. pension plan assets was 4.45% and 5.40%, respectively. The actual rate of return on non-U.S. pension plans was above 4.45% in fiscal 2016 and was below 5.40% in fiscal 2015. For the years ending September 30, 2016 and 2015, Adient's weighted average expected long-term return on postretirement plan assets was 3.80% and 4.00%, respectively. The actual rate of return on postretirement plan assets was above 3.80% in fiscal 2016 and was below 4.00% in fiscal 2015.

Beginning in fiscal 2017, Adient believes the long-term rate of return will approximate 5.50%, 3.80% and 3.35% for U.S. pension, non-U.S. pension and postretirement plans, respectively. Any differences between actual investment results and the expected long-term asset returns will be reflected in net periodic benefit costs in the fourth quarter of each fiscal year. If Adient's actual returns on plan assets are less than Adient's expectations, additional contributions may be required.

In fiscal 2016, total Adient contributions to the defined benefit pension plans were \$35 million, of which \$12 million were voluntary contributions made by Adient. Adient expects to contribute approximately \$22 million in cash to its defined benefit pension plans in fiscal 2017. In fiscal 2016, total Adient contributions to the postretirement plans were not significant. Adient does not expect to make any significant contributions to its postretirement plans in fiscal 2017.

Based on information provided by its independent actuaries and other relevant sources, Adient believes that the assumptions used are reasonable; however, changes in these assumptions could impact Adient's financial position, results of operations or cash flows.

Income Taxes

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and other loss carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Adient records a valuation allowance that primarily represents non-U.S. operating and other loss carryforwards for which realization is uncertain. Management judgment is required in determining Adient's provision for income taxes, deferred tax assets and liabilities, and the valuation allowance recorded against Adient's net deferred tax assets.

Adient reviews the realizability of its deferred tax asset valuation allowances on a quarterly basis, or whenever events or changes in circumstances indicate that a review is required. In determining the requirement for a valuation allowance, the historical and projected financial results of the legal entity or consolidated group recording the net deferred tax asset are considered, along with any other positive or negative evidence. Since future financial results may differ from previous estimates, periodic adjustments to Adient's valuation allowances may be necessary.

Adient is subject to income taxes in the U.S. and numerous non-U.S. jurisdictions. Judgment is required in determining its worldwide provision for income taxes and recording the related assets and liabilities. In the ordinary course of Adient's business, there are many transactions and calculations where the ultimate tax determination is uncertain. Adient is regularly under audit by tax authorities. At September 30, 2016, Adient had unrecognized tax benefits of \$596 million.

The unrecognized tax benefits reflected in Adient's combined financial statements have been determined using a separate-return by legal entity basis. As a result of the final separation from Johnson Controls, Adient's unrecognized tax benefits could be different from those reflected in the combined financial statements.

Adient's federal income tax returns and certain non-U.S. income tax returns for various fiscal years remain under various stages of audit by the Internal Revenue Service and respective non-U.S. tax authorities. Although the outcome of tax audits is always uncertain, management believes that it has appropriate support for the positions taken on its tax returns and that its annual tax provisions included amounts sufficient to pay assessments, if any, which may be proposed by the taxing authorities. At September 30, 2016, Adient had recorded a liability for its best estimate of the probable loss on certain of its tax positions, the majority of which is included in other noncurrent liabilities in the combined statements of financial position. Nonetheless, the amounts ultimately paid, if any, upon resolution of the issues raised by the taxing authorities may differ materially from the amounts accrued for each year.

Adient does not generally provide additional U.S. income taxes on undistributed earnings of non-U.S. consolidated subsidiaries included in invested equity attributable to Adient. Such earnings could become taxable upon the sale or liquidation of these non-U.S. subsidiaries or upon dividend repatriation. Adient's intent is for such earnings to be reinvested by the subsidiaries or to be repatriated only when it would be tax effective through the utilization of foreign tax credits.

Refer to Note 17, "Income Taxes," of the notes to combined audited financial statements for Adient's income tax disclosures.

New Accounting Pronouncements

Recently Adopted Accounting Pronouncements

In November 2015, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2015-17, "Income Taxes (Topic 740): Balance Sheet Classification of Deferred Taxes." ASU No. 2015-17 requires that deferred tax liabilities and assets be classified as noncurrent in the combined statements of financial position. ASU No. 2015-17 was early adopted by the Company for the quarter ended December 31, 2015 and was applied retrospectively to all periods presented.

In April 2014, the FASB issued ASU No. 2014-08, "Presentation of Financial Statements (Topic 205) and Property, Plant and Equipment (Topic 360): Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity." ASU No. 2014-08 limits discontinued operations reporting to situations where the disposal represents a strategic shift that has (or will have) a major effect on an entity's operations and financial results, and requires expanded disclosures for discontinued operations. ASU No. 2014-08 was effective for the Company for the quarter ended December 31, 2015. The adoption of this guidance did not have an impact on the Company's combined financial statements as there were no dispositions or disposals during the year ended September 30, 2016.

Recently Issued Accounting Pronouncements

In October 2016, the FASB issued ASU No. 2016-17, "Consolidation (Topic 810): Interests Held through Related Parties That Are under Common Control." ASU No. 2016-17 changes the evaluation of whether a reporting entity is the primary beneficiary of a Variable Interest Entity (VIE) by changing how a reporting entity that is a single decision maker of a VIE treats indirect interests in the entity held through related parties that are under common control with the reporting entity. ASU No. 2016-17 will be effective for the Company for the quarter ended December 31, 2017, with early adoption permitted. The Company is currently assessing the impact adoption of this guidance will have on its combined financial statements.

In October 2016, the FASB issued ASU No. 2016-16, "Income Taxes (Topic 740): Intra-Entity Transfers of Assets Other Than Inventory." ASU No. 2016-16 removes the prohibition in ASC 740 against the immediate recognition of the current and deferred income tax effects of intra-entity transfers of assets other than inventory. ASU No. 2016-16 will be effective for the Company for the quarter ended December 31, 2018, with early adoption permitted. The Company is currently assessing the impact adoption of this guidance will have on its combined financial statements.

In August 2016, the FASB issued ASU No. 2016-15, "Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments." ASU No. 2016-15 clarifies how certain cash receipts and cash payments are presented and classified in the statement of cash flows. ASU No. 2016-15 will be effective for the Company for the quarter ended December 31, 2018, with early adoption permitted. The Company is currently assessing the impact adoption of this guidance will have on its combined financial statements.

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

In March 2016, the FASB issued ASU No. 2016-09, "Compensation-Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting." ASU No. 2016-09 changes the accounting for certain aspects of share-based payments to employees, including the income tax consequences, classification of awards as either equity or liabilities, and classification on the statement of cash flows. In addition, the guidance allows for a policy election to account for forfeitures as they occur rather than on an estimated basis. ASU No. 2016-09 will be effective for the Company for the quarter ending December 31, 2017, with early adoption permitted. The Company is currently assessing the impact adoption of this guidance will have on its combined financial statements.

In March 2016, the FASB issued ASU No. 2016-07, "Investments-Equity Method and Joint Ventures (Topic 323): Simplifying the Transition to the Equity Method of Accounting." ASU No. 2016-07 eliminates the requirement that when an investment qualifies for use of the equity method as a result of an increase in the level of ownership interest or degree of influence, an investor must adjust the investment, results of operations, and retained earnings retrospectively. ASU No. 2016-07 will be effective prospectively for the Company for increases in the level of ownership interest or degree of influence that result in the adoption of the equity method that occur during or after the quarter ending December 31, 2017, with early adoption permitted. The impact of this guidance for the Company is dependent on any future increases in the level of ownership interest or degree of influence that result in the adoption of the equity method.

In February 2016, the FASB issued ASU No. 2016-02, "Leases (Topic 842)." ASU No. 2016-02 requires recognition of operating leases as lease assets and lease liabilities on the balance sheet and disclosure of key information about leasing arrangements. ASU No. 2016-02 will be effective retrospectively for the Company for the quarter ending December 31, 2019, with early adoption permitted. The Company is currently assessing the impact adoption of this guidance will have on its combined financial statements.

In January 2016, the FASB issued ASU No. 2016-01, "Financial Instruments-Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Liabilities." ASU No. 2016-01 amends certain aspects of recognition, measurement, presentation and disclosure of financial

instruments. ASU No. 2016-01 will be effective prospectively for the Company for the quarter ending December 31, 2018, with early adoption permitted. The Company is currently assessing the impact adoption of this guidance will have on its combined financial statements.

In July 2015, the FASB issued ASU No. 2015-11, "Simplifying the Measurement of Inventory." ASU No. 2015-11 requires inventory that is recorded using the first-in, first-out method to be measured at the lower of cost or net realizable value. ASU No. 2015-11 will be effective retrospectively for the Company for the quarter ending December 31, 2017, with early adoption permitted. The adoption of this guidance is not expected to have a significant impact on the Company's combined financial statements.

In May 2015, the FASB issued ASU No. 2015-07, "Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent)." ASU No. 2015-07 removes the requirement to categorize within the fair value hierarchy all investments for which fair value is measured using the net asset value per share practical expedient. Such investments should be disclosed separate from the fair value hierarchy. ASU No. 2015-07 will be effective retrospectively for the Company for the quarter ending December 31, 2016, with early adoption permitted. The adoption of this guidance is not expected to have an impact on the Company's combined financial statements but will impact pension asset disclosures.

In April 2015, the FASB issued ASU No. 2015-03, "Interest-Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs." ASU No. 2015-03 requires that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of the debt liability. ASU No. 2015-03 will be effective retrospectively for the Company for the quarter ending December 31, 2016, with early adoption permitted. The adoption of this guidance is not expected to have a significant impact on the Company's combined financial statements.

In February 2015, the FASB issued ASU No. 2015-02, "Consolidation (Topic 810): Amendments to the Consolidation Analysis." ASU No. 2015-02 amends the analysis performed to determine whether a reporting entity should consolidate certain types of legal entities. ASU No. 2015-02 will be effective retrospectively for the Company for the quarter ending December 31, 2016, with early adoption permitted. The Company is currently assessing the impact adoption of this guidance will have on its combined financial statements.

In May 2014, the FASB issued ASU No. 2014-09, "Revenue from Contracts with Customers (Topic 606)." ASU No. 2014-09 clarifies the principles for recognizing revenue when an entity either enters into a contract with customers to transfer goods or services or enters into a contract for the transfer of non-financial assets. The original standard was effective retrospectively for the Company for the quarter ending December 31, 2017; however in August 2015, the FASB issued ASU No. 2015-14, "Revenue from Contracts with Customers (Topic 606): Deferral of the Effective Date," which defers the effective date of ASU No. 2014-09 by one-year for all entities. The new standard will become effective retrospectively for the Company for the quarter ending December 31, 2018, with early adoption permitted, but not before the original effective date. Additionally, in March 2016 the FASB issued ASU No. 2016-08, "Revenue from Contracts with Customers (Topic 606): Principal versus Agent Considerations (Reporting Revenue Gross versus Net)," in April 2016 the FASB issued ASU No. 2016-10, "Revenue from Contracts with Customers (Topic 606): Identifying Performance Obligations and Licensing," and in May 2016 the FASB issued ASU No. 2016-12, "Revenue from Contracts with Customers (Topic 606): Narrow-Scope Improvements and Practical Expedients," which provide additional clarification on certain topics addressed in ASU No. 2014-09. ASU No. 2016-08, ASU No. 2016-10 and ASU No. 2016-12 follow the same implementation guidelines as ASU No. 2014-09 and ASU No. 2015-14. The Company is currently assessing the impact adoption of this guidance will have on its combined financial statements.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

Interest Rate and Foreign Currency Risk Management

Adient regularly reviews its foreign exchange forward and option positions and interest rate swaps, both on a stand-alone basis and in conjunction with its underlying foreign currency and interest rate related exposures. Given the effective horizons of Adient's risk management activities and the anticipatory nature of the exposures, there can be no assurance these positions will offset more than a portion of the financial impact resulting from movements in either foreign exchange or interest rates. Further, the recognition of the gains and losses related to these instruments may not coincide with the timing of gains and losses related to the underlying economic exposures and, therefore, may adversely affect Adient's financial condition and operating results.

Johnson Controls selectively used derivative instruments to reduce market risk associated with changes in foreign currency within Adient. All hedging transactions were authorized and executed pursuant to clearly defined policies and procedures, which strictly prohibit the use of financial instruments for speculative purposes. At the inception of the hedge, Johnson Controls assessed the effectiveness of the hedge instrument and designates the hedge instrument as either (1) a hedge of a recognized asset or liability or of a recognized firm commitment (a fair value hedge), (2) a hedge of a forecasted transaction or of the variability of cash flows to be received or paid related to an unrecognized asset or liability (a cash flow hedge) or (3) a hedge of a net investment in a non-U.S. operation (a net investment hedge). Johnson Controls performed hedge effectiveness testing on an ongoing basis depending on the type of hedging instrument used. All other derivatives not designated as hedging instruments under ASC 815, "Derivatives and Hedging," are revalued in the combined statements of income.

For all foreign currency derivative instruments designated as cash flow hedges, retrospective effectiveness is tested on a monthly basis using a cumulative dollar offset test. The fair value of the hedged exposures and the fair value of the hedge instruments are revalued, and the ratio of the cumulative sum of the periodic changes in the value of the hedge instruments to the cumulative sum of the periodic changes in the value of the hedge is calculated. The hedge is deemed as highly effective if the ratio is between 80% and 125%.

For net investment hedges, Johnson Controls assessed its net investment positions in the non-U.S. operations and compared it with the outstanding net investment hedges on a quarterly basis. The hedge was deemed effective if the aggregate outstanding principal of the hedge instruments designated as the net investment hedge in a non-U.S. operation did not exceed its net investment positions in the respective non-U.S. operation.

Further details are provided in Part II, Item 8 of this Annual Report on Form 10-K in the notes to combined financial statements for a discussion of Adient's accounting policies for derivative financial instruments is included in Note 1, "Basis of Presentation and Summary of Significant Accounting Policies," of the notes to combined financial statements, and further disclosure relating to derivatives and hedging activities is included in Note 10, "Derivative Instruments and Hedging Activities," and Note 11, "Fair Value Measurements."

Interest Rate Risk

Adient's exposure to changes in interest rates relates primarily to Adient's investment portfolio and outstanding debt. While Adient is exposed to global interest rate fluctuations, Adient's interest income and expense are most sensitive to fluctuations in U.S. interest rates. Changes in U.S. interest rates affect the interest earned on Adient's cash, cash equivalents and marketable securities and the fair value of those securities, as well as costs associated with hedging and interest paid on Adient's debt.

Adient's investment policy and strategy are focused on preservation of capital and supporting Adient's liquidity requirements. Adient uses a combination of internal and external management to execute its investment strategy and achieve its investment objectives. Adient typically invests in highly-rated securities, and its investment policy generally limits the amount of credit exposure to any one issuer. The policy requires investments generally to be investment grade, with the primary objective of minimizing the potential risk of principal loss.

Further details regarding Adient's debt and financing arrangements is provided in Note 9, "Debt and Financing Arrangements," of the notes to combined financial statements.

Foreign Currency Risk

Adient has manufacturing, sales and distribution facilities around the world and thus makes investments and enters into transactions denominated in various foreign currencies. In order to maintain strict control and achieve the benefits of Adient's global diversification, foreign exchange exposures for each currency are netted internally so that only its net foreign exchange exposures are, as appropriate, hedged with financial instruments.

On an annual basis, Johnson Controls hedges 70% to 90% of the nominal amount of each of its known foreign exchange transactional exposures. Johnson Controls primarily entered into foreign currency exchange contracts to reduce the earnings and cash flow impact of the variation of non-functional currency denominated receivables and payables. Gains and losses resulting from hedging instruments offset the foreign exchange gains or losses on the underlying assets and liabilities being hedged. The maturities of the forward exchange contracts generally coincided with the settlement dates of the related transactions. Realized and unrealized gains and losses on these contracts are recognized in the same period as gains and losses on the hedged items. During fiscal 2016, Adient had hedge contracts outstanding with Johnson Controls with the aim of hedging balance sheet items, or with the aim of hedging forecasted commitments. Foreign exchange contracts hedging balance sheet items are marked-to-market through the income statement, while foreign exchange contracts to hedge forecasted commitments are designated in a hedge relationship as a cash flow hedge. These are marked-to-market through other comprehensive income when effective.

Johnson Controls had entered into cross-currency interest rate swaps to selectively hedge portions of Adient's net investment in Japan. The currency effects of the cross-currency interest rate swaps were reflected in the accumulated other comprehensive income account within invested equity attributable to Adient where they offset gains and losses recorded on Adient's net investment in Japan.

The Company's euro-denominated bonds have been designated to selectively hedge portions of Adient's net investment in Europe. The currency effects of its euro-denominated bonds are reflected in the accumulated other comprehensive income account within invested equity attributable to Adient where they offset gains and losses recorded on Adient's net investment in Europe.

At September 30, 2016 and 2015, Adient estimates that an unfavorable 10% change in the exchange rates would have decreased net unrealized gains or increased net unrealized losses by approximately \$48 million and \$58 million, respectively.

Item 8. Financial Statements and Supplementary Data

Index to Combined Financial Statements	Page
Report of Independent Registered Public Accounting Firm	45
Combined Statements of Income for the years ended September 30, 2016, 2015 and 2014	46
Combined Statements of Comprehensive Income (Loss) for the years ended September 30, 2016, 2015 and 2014	47
Combined Statements of Financial Position as of September 30, 2016 and 2015	48
Combined Statements of Cash Flows for the years ended September 30, 2016, 2015 and 2014	49
Combined Statements of Invested Equity Attributable to Adient for the years ended September 30, 2016, 2015 and 2014	50
Notes to Combined Financial Statements	51
Schedule II - Valuation and Qualifying Accounts	89

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of Adient plc

In our opinion, the accompanying combined statements of financial position and the related combined statements of income, comprehensive income (loss), invested equity attributable to Adient and cash flows present fairly, in all material respects, the combined financial position of the automotive seating and interiors business of Johnson Controls International plc at September 30, 2016 and 2015, and the results of their operations and their cash flows for each of the three years in the period ended September 30, 2016 in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statement schedule listed in the accompanying index presents fairly, in all material respects, the information set forth therein when read in conjunction with the related combined financial statements. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of September 30, 2016, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for these financial statements and financial statement schedule, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Annual Report on Internal Control over Financial Reporting under Item 9A. Our responsibility is to express opinions on these financial statements, on the financial statement schedule, and on the Company's internal control over financial reporting based on our audits (which was an integrated audit in 2016). 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 audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

As described in Note 1, the combined financial statements have been derived from the accounting records of Johnson Controls International plc. The combined financial statements include expense allocations for the functions provided by Johnson Controls International plc. These allocations may not be indicative of the actual expense that would have been incurred had Adient operated as a separate entity apart from Johnson Controls International plc. As discussed in Note 21 to the combined financial statements, Adient plc has entered into significant transactions with Johnson Controls International plc, a related party.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) 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 (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

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

/s/ PricewaterhouseCoopers LLP
PricewaterhouseCoopers LLP
Detroit, Michigan
November 29, 2016

Adient plc
Combined Statements of Income

(in millions, except per share data)	Year Ended September 30,		
	2016	2015	2014
Net sales	\$ 16,837	\$ 20,071	\$ 22,041
Cost of sales	15,228	18,219	20,088
Gross profit	1,609	1,852	1,953
Selling, general and administrative expenses	(1,222)	(1,131)	(1,308)
Gain (loss) on business divestitures - net	—	137	(86)
Restructuring and impairment costs	(332)	(182)	(158)
Net financing charges	(22)	(12)	(15)
Equity income	357	295	284
Income before income taxes	390	959	670
Income tax provision	1,839	418	296
Net income (loss)	(1,449)	541	374
Income attributable to noncontrolling interests	84	66	67
Net income (loss) attributable to Adient	\$ (1,533)	\$ 475	\$ 307
Earnings (loss) per share:			
Basic	\$ (16.36)	\$ 5.07	\$ 3.28
Diluted	\$ (16.36)	\$ 5.06	\$ 3.27
Shares used in computing earnings per share:			
Basic	93.7	93.7	93.7
Diluted	93.7	93.8	93.8

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

Adient plc
Combined Statements of Comprehensive Income (Loss)

(in millions)	Year Ended September 30,		
	2016	2015	2014
Net income	\$ (1,449)	\$ 541	\$ 374
Other comprehensive income (loss), net of tax:			
Foreign currency translation adjustments	(36)	(520)	(253)
Realized and unrealized gains (losses) on derivatives	3	(11)	1
Realized and unrealized gains (losses) on marketable common stock	—	—	(7)
Pension and postretirement plans	(1)	—	1
Other comprehensive income (loss)	(34)	(531)	(258)
Total comprehensive income (loss)	(1,483)	10	116
Comprehensive income (loss) attributable to noncontrolling interests	79	58	67
Comprehensive income (loss) attributable to Adient	\$ (1,562)	\$ (48)	\$ 49

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

Adient plc
Combined Statements of Financial Position

(in millions)	September 30,	
	2016	2015
Assets		
Cash and cash equivalents	\$ 105	\$ 44
Restricted cash	2,034	—
Accounts receivable, less allowance for doubtful accounts of \$21 and \$12, respectively	2,082	2,134
Inventories	660	701
Assets held for sale	—	55
Other current assets	810	872
Current assets	5,691	3,806
Property, plant and equipment - net	2,195	2,139
Goodwill	2,179	2,160
Other intangible assets - net	113	129
Investments in partially-owned affiliates	1,748	1,646
Other noncurrent assets	1,107	557
Total assets	\$ 13,033	\$ 10,437
Liabilities and Invested Equity		
Short-term debt	\$ 41	\$ 17
Current portion of long-term debt	38	7
Accounts payable	2,776	2,653
Accrued compensation and benefits	430	392
Liabilities held for sale	—	42
Restructuring reserve	351	280
Other current liabilities	624	620
Current liabilities	4,260	4,011
Long-term debt	3,485	35
Pension and postretirement benefits	188	118
Other noncurrent liabilities	725	475
Long-term liabilities	4,398	628
Commitments and contingencies (Note 20)		
Redeemable noncontrolling interests	34	31
Parent's net investment	4,486	5,873
Accumulated other comprehensive loss	(276)	(247)
Invested equity attributable to Adient	4,210	5,626
Noncontrolling interests	131	141
Total invested equity	4,341	5,767
Total liabilities and invested equity	\$ 13,033	\$ 10,437

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

Adient plc
Combined Statements of Cash Flows

(in millions)	Year Ended September 30,		
	2016	2015	2014
Operating Activities			
Net income (loss) attributable to Adient	\$ (1,533)	\$ 475	\$ 307
Income attributable to noncontrolling interests	84	66	67
Net income (loss)	(1,449)	541	374
Adjustments to reconcile net income (loss) to cash provided (used) by operating activities:			
Depreciation	327	329	415
Amortization of intangibles	17	18	22
Pension and postretirement benefit expense	113	15	63
Pension and postretirement contributions	(35)	(25)	(77)
Equity in earnings of partially-owned affiliates, net of dividends received (includes purchase accounting amortization of \$20, \$5 and \$0, respectively)	(158)	(102)	(108)
Deferred income taxes	(572)	(51)	8
Non-cash restructuring and impairment charges	87	27	52
Loss (gain) on divestitures - net	—	(137)	86
Equity-based compensation	28	16	19
Other	(11)	(2)	(5)
Changes in assets and liabilities:			
Receivables	83	(249)	24
Inventories	49	(63)	(96)
Other assets	22	(111)	(55)
Restructuring reserves	73	56	7
Accounts payable and accrued liabilities	57	8	29
Accrued income taxes	335	127	39
Cash provided (used) by operating activities	(1,034)	397	797
Investing Activities			
Capital expenditures	(437)	(478)	(624)
Sale of property, plant and equipment	16	24	56
Acquisition of businesses, net of cash acquired	—	(18)	(9)
Business divestitures	18	—	(41)
Changes in long-term investments	(24)	(44)	16
Other	2	27	16
Cash used by investing activities	(425)	(489)	(586)
Financing Activities			
Net transfers from (to) Parent	117	239	(183)
Increase (decrease) in short-term debt	25	(22)	36
Increase in long-term debt	1,501	—	2
Repayment of long-term debt	(39)	(10)	(17)
Earnout payment from previous acquisition	—	—	(12)
Cash paid to acquire a noncontrolling interest	—	(38)	(5)
Dividends paid to noncontrolling interests	(88)	(76)	(46)
Cash provided (used) by financing activities	1,516	93	(225)
Effect of exchange rate changes on cash and cash equivalents	4	(2)	(11)
Increase (decrease) in cash and cash equivalents	61	(1)	(25)
Cash and cash equivalents at beginning of period	44	45	70
Cash and cash equivalents at end of period	\$ 105	\$ 44	\$ 45

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

Adient plc
Combined Statements of Invested Equity Attributable to Adient

(in millions)	Equity Attributable to Adient	Parent's Net Investment	Accumulated Other Comprehensive Income (Loss)
At September 30, 2013	\$ 5,582	\$ 5,048	\$ 534
Comprehensive income (loss):			
Net income	307	307	—
Foreign currency translation adjustments	(253)	—	(253)
Realized and unrealized gains (losses) on derivatives	1	—	1
Realized and unrealized gains (losses) on marketable common stock	(7)	—	(7)
Pension and postretirement plans	1	—	1
Other comprehensive income (loss)	(258)	—	(258)
Comprehensive income (loss)	49	307	(258)
Change in Parent's net investment	(178)	(178)	—
At September 30, 2014	\$ 5,453	\$ 5,177	\$ 276
Comprehensive income (loss):			
Net income	475	475	—
Foreign currency translation adjustments	(512)	—	(512)
Realized and unrealized gains (losses) on derivatives	(11)	—	(11)
Other comprehensive income (loss)	(523)	—	(523)
Comprehensive income (loss)	(48)	475	(523)
Change in Parent's net investment	221	221	—
At September 30, 2015	\$ 5,626	\$ 5,873	\$ (247)
Comprehensive income (loss):			
Net income (loss)	(1,533)	(1,533)	—
Foreign currency translation adjustments	(31)	—	(31)
Realized and unrealized gains (losses) on derivatives	3	—	3
Pension and postretirement plans	(1)	—	(1)
Other comprehensive income (loss)	(29)	—	(29)
Comprehensive income (loss)	(1,562)	(1,533)	(29)
Change in Parent's net investment	146	146	—
At September 30, 2016	\$ 4,210	\$ 4,486	\$ (276)

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

Note 1. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

On October 31, 2016, Adient plc ("Adient" or the "Company") became an independent company as a result of the separation of the automotive seating and interiors businesses of Johnson Controls International plc. Adient was incorporated under the laws of Ireland on June 24, 2016 for the purpose of holding these businesses. Adient's ordinary shares began trading "regular-way" under the ticker symbol "ADNT" on the New York Stock Exchange on October 31, 2016. Upon becoming an independent company, the capital structure of Adient consisted of 500 million authorized ordinary shares and 100 million authorized preferred shares (par value of \$0.001 per ordinary and preferred share). The number of Adient ordinary shares issued on October 31, 2016 was 93,671,810.

On September 2, 2016, Johnson Controls, Inc. and Tyco International plc completed their previously announced combination pursuant to the Agreement and Plan of Merger (the "Merger"). Following the Merger, the combined entity was renamed "Johnson Controls International plc" and is referred to in this Form 10-K as "Johnson Controls," "JCI" or the "Parent."

Adient is the world's largest automotive seating supplier. Adient has a leading market position in the Americas, Europe and China, and has longstanding relationships with the largest global original equipment manufacturers, or OEMs, in the automotive space. Adient's proprietary technologies extend into virtually every area of automotive seating solutions, including complete seating systems, frames, mechanisms, foam, head restraints, armrests, trim covers and fabrics. Adient is an independent seat supplier with global scale and the capability to design, develop, engineer, manufacture, and deliver complete seat systems and components in every major automotive producing region in the world. Adient also participates in the automotive interiors market primarily through its global automotive interiors joint venture in China, Yanfeng Global Automotive Interior Systems Co., Ltd., or YFAI.

Basis of Presentation

These combined financial statements were prepared on a stand-alone basis derived from the consolidated financial statements and accounting records of JCI as if Adient had been operating as a stand-alone company for all years presented. These combined financial statements have been prepared in accordance with generally accepted accounting principles in the United States of America ("U.S. GAAP"). The assets and liabilities in the combined financial statements have been reflected on a historical cost basis, as included in the consolidated statements of financial position of JCI. The combined statements of operations include allocations for certain support functions that are provided on a centralized basis by the Parent and subsequently recorded at the business unit level, such as expenses related to employee benefits, finance, human resources, risk management, information technology, facilities, and legal, among others. These expenses have been allocated to the Company on the basis of direct usage when identifiable, with the remainder allocated on a proportional basis of combined sales, headcount or other measures of the Company or the Parent. Management believes the assumptions underlying the combined financial statements, including the assumptions regarding allocating general corporate expenses from the Parent, are reasonable. Nevertheless, the combined financial statements may not include all actual expenses that would have been incurred by Adient and may not reflect the combined results of operations, financial position and cash flows had it been a stand-alone company during the years presented. Actual costs that would have been incurred if Adient had been a stand-alone company would depend on multiple factors, including organizational structure and strategic decisions made in various areas, including information technology and infrastructure.

Principles of Combination

The combined financial statements include certain assets and liabilities that have historically been held at the Parent level but are specifically identifiable or otherwise attributable to Adient. All significant intercompany transactions and accounts within the Company's combined businesses have been eliminated. All intercompany transactions between the Company and the Parent have been included in these combined financial statements as Parent's net investment. Expenses related to corporate allocations from the Parent to the Company are considered to be effectively settled for cash in the combined financial statements at the time the transaction is recorded. In addition, transactions between the Company and the Parent's other businesses have been classified as related party, rather than intercompany, in the combined financial statements. See Note 21, "Related Party Transactions and Parent's Net Investment," of the notes to combined financial statements for further details.

In addition to wholly-owned subsidiaries, the Company has investments which, in certain cases, may or may not require combination, as a result of only a partial-ownership interest and/or lack of significant influence over the investee. The Company's investments in partially-owned affiliates are accounted for by the equity method when the Company's interest exceeds 20% and the Company does not have a controlling interest.

Combined VIEs

Based upon the criteria set forth in Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 810, "Consolidation," the Company has determined that it was the primary beneficiary in two VIEs for the reporting periods ended September 30, 2016 and 2015, as the Company absorbs significant economics of the entities and has the power to direct the activities that are considered most significant to the entities.

The two VIEs manufacture seating products in North America for the automotive industry. The Company funds the entities' short-term liquidity needs through revolving credit facilities and has the power to direct the activities that are considered most significant to the entities through its key customer supply relationships.

The carrying amounts and classification of assets (none of which are restricted) and liabilities included in the Company's combined statements of financial position for the combined VIEs are as follows:

(in millions)	September 30,	
	2016	2015
Current assets	\$ 281	\$ 279
Noncurrent assets	45	41
Total assets	\$ 326	\$ 320
Current liabilities	\$ 219	\$ 229
Total liabilities	\$ 219	\$ 229

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

Use of Estimates

The preparation of combined financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the combined financial statements and the reported amounts of revenues and expenses during the reporting period. The combined financial statements reflect management's estimates as of the reporting date. Actual results could differ from those estimates.

Fair Value of Financial Instruments

The fair values of cash and cash equivalents, accounts receivable, short-term debt, accounts payable and long-term debt approximate their carrying values. See Note 10, "Derivative Instruments and Hedging Activities," and Note 11, "Fair Value Measurements," of the notes to combined financial statements for fair value of financial instruments, including derivative instruments and hedging activities.

Assets and Liabilities Held for Sale

The Company classifies assets and liabilities (disposal groups) to be sold as held for sale in the period in which all of the following criteria are met: management, having the authority to approve the action, commits to a plan to sell the disposal group; the disposal group is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such disposal groups; an active program to locate a buyer and other actions required to complete the plan to sell the disposal group have been initiated; the sale of the disposal group is probable, and transfer of the disposal group is expected to qualify for recognition as a completed sale within one year, except if events or circumstances beyond the Company's control extend the period of time required to sell the disposal group beyond one year; the disposal group is being actively marketed for sale at a price that is reasonable in relation to its current fair value; and actions required to complete the plan indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

The Company initially measures a disposal group that is classified as held for sale at the lower of its carrying value or fair value less any costs to sell. Any loss resulting from this measurement is recognized in the period in which the held for sale criteria are met. Conversely, gains are not recognized on the sale of a disposal group until the date of sale. The Company assesses the fair value of a disposal group less any costs to sell each reporting period it remains classified as held for sale and reports any subsequent changes as an adjustment to the carrying value of the disposal group, as long as the new carrying value does not exceed the carrying value of the disposal group at the time it was initially classified as held for sale.

Upon determining that a disposal group meets the criteria to be classified as held for sale, the Company reports the assets and liabilities of the disposal group, if material, in the line items assets held for sale, noncurrent assets held for sale, liabilities held for sale and noncurrent liabilities held for sale in the combined statements of financial position. Refer to Note 3, "Assets and Liabilities Held For Sale," of the notes to combined financial statements for further information.

Cash and Cash Equivalents

The Company considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Cash and cash equivalents in the combined statements of financial position represent cash legally owned by the Company and negative cash balances are reclassified to short term debt. Cash is managed by legal entity with cash pooling agreements in place for participating businesses within each cash pool master. Transfers of cash to and from the Parent's cash management system are reflected as a component of Parent's net investment in the combined statements of financial position. Accordingly, the cash and cash equivalents held by the Parent were not attributed to the Company for any of the years presented, as legal ownership remained with the Parent.

Restricted Cash

At September 30, 2016, the Company recorded \$2 billion of restricted cash within the combined statements of financial position. These funds represent the proceeds from the bond issuance which were placed directly into escrow and released to the Company subsequent to September 30, 2016 and therefore represents non-cash activity in fiscal 2016. The cash was used subsequent to year end, in part, to fund the payment of approximately \$3 billion to Johnson Controls. Refer to Note 9, "Debt and Financing Arrangements," of the notes to combined financial statements for further information on the bond issuance.

Receivables

Receivables consist of amounts billed and currently due from customers and revenues that have been recognized for accounting purposes but not yet billed to customers. The Company extends credit to customers in the normal course of business and maintains an allowance for doubtful accounts resulting from the inability or unwillingness of customers to make required payments. The allowance for doubtful accounts is based on historical experience, existing economic conditions and any specific customer collection issues the Company has identified. The Company enters into supply chain financing programs in certain foreign jurisdictions to sell accounts receivable without recourse to third-party financial institutions. Sales of accounts receivable are reflected as a reduction of accounts receivable on the combined statements of financial position and the proceeds are included in cash flows from operating activities in the combined statements of cash flows.

Inventories

Inventories are stated at the lower of cost or market. Cost is determined using the first-in, first-out ("FIFO") method. Finished goods and work-in-process inventories include material, labor and manufacturing overhead costs.

Pre-Production Costs Related to Long-Term Supply Arrangements

The Company's policy for engineering, research and development, and other design and development costs related to products that will be sold under long-term supply arrangements requires such costs to be expensed as incurred or capitalized if reimbursement from the customer is contractually assured. Income related to recovery of these costs is recorded within selling, general and administrative expense in the combined statements of income. At September 30, 2016 and 2015, the Company recorded within the combined statements of financial position \$316 million and \$299 million, respectively, of engineering and research and development costs for which customer reimbursement is contractually assured. The reimbursable costs are recorded in other current assets if reimbursement will occur in less than one year and in other noncurrent assets if reimbursement will occur beyond one year. At September 30, 2016, the Company had \$138 million and \$178 million of reimbursable costs recorded in current and noncurrent assets, respectively. At September 30, 2015, the Company had \$127 million and \$172 million of reimbursable costs recorded in current and noncurrent assets, respectively.

Costs for molds, dies and other tools used to make products that will be sold under long-term supply arrangements are capitalized within property, plant and equipment if the Company has title to the assets or has the non-cancelable right to use the assets during the term of the supply arrangement. Capitalized items, if specifically designed for a supply arrangement, are amortized over the term of the arrangement; otherwise, amounts are amortized over the estimated useful lives of the assets. The carrying values of assets capitalized in accordance with the foregoing policy are periodically reviewed for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. At September 30, 2016 and 2015, approximately \$62 million and \$60 million, respectively, of costs for molds, dies and other tools were capitalized within property, plant and equipment which represented assets to which the Company had title. In addition, at September 30, 2016 and 2015, the Company recorded within the combined statements of financial position in other current assets \$203 million and \$134 million, respectively, of costs for molds, dies and other tools for which customer reimbursement is contractually assured.

Property, Plant and Equipment

Property, plant and equipment are recorded at cost. Depreciation is provided over the estimated useful lives of the respective assets using the straight-line method for financial reporting purposes and accelerated methods for income tax purposes. The estimated useful lives range from 3 to 40 years for buildings and improvements and from 3 to 15 years for machinery and equipment.

Goodwill and Other Intangible Assets

Goodwill reflects the cost of an acquisition in excess of the fair values assigned to identifiable net assets acquired. The Company reviews goodwill for impairment during the fourth fiscal quarter or more frequently if events or changes in circumstances indicate the asset might be impaired. The Company performs impairment reviews for its reporting units, which have been determined to be the Company's reportable segments using a fair value method based on management's judgments and assumptions or third party valuations. The fair value of a reporting unit refers to the price that would be received to sell the unit as a whole in an orderly transaction between market participants at the measurement date. In estimating the fair value, the Company uses multiples of earnings based on the average of historical, published multiples of earnings of comparable entities with similar operations and economic characteristics. In certain instances, the Company uses discounted cash flow analyses or estimated sales price to further support the fair value estimates. The inputs utilized in the analyses are classified as Level 3 inputs within the fair value hierarchy as defined in ASC 820, "Fair Value Measurement." The estimated fair value is then compared with the carrying amount of the reporting unit, including recorded goodwill. The Company is subject to financial statement risk to the extent that the carrying amount exceeds the estimated fair value.

Intangible assets with definite lives continue to be amortized over their estimated useful lives and are subject to impairment testing if events or changes in circumstances indicate that the asset might be impaired. A considerable amount of management judgment and assumptions are required in performing the impairment tests.

Impairment of Long-Lived Assets

The Company reviews long-lived assets, including property, plant and equipment and other intangible assets with definite lives, for impairment whenever events or changes in circumstances indicate that the asset's carrying amount may not be recoverable. The Company conducts its long-lived asset impairment analyses in accordance with ASC 360-10-15, "Impairment or Disposal of Long-Lived Assets." ASC 360-10-15 requires the Company to group assets and liabilities at the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets and liabilities and evaluate the asset group against the sum of the undiscounted future cash flows. If the undiscounted cash flows do not indicate the carrying amount of the asset is recoverable, an impairment charge is measured as the amount by which the carrying amount of the asset group exceeds its fair value based on discounted cash flow analysis or appraisals. Refer to Note 16, "Impairment of Long-Lived Assets," of the notes to combined financial statements for information regarding the impairment testing performed in fiscal years 2016, 2015 and 2014.

Impairment of Investments in Partially-Owned Affiliates

The Company monitors its investments in partially-owned affiliates for indicators of other-than-temporary declines in value on an ongoing basis. If the Company determines that an other-than-temporary decline in value has occurred, it recognizes an impairment loss, which is measured as the difference between the recorded book value and the fair value of the investment. Fair value is generally determined using an income approach based on discounted cash flows or negotiated transaction values.

Short-Term and Long-Term Debt

From a historical perspective, the majority of short-term and long-term third-party debt has been held by the Parent, and has not been recorded for each respective business in the Parent's operating structure. For purposes of the combined financial statements, no short-term or long-term debt recorded by the Parent has been pushed-down to the Company in the combined financial statements, because the Company will not assume the debt of the Parent.

The Parent provided intercompany loans to its legal entities to fund working capital or, in limited cases, acquisitions. These loans have been reflected within Parent's net investment in the combined financial statements. Net interest expense related to these loans pertains to certain foreign operations and has been reflected within Parent's net investment in the combined financial statements. Net interest expense on these loans was not significant for the years ended September 30, 2016, 2015 and 2014.

The short-term and long-term debt recorded in the combined financial statements is related directly to arrangements between the Company and a third-party, and was not related to an intercompany arrangement between the Company and the Parent. Refer to Note 9, "Debt and Financing Arrangements," of the notes to combined financial statements for further information on short-term and long-term debt.

Revenue Recognition

The Company records revenue when persuasive evidence of an arrangement exists, delivery occurs or services are rendered, the sales price or fee is fixed or determinable and collectability is reasonably assured. The Company delivers products and records revenue pursuant to commercial agreements with its customers generally in the form of an approved purchase order, including the effects of contractual productivity based pricing. The Company negotiates discrete price changes with its customers, which are generally the result of unique commercial issues between the Company and its customers. The Company records amounts associated with discrete price changes as a reduction to revenue when specific facts and circumstances indicate that a price reduction is probable and the amounts are reasonably estimable. The Company records amounts associated with discrete price changes as an increase to revenue upon execution of a legally enforceable contractual agreement and when collectability is reasonable assured.

Essentially all of the Company's sales are to the automotive industry. In fiscal year 2016, Fiat Chrysler Automobiles N.V. and Ford Motor Company had combined net sales of 12% and 11%, respectively. In fiscal year 2015, Fiat Chrysler Automobiles N.V. and Ford Motor Company had combined net sales of 13% and 11%, respectively. In fiscal year 2014, Fiat Chrysler Automobiles N.V. and Ford Motor Company had combined net sales of 14% each.

Research and Development Costs

Expenditures for research activities relating to product development and improvement are charged against income as incurred and included within selling, general and administrative expenses in the combined statements of income. Such expenditures for the years ended September 30, 2016, 2015 and 2014 were \$460 million, \$599 million and \$667 million, respectively. A portion of these costs associated with these activities is reimbursed by customers and, for the fiscal years ended September 30, 2016, 2015 and 2014 were \$308 million, \$364 million and \$348 million, respectively.

Foreign Currency Translation

Substantially all of the Company's international operations use the respective local currency as the functional currency. Assets and liabilities of international entities have been translated at period-end exchange rates, and income and expenses have been translated using average exchange rates for the period. Monetary assets and liabilities denominated in non-functional currencies are adjusted to reflect period-end exchange rates. The resulting translation adjustments are accumulated as a component of accumulated other comprehensive income. The aggregate transaction losses included in net income for the years ended September 30, 2016, 2015 and 2014 were \$40 million, \$26 million and \$19 million, respectively.

Derivative Financial Instruments

The Company's Parent has written policies and procedures that place all financial instruments under the direction of the Parent and restrict all derivative transactions to those intended for hedging purposes. The use of financial instruments for speculative purposes is strictly prohibited. The Parent has historically used financial instruments to manage the Company's market risk from changes in foreign exchange rates.

The fair values of all derivatives are recorded in the combined statements of financial position. The change in a derivative's fair value is recorded each period in current earnings or accumulated other comprehensive income (AOCI), depending on whether the derivative is designated as part of a hedge transaction and if so, the type of hedge transaction. Refer to Note 10, "Derivative Instruments and Hedging Activities," and Note 11, "Fair Value Measurements," of the notes to combined financial statements for disclosure of the Company's derivative instruments and hedging activities.

Stock-Based Compensation

Adient employees have historically participated in JCI's stock-based compensation plans. Stock-based compensation expense has been allocated to Adient based on the awards and terms previously granted to Adient employees. The stock-based compensation was initially measured at the fair value of the awards on the grant date and is recognized in the financial statements over the period the employees are required to provide services in exchange for the awards. The fair value of option awards is measured on the grant date using the Black-Scholes option-pricing model. The fair value of each stock appreciation right (SAR) is estimated using a similar method described for stock options. The fair value of each SAR is recalculated at the end of each reporting period and the liability and expense are adjusted based on the new fair value. The fair value of performance-based share unit (PSU) awards is based on the JCI stock price at the grant date and the assessed probability of meeting future performance targets. The fair value of restricted stock awards is based on the number of units granted and JCI's stock price on the grant date. Refer to Note 12, "Stock-Based Compensation," for additional information.

Pension and Postretirement Benefits

The defined benefit plans in which the Company participates relate primarily to U.S. plans sponsored by the Parent and for which other wholly-owned subsidiaries (other than Adient) of the Parent participate (the "Shared Plans"). Under the guidance in ASC 715, "Compensation-Retirement Benefits," the Company accounts for the Shared Plans as multiemployer plans, recording contributions to the pension plans as an allocation of net periodic benefit costs associated with the Company's employees. Expenses related to the employees' participation in the Shared Plans were calculated using a proportional allocation based on headcount and payroll expense for the Company's employees. The pension expense allocation related to the Shared Plans under the multiemployer approach contains all components of the periodic benefit cost, including interest and service costs and was recorded as a component of selling, general and administrative expenses or cost of sales in the combined financial statements.

Various defined benefit plans that relate solely to the Company are included in these combined financial statements. Adient utilizes a mark-to-market approach for recognizing pension and postretirement benefit expenses, including measuring the market related value of plan assets at fair value and recognizing actuarial gains and losses in the fourth quarter of each fiscal year or at the date of a remeasurement event. Refer to Note 14, "Retirement Plans," of the notes to combined financial statements for disclosure of the Company's pension and postretirement benefit plans.

Income Taxes

The Company accounts for income taxes in accordance with ASC 740, "Income Taxes." Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and other loss carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The Company records a valuation allowance that primarily represents non-U.S. operating and other loss carryforwards for which realization is uncertain. Management judgment is required in determining the Company's provision for income taxes, deferred tax assets and liabilities, and the valuation allowance recorded against the Company's net deferred tax assets.

The Company reviews the realizability of its deferred tax asset valuation allowances on a quarterly basis, or whenever events or changes in circumstances indicate that a review is required. In determining the requirement for a valuation allowance, the historical and projected financial results of the legal entity or consolidated group recording the net deferred tax asset are considered, along with any other positive or negative evidence. Since future financial results may differ from previous estimates, periodic adjustments to the Company's valuation allowances may be necessary.

The Company is subject to income taxes in the U.S. and numerous non-U.S. jurisdictions. Judgment is required in determining its worldwide provision for income taxes and recording the related assets and liabilities. In the ordinary course of the Company's business, there are many transactions and calculations where the ultimate tax determination is uncertain. The Company is regularly under audit by tax authorities.

The unrecognized tax benefits reflected in Adient's combined financial statements have been determined using a separate-return by legal entity basis. As a result of the final separation from Johnson Controls, Adient's unrecognized tax benefits could be different from those reflected in the combined financial statements.

Adient's federal income tax returns and certain non-U.S. income tax returns for various fiscal years remain under various stages of audit by the Internal Revenue Service and respective non-U.S. tax authorities. Although the outcome of tax audits is always uncertain, management believes that it has appropriate support for the positions taken on its tax returns and that its annual tax provisions included amounts sufficient to pay assessments, if any, which may be proposed by the taxing authorities. At September 30, 2016, Adient had recorded a liability for its best estimate of the probable loss on certain of its tax positions, the majority of which is included in other noncurrent liabilities in the combined statements of financial position. Nonetheless, the amounts ultimately paid, if any, upon resolution of the issues raised by the taxing authorities may differ materially from the amounts accrued for each year.

The Company does not generally provide additional U.S. income taxes on undistributed earnings of non-U.S. consolidated subsidiaries included in invested equity attributable to Adient. Such earnings could become taxable upon the sale or liquidation of these non-U.S. subsidiaries or upon dividend repatriation. The Company's intent is for such earnings to be reinvested by the subsidiaries or to be repatriated only when it would be tax effective through the utilization of foreign tax credits.

Refer to Note 17, "Income Taxes," of the notes to combined financial statements for the Company's income tax disclosures.

Earnings Per Share

Adient earnings per share for 2016, 2015, and 2014 were calculated using the shares that were distributed to Johnson Controls shareholders upon the separation.

The following table shows the computation of basic and diluted earnings per share:

(net income in millions, except per share data)	Year Ended September 30,		
	2016	2015	2014
Numerator:			
Net income (loss) attributable to Adient	\$ (1,533)	\$ 475	\$ 307
Denominator:			
Shares outstanding	93.7	93.7	93.7
Effect of dilutive securities	—	0.1	0.1
Diluted shares	93.7	93.8	93.8
Earnings per share:			
Basic	\$ (16.36)	\$ 5.07	\$ 3.28
Diluted	\$ (16.36)	\$ 5.06	\$ 3.27

Potentially dilutive securities whose effect would have been antidilutive are excluded from the computation of diluted earnings per share.

Parent's Net Investment

Parent's net investment includes the Parent's investment in the Company and the net amounts due to or due from the Parent. Recorded amounts reflect capital contributions and/or dividends as well as the results of operations and other comprehensive income (loss). The Parent's net investment in the Company is discussed in further detail in Note 21, "Related Party Transactions and Parent's Net Investment," of the notes to combined financial statements.

New Accounting Pronouncements

Recently Adopted Accounting Pronouncements

In November 2015, the FASB issued Accounting Standards Update (ASU) No. 2015-17, "Income Taxes (Topic 740): Balance Sheet Classification of Deferred Taxes." ASU No. 2015-17 requires that deferred tax liabilities and assets be classified as noncurrent in the combined statements of financial position. ASU No. 2015-17 was early adopted by the Company for the quarter ended December 31, 2015 and was applied retrospectively to all periods presented.

In April 2014, the FASB issued ASU No. 2014-08, "Presentation of Financial Statements (Topic 205) and Property, Plant and Equipment (Topic 360): Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity." ASU No. 2014-08 limits discontinued operations reporting to situations where the disposal represents a strategic shift that has (or will have) a major effect on an entity's operations and financial results, and requires expanded disclosures for discontinued operations. ASU No. 2014-08 was effective for the Company for the quarter ended December 31, 2015. The adoption of this guidance did not have an impact on the Company's combined financial statements as there were no dispositions or disposals during the year ended September 30, 2016.

Recently Issued Accounting Pronouncements

In October 2016, the FASB issued ASU No. 2016-17, "Consolidation (Topic 810): Interests Held through Related Parties That Are under Common Control." ASU No. 2016-17 changes the evaluation of whether a reporting entity is the primary beneficiary of a Variable Interest Entity (VIE) by changing how a reporting entity that is a single decision maker of a VIE treats indirect interests in the entity held through related parties that are under common control with the reporting entity. ASU No. 2016-17 will be effective for the Company for the quarter ended December 31, 2017, with early adoption permitted. The Company is currently assessing the impact adoption of this guidance will have on its combined financial statements.

In October 2016, the FASB issued ASU No. 2016-16, "Income Taxes (Topic 740): Intra-Entity Transfers of Assets Other Than Inventory." ASU No. 2016-16 removes the prohibition in ASC 740 against the immediate recognition of the current and deferred income tax effects of intra-entity transfers of assets other than inventory. ASU No. 2016-16 will be effective for the Company for the quarter ended December 31, 2018, with early adoption permitted. The Company is currently assessing the impact adoption of this guidance will have on its combined financial statements.

In August 2016, the FASB issued ASU No. 2016-15, "Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments." ASU No. 2016-15 clarifies how certain cash receipts and cash payments are presented and classified in the statement of cash flows. ASU No. 2016-15 will be effective for the Company for the quarter ended December 31, 2018, with early adoption permitted. The Company is currently assessing the impact adoption of this guidance will have on its combined financial statements.

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

In March 2016, the FASB issued ASU No. 2016-09, "Compensation—Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting." ASU No. 2016-09 changes the accounting for certain aspects of share-based payments to employees, including the income tax consequences, classification of awards as either equity or liabilities, and classification on the statement of cash flows. In addition, the guidance allows for a policy election to account for forfeitures as they occur rather than on an estimated basis. ASU No. 2016-09 will be effective for the Company for the quarter ending December 31, 2017, with early adoption permitted. The Company is currently assessing the impact adoption of this guidance will have on its combined financial statements.

In March 2016, the FASB issued ASU No. 2016-07, "Investments—Equity Method and Joint Ventures (Topic 323): Simplifying the Transition to the Equity Method of Accounting." ASU No. 2016-07 eliminates the requirement that when an investment qualifies for use of the equity method as a result of an increase in the level of ownership interest or degree of influence, an investor must adjust the investment, results of operations, and retained earnings retrospectively. ASU No. 2016-07 will be effective prospectively for the Company for increases in the level of ownership interest or degree of influence that result in the adoption of the equity method that occur during or after the quarter ending December 31, 2017, with early adoption permitted. The impact of this guidance for the Company is dependent on any future increases in the level of ownership interest or degree of influence that result in the adoption of the equity method.

In February 2016, the FASB issued ASU No. 2016-02, "Leases (Topic 842)." ASU No. 2016-02 requires recognition of operating leases as lease assets and lease liabilities on the balance sheet and disclosure of key information about leasing arrangements. ASU No. 2016-02 will be effective retrospectively for the Company for the quarter ending December 31, 2019, with early adoption permitted. The Company is currently assessing the impact adoption of this guidance will have on its combined financial statements.

In January 2016, the FASB issued ASU No. 2016-01, "Financial Instruments—Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Liabilities." ASU No. 2016-01 amends certain aspects of recognition, measurement, presentation and disclosure of financial instruments. ASU No. 2016-01 will be effective prospectively for the Company for the quarter ending December 31, 2018, with early adoption permitted. The Company is currently assessing the impact adoption of this guidance will have on its combined financial statements.

In July 2015, the FASB issued ASU No. 2015-11, "Simplifying the Measurement of Inventory." ASU No. 2015-11 requires inventory that is recorded using the first-in, first-out method to be measured at the lower of cost or net realizable value. ASU No. 2015-11 will be effective retrospectively for the Company for the quarter ending December 31, 2017, with early adoption permitted. The adoption of this guidance is not expected to have a significant impact on the Company's combined financial statements.

In May 2015, the FASB issued ASU No. 2015-07, "Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent)." ASU No. 2015-07 removes the requirement to categorize within the fair value hierarchy all investments for which fair value is measured using the net asset value per share practical expedient. Such investments should be disclosed separate from the fair value hierarchy. ASU No. 2015-07 will be effective retrospectively for the Company for the quarter ending December 31, 2016, with early adoption permitted. The adoption of this guidance is not expected to have an impact on the Company's combined financial statements but will impact pension asset disclosures.

In April 2015, the FASB issued ASU No. 2015-03, "Interest-Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs." ASU No. 2015-03 requires that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of the debt liability. ASU No. 2015-03 will be effective retrospectively for the Company for the quarter ending December 31, 2016, with early adoption permitted. The adoption of this guidance is not expected to have a significant impact on the Company's combined financial statements.

In February 2015, the FASB issued ASU No. 2015-02, "Consolidation (Topic 810): Amendments to the Consolidation Analysis." ASU No. 2015-02 amends the analysis performed to determine whether a reporting entity should consolidate certain types of legal entities. ASU No. 2015-02 will be effective retrospectively for the Company for the quarter ending December 31, 2016, with early adoption permitted. The Company is currently assessing the impact adoption of this guidance will have on its combined financial statements.

In May 2014, the FASB issued ASU No. 2014-09, "Revenue from Contracts with Customers (Topic 606)." ASU No. 2014-09 clarifies the principles for recognizing revenue when an entity either enters into a contract with customers to transfer goods or services or enters into a contract for the transfer of non-financial assets. The original standard was effective retrospectively for the Company for the quarter ending December 31, 2017; however in August 2015, the FASB issued ASU No. 2015-14, "Revenue from Contracts with Customers (Topic 606): Deferral of the Effective Date," which defers the effective date of ASU No. 2014-09 by one-year for all entities. The new standard will become effective retrospectively for the Company for the quarter ending December 31, 2018, with early adoption permitted, but not before the original effective date. Additionally, in March 2016 the FASB issued ASU No. 2016-08, "Revenue from Contracts with Customers (Topic 606): Principal versus Agent Considerations (Reporting Revenue Gross versus Net)," in April 2016 the FASB issued ASU No. 2016-10, "Revenue from Contracts with Customers (Topic 606): Identifying Performance Obligations and Licensing," and in May 2016 the FASB issued ASU No. 2016-12, "Revenue from Contracts with Customers (Topic 606): Narrow-Scope Improvements and Practical Expedients," which provide additional clarification on certain topics addressed in ASU No. 2014-09. ASU No. 2016-08, ASU No. 2016-10 and ASU No. 2016-12 follow the same implementation guidelines as ASU No. 2014-09 and ASU No. 2015-14. The Company is currently assessing the impact adoption of this guidance will have on its combined financial statements.

Note 2. ACQUISITIONS AND DIVESTITURES

No material acquisitions or divestitures occurred during fiscal 2016.

During fiscal 2015, the Company completed three acquisitions, of which \$18 million of the purchase price was paid as of September 30, 2015. The acquisitions in the aggregate were not material to the Company's combined financial statements. In connection with the acquisitions, the Company recorded goodwill of \$9 million in the Interiors segment.

In the fourth quarter of fiscal 2015, the Company completed its global automotive interiors joint venture with Yanfeng Global Automotive Interior Systems Co., Ltd., or YFAI. In connection with the divestiture of the Interiors business, the Company recorded a \$127 million gain, \$20 million net of tax, and reduced goodwill in assets held for sale by \$43 million.

Also during fiscal 2015, the Company completed a divestiture for a sales price of \$18 million, which was received in the first quarter of fiscal 2016. The divestiture was not material to the Company's combined financial statements. In connection with the divestiture, the Company recorded a gain of \$10 million and reduced goodwill by \$4 million in the Seating segment.

During fiscal 2014, the Company completed an acquisition within the Seating segment for a purchase price, net of cash acquired, of \$9 million, all of which was paid as of September 30, 2014. The acquisition was not material to the Company's combined financial statements. There was no change in goodwill as a result of this transaction.

In fiscal 2014, the Company completed the divestiture of the Interiors headliner and sun visor product lines. As part of this divestiture, the Company made a cash payment of \$54 million to the buyer to fund future operational improvement initiatives. The Company recorded a pre-tax loss on divestiture, including transaction costs, of \$95 million. The tax impact of the divestiture was income tax expense of \$38 million due to the jurisdictional mix of gains and losses on the sale, which resulted in non-benefited losses in certain countries and taxable gains in other countries. There was no change in goodwill as a result of this transaction.

Also during fiscal 2014, the Company completed one additional divestiture for a sales price of \$13 million, all of which was received as of September 30, 2014. The divestiture was not material to the Company's combined financial statements. In connection with the divestiture, the Company recorded a gain, net of transaction costs, of \$9 million in the Interiors segment. There was no change in goodwill as a result of this transaction.

Note 3. ASSETS AND LIABILITIES HELD FOR SALE

At September 30, 2015, \$55 million of assets and \$42 million of liabilities related to certain other product lines were classified as held for sale. These businesses did not meet the criteria to be classified as discontinued operations primarily due to the Company's continuing involvement in these operations following the divestiture. During the first quarter of fiscal 2016, these product lines no longer met the criteria to be classified as held for sale.

Note 4. INVENTORIES

Inventories consisted of the following:

(in millions)	September 30,	
	2016	2015
Raw materials and supplies	\$ 502	\$ 539
Work-in-process	35	40
Finished goods	123	122
Inventories	\$ 660	\$ 701

Note 5. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consisted of the following:

(in millions)	September 30,	
	2016	2015
Buildings and improvements	\$ 1,311	\$ 1,307
Machinery and equipment	4,415	4,342
Construction in progress	431	335
Land	159	155
Total property, plant and equipment	6,316	6,139
Less: accumulated depreciation	(4,121)	(4,000)
Property, plant and equipment - net	\$ 2,195	\$ 2,139

There were no material leased capital assets included in net property, plant and equipment at September 30, 2016. Leased capital assets included in net property, plant and equipment, primarily buildings and improvements, were \$22 million, net of \$40 million of amortization, at September 30, 2015.

As of September 30, 2016, the Company is the lessor of properties included in land for \$20 million, gross building and improvements for \$187 million and accumulated depreciation of \$126 million. As of September 30, 2015, the Company is the lessor of properties included in land for \$13 million, gross building and improvements for \$177 million and accumulated depreciation of \$131 million.

Note 6. GOODWILL AND OTHER INTANGIBLE ASSETS

The changes in the carrying amount of goodwill in each of the Company's reporting segments for the years ended September 30, 2016 and 2015 are as follows:

(in millions)	September 30, 2014	Business Acquisitions	Business Divestitures	Currency Translation and Other	September 30, 2015
Goodwill					
Seating	\$ 2,334	\$ —	\$ (4)	\$ (170)	\$ 2,160
Interiors	—	9	(9)	—	—
Total	\$ 2,334	\$ 9	\$ (13)	\$ (170)	\$ 2,160

(in millions)	September 30, 2015	Business Acquisitions	Business Divestitures	Currency Translation and Other	September 30, 2016
Goodwill					
Seating	\$ 2,160	\$ —	\$ —	\$ 19	\$ 2,179

The Company's other intangible assets, primarily from business acquisitions valued based on independent appraisals, consisted of:

(in millions)	September 30, 2016			September 30, 2015		
	Gross Carrying Amount	Accumulated Amortization	Net	Gross Carrying Amount	Accumulated Amortization	Net
Intangible assets						
Patented technology	\$ 28	\$ (13)	\$ 15	\$ 27	\$ (11)	\$ 16
Customer relationships	100	(48)	52	100	(38)	62
Trademarks	56	(19)	37	56	(15)	41
Miscellaneous	15	(6)	9	15	(5)	10
Total intangible assets	\$ 199	\$ (86)	\$ 113	\$ 198	\$ (69)	\$ 129

Amortization of other intangible assets for the fiscal years ended September 30, 2016, 2015 and 2014 was \$17 million, \$18 million and \$22 million, respectively. Excluding the impact of any future acquisitions, the Company anticipates amortization for fiscal 2017, 2018, 2019, 2020 and 2021 will be approximately \$17 million, \$17 million, \$17 million, \$16 million and \$15 million, respectively.

Note 7. PRODUCT WARRANTIES

The Company offers warranties to its customers depending upon the specific product and terms of the customer purchase agreement. A typical warranty program requires that the Company replace defective products within a specified time period from the date of sale. The Company records an estimate for future warranty-related costs based on actual historical return rates and other known factors. Based on analysis of return rates and other factors, the Company's warranty provisions are adjusted as necessary. The Company monitors its warranty activity and adjusts its reserve estimates when it is probable that future warranty costs will be different than those estimates. The Company's product warranty liability is recorded in the combined statements of financial position in other current liabilities.

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

(in millions)	Year Ended September 30,	
	2016	2015
Balance at beginning of period	\$ 12	\$ 19
Accruals for warranties issued during the period	9	6
Changes in accruals related to pre-existing warranties (including changes in estimates)	(5)	(5)
Settlements made (in cash or in kind) during the period	(4)	(7)
Currency translation	1	(1)
Balance at end of period	\$ 13	\$ 12

Note 8. LEASES

Certain administrative and production facilities and equipment are leased under long-term agreements. Most leases contain renewal options for varying periods, and certain leases include options to purchase the leased property during or at the end of the lease term. Leases generally require the Company to pay for insurance, taxes and maintenance of the property.

Certain facilities and equipment are leased under arrangements that are accounted for as operating leases. Total rental expense for the fiscal years ended September 30, 2016, 2015 and 2014 was \$120 million, \$171 million and \$205 million, respectively.

Future minimum capital and operating lease payments and the related present value of capital lease payments at September 30, 2016 are as follows:

(in millions)	Capital Leases	Operating Leases
2017	\$ 1	\$ 84
2018	1	65
2019	1	50
2020	—	41
2021	—	35
After 2021	—	54
Total minimum lease payments	3	\$ 329
Interest	(1)	
Present value of net minimum lease payments	\$ 2	

Note 9. DEBT AND FINANCING ARRANGEMENTS

Long-term debt consisted of the following:

(in millions)	September 30,	
	2016	2015
Term Loan A - LIBOR plus 1.50% due in 2021	\$ 1,500	\$ —
4.875% Notes due in 2026	900	—
3.50% Notes due in 2024	1,119	—
Capital lease obligations	2	25
Other	2	17
Gross long-term debt	3,523	42
Less: current portion	38	7
Net long-term debt	\$ 3,485	\$ 35

Credit Facilities: On July 27, 2016, Adient Global Holdings Ltd ("AGH"), a wholly owned subsidiary of Adient, entered into credit facilities providing for commitments with respect to a \$1.5 billion revolving credit facility and a \$1.5 billion Term Loan A facility. The credit facilities mature on July 27, 2021. Commencing March 31, 2017 until the Term Loan A maturity date, amortization of the funded Term Loan A shall be required in an amount per quarter equal to 0.625% of the original principal amount in the first year following the closing date of the credit facilities (July 27, 2016, "the Closing Date"), 1.25% in each quarter of the second and third years following the Closing Date, and 2.50% in each quarter thereafter prior to final maturity. Following the separation, the credit facility contains covenants that include, among other things and subject to certain significant exceptions, restrictions on Adient's ability to declare or pay dividends, make certain payments in respect of the notes, create liens, incur additional indebtedness, make investments, engage in transactions with affiliates, enter into agreements restricting Adient's subsidiaries' ability to pay dividends, dispose of assets and merge or consolidate with any other person. In addition, the credit facilities contain a financial maintenance covenant requiring Adient to maintain a total net leverage ratio equal to or less than 3.5x adjusted EBITDA, calculated on a quarterly basis. The Term Loan A Facility also requires mandatory prepayments in connection with certain non-ordinary course asset sales and insurance recovery and condemnation events, among other things, and subject in each case to certain significant exceptions.

The full amount of the Term Loan A facility and \$750 million of the revolving credit facility was available to AGH prior to the separation. Following the separation, the full amount of the revolving credit facility is available and the drawn portion will bear interest based on LIBOR plus a margin between 1.25%-2.25%, based on Adient's total net leverage ratio. Following the separation and the satisfaction of certain other conditions, AGH will pay a commitment fee on the unused portion of the commitments under the revolving credit facility based on the total net leverage ratio of Adient, ranging from 0.15% to 0.35%. No amounts were outstanding under the revolving credit facility at September 30, 2016.

Senior Unsecured Notes: On August 19, 2016, AGH issued \$0.9 billion aggregate principal amount of 4.875% USD-denominated unsecured notes due 2026 and €1.0 billion aggregate principal amount of 3.50% euro-denominated unsecured notes due 2024, in a private offering exempt from the registration requirements of the Securities Act of 1933, as amended. Subsequent to September 30, 2016, the proceeds of the notes were used, together with borrowings from the new credit facilities, to pay a distribution of approximately \$3.0 billion to JCI with the remaining proceeds to be used for working capital and general corporate purposes.

Short-term debt consisted of the following:

(in millions)	September 30,	
	2016	2015
Bank borrowings and commercial paper	\$ 41	\$ 17
Weighted average interest rate on short-term debt outstanding ⁽¹⁾	5.9%	13.7%

⁽¹⁾ The weighted average interest rates on short-term debt varies based on levels of debt maintained in various jurisdictions.

Total interest paid on both short and long-term debt for the fiscal years ended September 30, 2016, 2015 and 2014 was \$5 million, \$10 million and \$13 million, respectively.

Net Financing Charges

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

(in millions)	Year Ended September 30,		
	2016	2015	2014
Interest expense	\$ 20	\$ 11	\$ 14
Banking fees	4	2	3
Interest income	(2)	(1)	(2)
Net financing charges	\$ 22	\$ 12	\$ 15

Note 10. DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES

The Parent selectively uses derivative instruments to reduce Adient's market risk associated with changes in foreign currency. Under the Parent's policy, the use of derivatives is restricted to those intended for hedging purposes; the use of any derivative instrument for speculative purposes is strictly prohibited. A description of each type of derivative utilized by the Parent to manage Adient's risk is included in the following paragraphs. In addition, refer to Note 11, "Fair Value Measurements," of the notes to combined financial statements for information related to the fair value measurements and valuation methods utilized by the Company for each derivative type.

The Company has global operations and participates in the foreign exchange markets to minimize its risk of loss from fluctuations in foreign currency exchange rates. The Parent primarily uses foreign currency exchange contracts to hedge certain of Adient's foreign exchange rate exposures. The Parent hedges 70% to 90% of the nominal amount of each of its known foreign exchange transactional exposures. Gains and losses on derivative contracts offset gains and losses on underlying foreign currency exposures.

The Parent had entered into cross-currency interest rate swaps to selectively hedge portions of Adient's net investment in Japan. The currency effects of the cross-currency interest rate swaps were reflected in the AOCI account within invested equity attributable to Adient where they offset gains and losses recorded on the Company's net investment in Japan. The Parent had no cross-currency interest rate swaps outstanding for Adient at September 30, 2016. At September 30, 2015, the Parent had four cross-currency interest rate swaps outstanding for Adient totaling ¥20 billion.

At September 30, 2016, the Parent had a €1.0 billion bond designated as a net investment hedge to selectively hedge portions of Adient's net investment in Europe. The currency effects of its euro denominated bonds are reflected in the accumulated other comprehensive income account within invested equity attributable to Adient where they offset gains and losses recorded on Adient's net investment in Europe.

The following table presents the location and fair values of derivative instruments and hedging activities included in the Company's combined statements of financial position:

(in millions)	Derivatives and Hedging Activities Designated as Hedging Instruments under ASC 815		Derivatives and Hedging Activities Not Designated as Hedging Instruments under ASC 815	
	September 30, 2016	September 30, 2015	September 30, 2016	September 30, 2015
Other current assets				
Foreign currency exchange derivatives	\$ 9	\$ 5	\$ 40	\$ 41
Cross-currency interest rate swaps	—	5	—	—
Total assets	\$ 9	\$ 10	\$ 40	\$ 41
Other current liabilities				
Foreign currency exchange derivatives	\$ 31	\$ 27	\$ 8	\$ 17
Cross-currency interest rate swaps	—	1	—	—
Total liabilities	\$ 31	\$ 28	\$ 8	\$ 17

The Parent enters into International Swaps and Derivatives Associations (ISDA) master netting agreements with counterparties that permit the net settlement of amounts owed under the derivative contracts. The master netting agreements generally provide for net settlement of all outstanding contracts with a counterparty in the case of an event of default or a termination event. The Company has not elected to offset the fair value positions of the derivative contracts recorded in the combined statements of financial position. Collateral is generally not required of the Company or the counterparties under the master netting agreements. As of September 30, 2016 and September 30, 2015, no cash collateral was received or pledged under the master netting agreements.

The gross and net amounts of derivative assets and liabilities are as follows:

(in millions)	Fair Value of Assets		Fair Value of Liabilities	
	September 30, 2016	September 30, 2015	September 30, 2016	September 30, 2015
Gross amount recognized	\$ 49	\$ 51	\$ 39	\$ 45
Gross amount eligible for offsetting	(1)	(2)	(1)	(2)
Net amount	\$ 48	\$ 49	\$ 38	\$ 43

The following table presents the effective portion of pretax gains recorded in other comprehensive income related to cash flow hedges:

(in millions)	Year Ended September 30,	
	September 30, 2016	September 30, 2015
Foreign currency exchange derivatives	\$ 34	\$ 8

The following table presents the location and amount of the effective portion of pretax gains on cash flow hedges reclassified from AOCI into the Company's combined statements of income:

(in millions)		Year Ended September 30,	
		2016	2015
Foreign currency exchange derivatives	Cost of sales	\$ 31	\$ 22

The following table presents the location and amount of pretax gains (losses) on derivatives not designated as hedging instruments recognized in the Company's combined statements of income:

(in millions)		Year Ended September 30,		
		2016	2015	2014
Foreign currency exchange derivatives	Cost of sales	\$ 10	\$ 1	\$ 3
Foreign currency exchange derivatives	Net financing charges	(3)	14	5
Total		\$ 7	\$ 15	\$ 8

The effective portion of pretax gains (losses) recorded in currency translation adjustment (CTA) within other comprehensive income (loss) related to net investment hedges was \$(24) million and \$16 million at September 30, 2016 and 2015, respectively. For the years ended September 30, 2016 and 2015, no gains or losses were reclassified from CTA into income for the Company's outstanding net investment hedges, and no gains or losses were recognized in income for the ineffective portion of cash flow hedges.

Note 11. FAIR VALUE MEASUREMENTS

ASC 820, "Fair Value Measurement," defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. ASC 820 also establishes a three-level fair value hierarchy that prioritizes information used in developing assumptions when pricing an asset or liability as follows:

Level 1: Observable inputs such as quoted prices in active markets;

Level 2: Inputs, other than quoted prices in active markets, that are observable either directly or indirectly; and

Level 3: Unobservable inputs where there is little or no market data, which requires the reporting entity to develop its own assumptions.

ASC 820 requires the use of observable market data, when available, in making fair value measurements. When inputs used to measure fair value fall within different levels of the hierarchy, the level within which the fair value measurement is categorized is based on the lowest level input that is significant to the fair value measurement.

Recurring Fair Value Measurements

The following tables present the Company's fair value hierarchy for those assets and liabilities measured at fair value:

(in millions)	Fair Value Measurements Using:			
	Total as of September 30, 2016	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Other current assets				
Foreign currency exchange derivatives	\$ 49	\$ —	\$ 49	\$ —
Total assets	\$ 49	\$ —	\$ 49	\$ —
Other current liabilities				
Foreign currency exchange derivatives	\$ 39	\$ —	\$ 39	\$ —
Total liabilities	\$ 39	\$ —	\$ 39	\$ —

(in millions)	Fair Value Measurements Using:			
	Total as of September 30, 2015	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Other current assets				
Foreign currency exchange derivatives	\$ 46	\$ —	\$ 46	\$ —
Cross-currency interest rate swaps	5	—	5	—
Total assets	\$ 51	\$ —	\$ 51	\$ —
Other current liabilities				
Foreign currency exchange derivatives	\$ 44	\$ —	\$ 44	\$ —
Cross-currency interest rate swaps	1	—	1	—
Total liabilities	\$ 45	\$ —	\$ 45	\$ —

Valuation Methods

Foreign currency exchange derivatives The Parent selectively hedges anticipated transactions that are subject to foreign exchange rate risk primarily using foreign currency exchange hedge contracts. The foreign currency exchange derivatives are valued under a market approach using publicized spot and forward prices. As cash flow hedges under ASC 815, "Derivatives and Hedging," the effective portion of the hedge gains or losses due to changes in fair value are initially recorded as a component of AOCI and are subsequently reclassified into earnings when the hedged transactions occur and affect earnings. Any ineffective portion of the hedge is reflected in the combined statements of income. These contracts were highly effective in hedging the variability in future cash flows attributable to changes in currency exchange rates at September 30, 2016 and 2015. The fair value of foreign currency exchange derivatives not designated as hedging instruments under ASC 815 are recorded in the combined statements of income.

Cross-currency interest rate swaps The Parent had entered into cross-currency interest rate swaps to selectively hedge portions of Adient's net investment in Japan. The cross-currency interest rate swaps were valued using observable market data. Changes in the market value of the swaps were reflected in the CTA component of AOCI where they offset gains and losses recorded on the Company's net investment in Japan. The Parent had no cross-currency interest rate swaps outstanding for Adient at September 30, 2016. At September 30, 2015, the Parent had four cross-currency interest rate swaps outstanding for Adient totaling ¥20 billion.

Investments in marketable common stock The Company invested in certain marketable common stock, which was valued under a market approach using publicized share prices. There were no investments in marketable common stock as of September 30, 2016 and 2015. During fiscal 2014, the Company sold certain marketable common stock for approximately \$25 million. As a result, the Company recorded \$8 million of realized gains within selling, general and administrative expenses in the Seating segment.

Note 12. STOCK-BASED COMPENSATION

On September 2, 2016, Johnson Controls adopted the Johnson Controls International plc 2012 Share and Incentive Plan (the "Plan"). The original effective date of this Plan was October 1, 2012. The Plan was amended and restated as of November 17, 2014 and was amended and restated again in connection with the Merger on September 2, 2016 (the "Amendment Effective Date"). The amendment and restatement is intended to reflect the assumption into this Plan of the remaining share reserves under the Johnson Controls, Inc. 2012 Omnibus Incentive Plan and the Johnson Controls, Inc. 2003 Stock Plan for Outside Directors (the "Legacy Johnson Controls Plans") as of the Amendment Effective Date. Following the Amendment Effective Date, no further awards may be made under the Legacy Johnson Controls Plans. The types of awards authorized by the Plan are comprised of stock options, stock appreciation rights, performance shares, performance units and other stock-based

awards. The Compensation Committee of Johnson Controls determines the types of awards to be granted to individual participants and the terms and conditions of the awards. The Plan provides that 76 million shares of Johnson Controls ordinary shares are reserved for issuance under the Plan, and 46 million shares remained available for issuance at September 30, 2016.

Prior to separation, Adient employees participated in the Plan. In conjunction with the separation, the Company adopted the Adient plc 2016 Omnibus Incentive Plan and the Adient plc 2016 Director Share Plan, which provides for the assumption of certain awards granted under the Adient incentive stock program and authorizes the grant of several different forms of benefits including nonqualified stock options, stock appreciation rights, performance shares, performance units and restricted stock units (RSUs). The Adient plc 2016 Omnibus Incentive Plan and Adient plc 2016 Director Share Plan initially reserved 6 million and 0.2 million ordinary shares for issuance with respect to awards for participants, respectively.

The following disclosures represent the portion of Johnson Controls International plc 2012 Share and Incentive Plan in which Adient employees participated. All awards granted under the program consisted of Johnson Controls International plc ordinary shares. As such, all related equity account balances are reflected in JCI's consolidated statements of stockholders' equity and have not been reflected in Adient's combined financial statements. Adient's combined statements of income reflect compensation expense for these stock-based awards associated with the portion of JCI's incentive stock program in which Adient employees participated; accordingly, the amounts presented are not necessarily indicative of future performance and do not necessarily reflect the results that Adient would have experienced as an independent, publicly-traded company for the periods presented.

The equity award amounts presented below have not been converted to reflect the separation from JCI. Upon the separation on October 31, 2016, holders of JCI stock options and RSUs generally received one Adient stock-based award for each ten JCI stock-based award outstanding. The adjustment of the JCI stock options and RSUs into both JCI and Adient stock-based awards after separation was designed to generally preserve the intrinsic value and the fair value of the award immediately prior to separation. The per share data presented has not been adjusted to reflect the impact of the separation.

The stock-based compensation cost for Adient employees who participate in the JCI plans, excluding the offsetting impact of outstanding JCI equity swaps, was \$28 million, \$16 million and \$19 million for the fiscal years ended September 30, 2016, 2015 and 2014, respectively. The total income tax benefit recognized in the combined statements of income for share-based compensation arrangements was \$11 million, \$6 million and \$7 million for the fiscal years ended September 30, 2016, 2015 and 2014, respectively. JCI applies a non-substantive vesting period approach whereby expense is accelerated for those employees that receive awards and are eligible to retire prior to the award vesting. The amounts presented are based on the awards and terms previously granted to Adient employees. The beginning balances in the tables below have been adjusted to reflect awards related to Adient corporate employees.

Stock Options

Stock options are granted to eligible employees with an exercise price equal to the market price of JCI's stock at the date of grant. Stock option awards typically vest between two and three years after the grant date and expire ten years from the grant date.

The fair value of each option is estimated on the date of grant using a Black-Scholes option valuation model that uses the assumptions noted in the following table. Expected volatilities are based on the historical volatility of JCI's stock and other factors. JCI uses historical data to estimate option exercises and employee terminations within the valuation model. The expected term of options represents the period of time that options granted are expected to be outstanding. The risk-free rate for periods during the contractual life of the option is based on the U.S. Treasury yield curve in effect at the time of grant.

	Year Ended September 30,		
	2016	2015	2014
Expected life of option (years)	6.4	6.6	6.7
Risk-free interest rate	1.64%	1.61% - 1.93%	1.92%
Expected volatility of JCI's stock	36.00%	36.00%	36.00%
Expected dividend yield on JCI's stock	2.11%	2.02%	2.17%

A summary of stock option activity at September 30, 2016 , and changes for the year then ended, is presented below:

	Weighted Average Option Price	Shares Subject to Option	Weighted Average Remaining Contractual Life (years)	Aggregate Intrinsic Value (in millions)
Outstanding, September 30, 2015	\$ 30.94	2,397,641		
Granted	43.86	184,407		
Exercised	26.55	(241,315)		
Forfeited or expired	29.66	(4,705)		
Outstanding, September 30, 2016	\$ 32.42	2,336,028	4.8	\$ 34
Exercisable, September 30, 2016	\$ 29.54	1,964,247	4.1	\$ 33

The weighted-average grant-date fair value of options granted to Adient employees during the fiscal years ended September 30, 2016 , 2015 and 2014 was \$13.15, \$15.53 and \$14.70, respectively.

The total intrinsic value of options exercised by Adient employees during the fiscal years ended September 30, 2016 , 2015 and 2014 was approximately \$4 million, \$30 million and \$30 million, respectively.

In conjunction with the exercise of stock options granted, the Parent received cash payments for the fiscal years ended September 30, 2016 , 2015 and 2014 of approximately \$6 million, \$42 million and \$38 million, respectively.

At September 30, 2016 , the Company had approximately \$1 million of total unrecognized compensation cost related to nonvested stock options granted. That cost is expected to be recognized over a weighted-average period of 1.4 years.

Stock Appreciation Rights

SARs vest under the same terms and conditions as stock option awards; however, they are settled in cash for the difference between the market price on the date of exercise and the exercise price. As a result, SARs are recorded in the Company's combined statements of financial position as a liability until the date of exercise.

The fair value of each SAR award is estimated using a similar method described for stock options. The fair value of each SAR award is recalculated at the end of each reporting period and the liability and expense are adjusted based on the new fair value.

The assumptions used by JCI to determine the fair value of the SAR awards at September 30, 2016 are as follows:

Expected life of SAR (years)	0.50 - 4.20
Risk-free interest rate	0.45% - 1.04%
Expected volatility of JCI's stock	36.00%
Expected dividend yield on JCI's stock	2.11%

A summary of SAR activity at September 30, 2016 , and changes for the year then ended, is presented below:

	Weighted Average SAR Price	Shares Subject to SAR	Weighted Average Remaining Contractual Life (years)	Aggregate Intrinsic Value (in millions)
Outstanding, September 30, 2015	\$ 29.48	821,111		
Granted	43.86	33,458		
Exercised	26.03	(199,875)		
Forfeited or expired	—	—		
Outstanding, September 30, 2016	\$ 31.26	654,694	4.6	\$ 10
Exercisable, September 30, 2016	\$ 29.61	590,744	4.2	\$ 10

In conjunction with the exercise of SARs granted to Adient employees, the Parent made payments of \$4 million, \$7 million and \$7 million during the fiscal years ended September 30, 2016 , 2015 and 2014 , respectively.

Restricted (Nonvested) Stock

The Plan provides for the award of restricted stock or restricted stock units to certain employees. These awards are typically share settled unless the employee is a non-U.S. employee or elects to defer settlement until retirement at which point the award would be settled in cash. Restricted awards typically vest after three years from the grant date. The Plan allows for different vesting terms on specific grants with approval by JCI's Board of Directors.

A summary of the status of nonvested restricted stock awards at September 30, 2016, and changes for the fiscal year then ended, for Adient employees is presented below:

	Weighted Average Price	Shares/Units Subject to Restriction
Nonvested, September 30, 2015	\$ 45.93	578,570
Granted	44.07	650,540
Converted performance share awards ⁽¹⁾	49.54	158,256
Vested	26.70	(66,918)
Forfeited	—	—
Nonvested, September 30, 2016	\$ 46.42	1,320,448

⁽¹⁾ As of the Amendment Effective Date, performance share awards were converted to nonvested restricted stock based on certain performance factors.

At September 30, 2016, the Company had approximately \$19 million of total unrecognized compensation cost related to nonvested restricted stock arrangements granted. That cost is expected to be recognized over a weighted-average period of 1.8 years.

Performance Share Awards

The Plan permits the grant of performance-based share unit ("PSU") awards. The number of PSUs granted is equal to the PSU award value divided by the closing price of a JCI ordinary share at the grant date. The PSUs are generally contingent on the achievement of pre-determined performance goals over a three-year performance period as well as on the award holder's continuous employment until the vesting date. Each PSU that is earned will be settled with an ordinary share of JCI following the completion of the performance period, unless the award holder elected to defer a portion or all of the award until retirement, which would then be settled in cash.

A summary of the status of the Company's nonvested PSUs at September 30, 2016, and changes for the fiscal year then ended, for Adient employees is presented below:

	Weighted Average Price	Shares/Units Subject to PSU
Nonvested, September 30, 2015	\$ 42.72	125,027
Granted	—	—
Vested	30.73	(45,300)
Forfeited	—	—
Nonvested, September 2, 2016	\$ 49.53	79,727
Conversion to nonvested restricted stock ⁽¹⁾	49.53	(79,727)
Nonvested, September 30, 2016	\$ —	—

⁽¹⁾ As of the Amendment Effective Date, PSUs were converted to nonvested restricted stock.

Note 13. EQUITY AND NONCONTROLLING INTERESTS

The following schedules present changes in combined equity attributable to Adient and noncontrolling interests:

(in millions, net of tax)	Equity Attributable to Adient	Equity Attributable to Noncontrolling Interests	Total Invested Equity
At September 30, 2013	\$ 5,582	\$ 156	\$ 5,738
Total comprehensive income (loss):			
Net income	307	53	360
Foreign currency translation adjustments	(253)	—	(253)
Realized and unrealized gains (losses) on derivatives	1	—	1
Realized and unrealized gains (losses) on marketable common stock	(7)	—	(7)
Pension and postretirement plans	1	—	1
Other comprehensive income (loss)	(258)	—	(258)
Comprehensive income (loss)	49	53	102
Other change in equity:			
Dividends attributable to noncontrolling interests	—	(41)	(41)
Change in Parent's net investment	(178)	—	(178)
Change in noncontrolling interest share	—	(3)	(3)
Other	—	(6)	(6)
At September 30, 2014	\$ 5,453	\$ 159	\$ 5,612
Total comprehensive income (loss):			
Net income	475	50	525
Foreign currency translation adjustments	(512)	(5)	(517)
Realized and unrealized gains (losses) on derivatives	(11)	—	(11)
Other comprehensive income (loss)	(523)	(5)	(528)
Comprehensive income (loss)	(48)	45	(3)
Other change in equity:			
Dividends attributable to noncontrolling interests	—	(34)	(34)
Change in Parent's net investment	221	—	221
Other	—	(29)	(29)
At September 30, 2015	\$ 5,626	\$ 141	\$ 5,767
Total comprehensive income (loss):			
Net income (loss)	(1,533)	59	(1,474)
Foreign currency translation adjustments	(31)	(6)	(37)
Realized and unrealized gains (losses) on derivatives	3	—	3
Pension and postretirement plans	(1)	—	(1)
Other comprehensive income (loss)	(29)	(6)	(35)
Comprehensive income (loss)	(1,562)	53	(1,509)
Other change in equity:			
Dividends attributable to noncontrolling interests	—	(65)	(65)
Change in noncontrolling interest share	—	2	2
Change in Parent's net investment	146	—	146
At September 30, 2016	\$ 4,210	\$ 131	\$ 4,341

The Company consolidates certain subsidiaries in which the noncontrolling interest party has within their control the right to require the Company to redeem all or a portion of its interest in the subsidiary. These redeemable noncontrolling interests are reported at their estimated redemption value. Any adjustment to the redemption value impacts retained earnings but does not impact net income. Redeemable noncontrolling interests which are redeemable only upon future events, the occurrence of which is not currently probable, are recorded at carrying value.

The following schedules present changes in the redeemable noncontrolling interests:

(in millions)	Year Ended September 30,		
	2016	2015	2014
Beginning balance	\$ 31	\$ 27	\$ 11
Net income	25	16	14
Foreign currency translation adjustments	1	(3)	—
Dividends	(23)	(9)	(4)
Other	—	—	6
Ending balance	\$ 34	\$ 31	\$ 27

The following schedules present changes in AOCI attributable to Adient:

(in millions, net of tax)	Year Ended September 30,		
	2016	2015	2014
Foreign currency translation adjustments			
Balance at beginning of period	\$ (229)	\$ 283	\$ 536
Aggregate adjustment for the period (net of tax effect of \$(28), \$9 and \$8)	(31)	(512)	(253)
Balance at end of period	(260)	(229)	283
Realized and unrealized gains (losses) on derivatives			
Balance at beginning of period	(17)	(6)	(7)
Current period changes in fair value (net of tax effect of \$10, \$1 and \$2)	26	5	7
Reclassification to income (net of tax effect of \$(8), \$(6) and \$(3)) *	(23)	(16)	(6)
Balance at end of period	(14)	(17)	(6)
Realize and unrealized gains (losses) on marketable common stock			
Balance at beginning of period	—	—	7
Current period changes in fair value (net of tax effect of \$0)	—	—	(1)
Reclassifications to income (net of tax effect of \$0, \$0 and \$(2)) **	—	—	(6)
Balance at end of period	—	—	—
Pension and postretirement plans			
Balance at beginning of period	(1)	(1)	(2)
Reclassifications to income (net of tax effect of \$0)	(1)	—	1
Balance at end of period	(2)	(1)	(1)
Accumulated other comprehensive income (loss), end of period	\$ (276)	\$ (247)	\$ 276

* Refer to Note 10, "Derivative Instruments and Hedging Activities," of the notes to combined financial statements for disclosure of the line items on the combined statements of income affected by reclassifications from AOCI into income related to derivatives.

** Refer to Note 11, "Fair Value Measurements," of the notes to combined financial statements for disclosure of the line item on the combined statements of income affected by reclassifications from AOCI into income related to marketable common stock.

Note 14. RETIREMENT PLANS

Participation in Parent Pension and Other Postemployment Benefit Plans

JCI provides defined benefit pension, postretirement health care and defined contribution benefits to its eligible employees and retirees, including eligible employees and retirees of Adient. These liabilities are not reflected in the combined statements of financial position. Effective October 31, 2016, in connection with the separation of Adient from JCI, Adient will record the net benefit plan obligations transferred from JCI. Adient's combined statements of earnings included expense allocations for these benefits. These expenses were funded through intercompany transactions with JCI which are reflected within net parent company investment in Adient.

The combined statements of income include expense allocations for these benefits which were determined using a proportional allocation based on headcount and payroll expense for the Company's employees. Management considers the expense allocation methodology and results to be reasonable for all periods presented. Total Parent benefit plan net expense allocated to Adient amounted to \$21 million, \$32 million and \$45 million for the fiscal years ended September 30, 2016, 2015 and 2014, respectively. These costs are reflected in cost of sales and selling, general and administrative expenses. These costs were funded through intercompany transactions with Parent which are now reflected within the net parent investment equity balance.

Parent Defined Benefit Pension Plans

Certain retired U.S. and Japanese employees of Adient receive defined benefit pension benefits through various Parent pension plans. Eligible active employees will also receive defined benefit pension benefits through various Parent pension plans in both the United States and Japan upon retirement. Allocated expense (income) in connection with these plans amounted to \$(24) million, \$(19) million and \$6 million for the fiscal years 2016, 2015 and 2014, respectively.

Parent Other Postemployment Benefit Plans

Certain retired U.S. and Canadian employees of Adient receive health care and other benefits through various Parent postretirement health care benefit plans. Eligible active employees will also receive postretirement health care benefits through various Parent postretirement plans in both the United States and Canada upon retirement. Allocated expense in connection with these plans was not significant for the fiscal years 2016, 2015 and 2014, respectively.

Parent Savings and Investment Plans

JCI sponsors various defined contribution savings plans that allow employees to contribute a portion of their pre-tax and/or after-tax income in accordance with plan specified guidelines. Under specified conditions, JCI will contribute to certain savings plans based on the employees' eligible pay and/or will match a percentage of the employee contributions up to certain limits. Allocated expense in connection with these plans amounted to \$45 million, \$51 million and \$39 million for the fiscal years 2016, 2015 and 2014, respectively.

Pension Benefits

The Company has non-contributory defined benefit pension plans covering primarily non-U.S. employees and a limited number of U.S. employees. The benefits provided are primarily based on years of service and average compensation or a monthly retirement benefit amount. Funding for non-U.S. plans observes the local legal and regulatory limits. Funding for U.S. pension plans equals or exceeds the minimum requirements of the Employee Retirement Income Security Act of 1974.

For pension plans with accumulated benefit obligations (ABO) that exceed plan assets, the projected benefit obligation (PBO), ABO and fair value of plan assets of those plans were \$495 million, \$519 million and \$331 million, respectively, as of September 30, 2016 and \$403 million, \$383 million and \$287 million, respectively, as of September 30, 2015.

In fiscal 2016, total Adient contributions to the defined benefit pension plans were \$35 million, of which \$12 million were voluntary contributions made by the Company. Contributions of approximately \$22 million in cash to its defined benefit pension plans are expected in fiscal 2017. Projected benefit payments from the plans as of September 30, 2016 are estimated as follows (in millions):

2017	\$	22
2018		21
2019		22
2020		23
2021		23
2022-2026		137

Postretirement Benefits

The Company provides certain health care and life insurance benefits for eligible retirees and their dependents primarily in the U.S. and Canada. Most non-U.S. employees are covered by government sponsored programs, and the cost to the Company is not significant.

Eligibility for coverage is based on meeting certain years of service and retirement age qualifications. These benefits may be subject to deductibles, co-payment provisions and other limitations, and the Company has reserved the right to modify these benefits.

The health care cost trend assumption does not have a significant effect on the amounts reported.

In fiscal 2016, total employer and employee contributions to the postretirement plans were \$1 million. The Company does not expect to make any significant contributions to its postretirement plans in fiscal year 2017. Projected benefit payments from the plans as of September 30, 2016 are estimated as follows (in millions):

2017	\$	1
2018		1
2019		1
2020		1
2021		1
2022-2026		6

In December 2003, the U.S. Congress enacted the Medicare Prescription Drug, Improvement and Modernization Act of 2003 (Act) for employers sponsoring postretirement care plans that provide prescription drug benefits. The Act introduces a prescription drug benefit under Medicare as well as a federal subsidy to sponsors of retiree health care benefit plans providing a benefit that is at least actuarially equivalent to Medicare Part D.1. Under the Act, the Medicare subsidy amount is received directly by the plan sponsor and not the related plan. Further, the plan sponsor is not required to use the subsidy amount to fund postretirement benefits and may use the subsidy for any valid business purpose. Projected subsidy receipts for each of the next ten years are not expected to be significant.

Plan Assets

The Company's investment policies employ an approach whereby a mix of equities, fixed income and alternative investments are used to maximize the long-term return of plan assets for a prudent level of risk. The investment portfolio primarily contains a diversified blend of equity and fixed income investments. Equity investments are diversified across domestic and non-domestic stocks, as well as growth, value and small to large capitalizations. Fixed income investments include corporate and government issues, with short-, mid- and long-term maturities, with a focus on investment grade when purchased and a target duration close to that of the plan liability. Investment and market risks are measured and monitored on an ongoing basis through regular investment portfolio reviews, annual liability measurements and periodic asset/liability studies. The majority of the real estate component of the portfolio is invested in a diversified portfolio of high-quality, operating properties with cash yields greater than the targeted appreciation. Investments in other alternative asset classes, including hedge funds and commodities, diversify the expected investment returns relative to the equity and fixed income investments. As a result of the Company's diversification strategies, there are no significant concentrations of risk within the portfolio of investments.

The Company's actual asset allocations are in line with target allocations. The Company rebalances asset allocations as appropriate, in order to stay within a range of allocation for each asset category.

The expected return on plan assets is based on the Company's expectation of the long-term average rate of return of the capital markets in which the plans invest. The average market returns are adjusted, where appropriate, for active asset management returns. The expected return reflects the investment policy target asset mix and considers the historical returns earned for each asset category.

The Company's plan assets by asset category, are as follows:

(in millions)	Fair Value Measurements Using:			
	Total as of September 30, 2016	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Pension				
Cash	\$ 13	\$ 13	\$ —	\$ —
Equity Securities				
Large-Cap	38	38	—	—
Small-Cap	1	1	—	—
International - Developed	45	45	—	—
International - Emerging	7	7	—	—
Fixed Income Securities				
Government	172	121	51	—
Corporate/Other	90	74	16	—
Hedge Fund	65	—	65	—
Real Estate	26	—	—	26
Total	<u>\$ 457</u>	<u>\$ 299</u>	<u>\$ 132</u>	<u>\$ 26</u>
Postretirement:				
Equity Securities				
Large-Cap	\$ 2	\$ 2	\$ —	\$ —
Small-Cap	1	1	—	—
International - Developed	1	1	—	—
International - Emerging	1	1	—	—
Fixed Income Securities				
Government	1	1	—	—
Corporate/Other	4	4	—	—
Commodities	1	1	—	—
Real Estate	1	1	—	—
Total	<u>\$ 12</u>	<u>\$ 12</u>	<u>\$ —</u>	<u>\$ —</u>

(in millions)	Fair Value Measurements Using:			
	Total as of September 30, 2015	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Pension:				
Cash	\$ 27	\$ 27	\$ —	\$ —
Equity Securities				
Large-Cap	32	32	—	—
Small-Cap	1	1	—	—
International - Developed	42	42	—	—
International - Emerging	7	7	—	—
Fixed Income Securities				
Government	147	102	45	—
Corporate/Other	77	61	16	—
Hedge Fund	64	—	64	—
Real Estate	24	—	—	24
Total	\$ 421	\$ 272	\$ 125	\$ 24
Postretirement:				
Cash	\$ 1	\$ 1	\$ —	\$ —
Equity Securities				
Large-Cap	2	2	—	—
Small-Cap	1	1	—	—
International - Developed	1	1	—	—
International - Emerging	1	1	—	—
Fixed Income Securities				
Government	1	1	—	—
Corporate/Other	4	4	—	—
Commodities	1	1	—	—
Real Estate	1	1	—	—
Total	\$ 13	\$ 13	\$ —	\$ —

The following is a description of the valuation methodologies used for assets measured at fair value.

Cash: The fair value of cash is valued at cost.

Equity Securities: The fair value of equity securities is determined by direct quoted market prices. The underlying holdings are direct quoted market prices on regulated financial exchanges.

Fixed Income Securities: The fair value of fixed income securities is determined by direct or indirect quoted market prices. If indirect quoted market prices are utilized, the value of assets held in separate accounts is not published, but the investment managers report daily the underlying holdings. The underlying holdings are direct quoted market prices on regulated financial exchanges.

Commodities: The fair value of the commodities is determined by quoted market prices of the underlying holdings on regulated financial exchanges.

Hedge Funds: The fair value of hedge funds is accounted for by the custodian. The custodian obtains valuations from underlying managers based on market quotes for the most liquid assets and alternative methods for assets that do not have sufficient trading activity to derive prices. The Company and custodian review the methods used by the underlying managers to value the assets. The Company believes this is an appropriate methodology to obtain the fair value of these assets.

Real Estate: The fair value of Real Estate Investment Trusts (REITs) is recorded as Level 1 as these securities are traded on an open exchange. The fair value of other investments in real estate is deemed Level 3 since these investments do not have a readily determinable fair value and requires the fund managers independently to arrive at fair value by calculating net asset value (NAV) per share. In order to calculate NAV per share, the fund managers value the real estate investments using any one, or a combination of, the following methods: independent third party appraisals, discounted cash flow analysis of net cash flows projected to be generated by the investment and recent sales of comparable investments. Assumptions used to revalue the properties are updated every quarter. Due to the fact that the fund managers calculate NAV per share, the Company utilizes a practical expedient for measuring the fair value of its Level 3 real-estate investments, as provided for under ASC 820, "Fair Value Measurement." In applying the practical expedient, the Company is not required to further adjust the NAV provided by the fund manager

in order to determine the fair value of its investment as the NAV per share is calculated in a manner consistent with the measurement principles of ASC 946, "Financial Services - Investment Companies," and as of the Company's measurement date. The Company believes this is an appropriate methodology to obtain the fair value of these assets. For the component of the real estate portfolio under development, the investments are carried at cost until they are completed and valued by a third party appraiser.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Company believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following sets forth a summary of changes in the fair value of pension assets measured using significant unobservable inputs (Level 3):

(in millions)	Real Estate
Pension	
Asset value as of September 30, 2014	\$ 12
Additions net of redemptions	14
Unrealized loss	(2)
Asset value as of September 30, 2015	\$ 24
Unrealized gain	2
Asset value as of September 30, 2016	\$ 26

Funded Status

The table that follows contains the ABO and reconciliations of the changes in the PBO, the changes in plan assets and the funded status:

(in millions)	Pension Benefits		Postretirement Benefits	
	2016	2015	2016	2015
Accumulated Benefit Obligation	\$ 613	\$ 506	\$ —	\$ —
Change in Projected Benefit Obligation:				
Projected benefit obligation at beginning of year	\$ 527	\$ 594	\$ 15	\$ 18
Service cost	8	10	—	1
Interest cost	16	19	—	1
Plan participant contributions	—	—	1	1
Divestitures	—	(16)	—	—
Actuarial (gain) loss	132	—	2	(1)
Amendments made during the year	—	1	—	—
Benefits and settlements paid	(30)	(20)	(2)	(2)
Other	14	—	—	(3)
Currency translation adjustment	(30)	(61)	—	—
Projected benefit obligation at end of year	\$ 637	\$ 527	\$ 16	\$ 15
Change in Plan Assets:				
Fair value of plan assets at beginning of year	\$ 421	\$ 453	\$ 13	\$ 14
Actual return on plan assets	44	15	1	—
Divestitures	—	(8)	—	—
Employer and employee contributions	35	25	1	1
Benefits and settlements paid	(30)	(20)	(2)	(2)
Other	16	—	(1)	—
Currency translation adjustment	(29)	(44)	—	—
Fair value of plan assets at end of year	\$ 457	\$ 421	\$ 12	\$ 13
Funded status	\$ (180)	\$ (106)	\$ (4)	\$ (2)
Amounts recognized in the statement of financial position consist of:				
Prepaid benefit cost	\$ 8	\$ 11	\$ —	\$ —
Accrued benefit liability	(188)	(117)	(4)	(2)
Net amount recognized	\$ (180)	\$ (106)	\$ (4)	\$ (2)

	Pension Benefits				Postretirement Benefits	
	U.S. Plans		Non-U.S. Plans		2016	2015
	2016	2015	2016	2015		
Weighted Average Assumptions ⁽¹⁾:						
Discount rate ⁽²⁾	3.70%	4.40%	2.10%	3.40%	3.25%	3.80%
Rate of compensation increase	3.20%	3.25%	4.00%	3.00%	NA	NA

⁽¹⁾ Plan assets and obligations are determined based on a September 30 measurement date.

⁽²⁾ The Company considers the expected benefit payments on a plan-by-plan basis when setting assumed discount rates. As a result, the Company uses different discount rates for each plan depending on the plan jurisdiction, the demographics of participants and the expected timing of benefit payments. For the U.S. pension and postretirement plans, the Company uses a discount rate provided by an independent third party calculated based on an appropriate mix of high quality bonds. For the non-U.S. pension and postretirement plans, the Company consistently uses the relevant country specific benchmark indices for determining the various discount rates.

At September 30, 2015, the Company changed the method used to estimate the service and interest components of net periodic benefit cost for pension and other postretirement benefits for plans that utilize a yield curve approach. This change compared to the previous method will result in different service and interest components of net periodic benefit cost (credit) in future periods. Historically, the Company estimated these service and interest cost components utilizing a single weighted-average discount rate derived from the yield curve used to measure the benefit obligation at the beginning of the period. The Company elected to utilize a full yield curve approach in the estimation of these components by applying the specific spot rates along the yield curve used in the determination of the benefit obligation to the relevant projected cash flows. The Company made this change to provide a more precise measurement of service and interest costs by improving the correlation between projected benefit cash flows to the corresponding spot yield curve rates. This change does not affect the measurement of the total benefit obligations or annual net periodic benefit cost (credit) as the change in the service and interest costs is completely offset in the net actuarial (gain) loss reported. The change in the service and interest costs going forward is not expected to be significant. The Company has accounted for this change as a change in accounting estimate.

Accumulated Other Comprehensive Income

The amounts in AOCI on the combined statements of financial position, exclusive of tax impacts, that have not yet been recognized as components of net periodic benefit cost at September 30, 2016 and 2015 were \$2 million and \$1 million, respectively, related to pension benefits and are not significant related to postretirement benefits.

The amounts in AOCI expected to be recognized as components of net periodic benefit cost over the next fiscal year for pension and postretirement benefits are not significant.

Net Periodic Benefit Cost

The table that follows contains the components of net periodic benefit cost:

(in millions)	Pension Benefits			Postretirement Benefits		
	2016	2015	2014	2016	2015	2014
Components of Net Periodic Benefit Cost (Credit):						
Service cost	\$ 8	\$ 10	\$ 11	\$ —	\$ 1	\$ 1
Interest cost	16	19	22	—	1	1
Expected return on plan assets	(22)	(21)	(21)	—	(1)	(1)
Net actuarial (gain) loss	109	6	58	1	—	(8)
Settlement loss	1	—	—	—	—	—
Net periodic benefit cost (credit)	<u>\$ 112</u>	<u>\$ 14</u>	<u>\$ 70</u>	<u>\$ 1</u>	<u>\$ 1</u>	<u>\$ (7)</u>

	Pension Benefits						Postretirement Benefits		
	U.S. Plans			Non-U.S. Plans			2016	2015	2014
	2016	2015	2014	2016	2015	2014			
Expense Assumptions:									
Discount rate	4.40%	4.35%	4.90%	3.40%	3.50%	4.20%	3.80%	4.35%	4.90%
Expected return on plan assets	7.50%	7.50%	8.00%	4.45%	5.40%	5.85%	3.80%	4.00%	4.00%
Rate of compensation increase	3.25%	3.25%	3.30%	3.00%	3.00%	2.80%	NA	NA	NA

Note 15. SIGNIFICANT RESTRUCTURING AND IMPAIRMENT COSTS

To better align its resources with its growth strategies and reduce the cost structure of its global operations to address the softness in certain underlying markets, the Company commits to restructuring plans as necessary.

In fiscal 2016, the Company committed to a significant restructuring plan (2016 Plan) and recorded \$332 million of restructuring and impairment costs in the combined statements of income. This is the total amount incurred to date and the total amount expected to be incurred for this restructuring plan. The restructuring actions relate to cost reduction initiatives. The costs consist primarily of workforce reductions, plant closures, asset impairments, and changes in estimates to prior year plans. Of the restructuring and impairment costs recorded, \$315 million relates to the Seating segment and \$17 million relates to the Interiors segment. The asset impairment charge recorded during fiscal 2016 relates primarily to information technology assets within the Seating segment that will not be used going forward by the Company. The other charges recorded in fiscal 2016 of \$22 million relate primarily to restructuring costs at one of the Company's joint ventures which the Parent has indemnified. The restructuring actions are expected to be substantially complete in 2017.

The following table summarizes the changes in the Company's 2016 Plan reserve:

(in millions)	Employee Severance and Termination Benefits	Long-Lived Asset Impairments	Other	Currency Translation	Total
Original Reserve	\$ 223	\$ 87	\$ 22	\$ —	\$ 332
Utilized—cash	(29)	—	(1)	—	(30)
Utilized—noncash	—	(87)	—	(2)	(89)
Balance at September 30, 2016	<u>\$ 194</u>	<u>\$ —</u>	<u>\$ 21</u>	<u>\$ (2)</u>	<u>\$ 213</u>

In fiscal 2015, the Company committed to a significant restructuring plan (2015 Plan) and recorded \$182 million of restructuring and impairment costs in the combined statements of income. This is the total amount incurred to date and the total amount expected to be incurred for this restructuring plan. The restructuring actions relate to cost reduction initiatives. The costs consist primarily of workforce reductions, plant closures and asset impairments. The restructuring and impairment costs related to the Seating segment. The restructuring actions are expected to be substantially complete in fiscal 2017.

The following table summarizes the changes in the Company's 2015 Plan reserve:

(in millions)	Employee Severance and Termination Benefits	Long-Lived Asset Impairments	Currency Translation	Total
Original Reserve	\$ 155	\$ 27	\$ —	\$ 182
Utilized—cash	(1)	—	—	(1)
Utilized—noncash	—	(27)	—	(27)
Balance at September 30, 2015	154	—	—	154
Utilized—cash	(41)	—	—	(41)
Utilized—noncash	—	—	(1)	(1)
Balance at September 30, 2016	<u>\$ 113</u>	<u>\$ —</u>	<u>\$ (1)</u>	<u>\$ 112</u>

In fiscal 2014, the Company committed to a significant restructuring plan (2014 Plan) and recorded \$158 million of restructuring and impairment costs in the combined statements of income. This is the total amount incurred to date and the total amount expected to be incurred for this restructuring plan. The restructuring actions related primarily to cost reduction initiatives and included workforce reductions, plant closures, and asset and goodwill impairments. Of the restructuring and impairment costs recorded, \$129 million related to the Interiors segment and \$29 million related to the Seating segment. The restructuring actions are substantially complete.

The following table summarizes the changes in the Company's 2014 Plan reserve:

(in millions)	Employee Severance and Termination Benefits	Long-Lived Asset Impairments	Currency Translation	Total
Original Reserve	\$ 106	\$ 52	\$ —	\$ 158
Utilized—noncash	—	(52)	(5)	(57)
Balance at September 30, 2014	106	—	(5)	101
Utilized—cash	(24)	—	—	(24)
Utilized—noncash	—	—	(9)	(9)
Balance at September 30, 2015	82	—	(14)	68
Utilized—cash	(56)	—	—	(56)
Utilized—noncash	—	—	(1)	(1)
Balance at September 30, 2016	<u>\$ 26</u>	<u>\$ —</u>	<u>\$ (15)</u>	<u>\$ 11</u>

In fiscal 2013, the Company committed to a significant restructuring plan (2013 Plan) and recorded \$280 million of restructuring and impairment costs in the combined statements of income. This is the total amount incurred to date and the total amount expected to be incurred for this restructuring plan. The restructuring actions related to cost reduction initiatives and included workforce reductions, plant closures, and asset and goodwill impairments. Of the restructuring and impairment costs recorded, \$152 million related to the Seating segment and \$128 million related to the Interiors segment. The restructuring actions are substantially complete.

The following table summarizes the changes in the Company's 2013 Plan reserve:

(in millions)	Employee Severance and Termination Benefits	Long-Lived Asset Impairments	Other	Currency Translation	Total
Original Reserve	\$ 199	\$ 79	\$ 2	\$ —	\$ 280
Utilized—cash	(15)	—	—	—	(15)
Utilized—noncash	—	(79)	(2)	3	(78)
Balance at September 30, 2013	184	—	—	3	187
Utilized—cash	(54)	—	—	—	(54)
Utilized—noncash	—	—	—	(9)	(9)
Balance at September 30, 2014	130	—	—	(6)	124
Utilized—cash	(66)	—	—	—	(66)
Utilized—noncash	—	—	—	(10)	(10)
Balance at September 30, 2015	64	—	—	(16)	48
Utilized—cash	(34)	—	—	—	(34)
Utilized—noncash	—	—	—	(1)	(1)
Balance at September 30, 2016	<u>\$ 30</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ (17)</u>	<u>\$ 13</u>

The Parent's fiscal 2016, 2015, and 2014 restructuring plans included workforce reductions of approximately 11,200 for Adient. Restructuring charges associated with employee severance and termination benefits are paid over the severance period granted to each employee or on a lump sum basis in accordance with individual severance agreements. As of September 30, 2016, approximately 7,200 of the employees have been separated from the Company pursuant to the restructuring plans. In addition, the restructuring plans included twenty-two plant closures for Adient. As of September 30, 2016, eleven of the twenty-two plants have been closed.

Refer to Note 16, "Impairment of Long-Lived Assets," of the notes to combined financial statements for further information regarding the long-lived asset impairment charges recorded as part of the restructuring actions.

Company management closely monitors its overall cost structure and continually analyzes each of its businesses for opportunities to consolidate current operations, improve operating efficiencies and locate facilities in low cost countries in close proximity to customers. This ongoing analysis includes a review of its manufacturing, engineering, purchasing and administrative functions, as well as the overall global footprint for all its businesses. Because of the importance of new vehicle sales by major automotive manufacturers to operations, the Company is affected by the general business conditions in this industry. Future adverse developments in the automotive industry could impact the Company's liquidity position, lead to impairment charges and/or require additional restructuring of its operations.

Note 16. IMPAIRMENT OF LONG-LIVED ASSETS

The Company reviews long-lived assets, including property, plant and equipment and other intangible assets with definite lives, for impairment whenever events or changes in circumstances indicate that the asset's carrying amount may not be recoverable. The Company conducts its long-lived asset impairment analyses in accordance with ASC 360-10-15, "Impairment or Disposal of Long-Lived Assets." ASC 360-10-15 requires the Company to group assets and liabilities at the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets and liabilities and evaluate the asset group against the sum of the undiscounted future cash flows. If the undiscounted cash flows do not indicate the carrying amount of the asset is recoverable, an impairment charge is measured as the amount by which the carrying amount of the asset group exceeds its fair value based on discounted cash flow analysis or appraisals.

In fiscal 2016, the Company concluded it had triggering events requiring assessment of impairment for certain of its long-lived assets in conjunction with its announced restructuring actions. As a result, the Company reviewed the long-lived assets for impairment and recorded a \$87 million impairment charge within restructuring and impairment costs on the combined statements of income, of which \$9 million was recorded in the second quarter, \$32 million was recorded in the third quarter and \$46 million was recorded in the fourth quarter. Of the total impairment charges, \$86 million related to the Seating segment and \$1 million related to the Interiors segment. Refer to Note 15, "Significant Restructuring and Impairment Costs," of the notes to combined financial statements for additional information. The impairment was measured, depending on the asset, either under an income approach utilizing forecasted discounted cash flows or a market approach utilizing an appraisal to determine fair values of the impaired assets. These methods are consistent with the methods the Company employed in prior periods to value other long-lived assets. The inputs utilized in the analyses are classified as Level 3 inputs within the fair value hierarchy as defined in ASC 820, "Fair Value Measurement" and primarily consist of expected future cash flows, estimated production volumes, discount rates, estimated salvage values and third-party appraisals.

In fiscal 2015, the Company concluded it had triggering events requiring assessment of impairment for certain of its long-lived assets in conjunction with its announced restructuring actions. As a result, the Company reviewed the long-lived assets for impairment and recorded a \$27 million impairment charge during the fourth quarter within restructuring and impairment costs on the combined statements of income. The total impairment charge related to the Seating segment. Refer to Note 15, "Significant Restructuring and Impairment Costs," of the notes to combined financial statements for additional information. The impairment was measured, depending on the asset, either under an income approach utilizing forecasted discounted cash flows or a market approach utilizing an appraisal to determine fair values of the impaired assets. These methods are consistent with the methods the Company employed in prior periods to value other long-lived assets. The inputs utilized in the analyses are classified as Level 3 inputs within the fair value hierarchy as defined in ASC 820, "Fair Value Measurement" and primarily consist of expected future cash flows, estimated production volumes, discount rates, estimated salvage values and third-party appraisals.

In fiscal 2014, the Company concluded it had triggering events requiring assessment of impairment for certain of its long-lived assets in conjunction with its restructuring actions announced in fiscal 2014. As a result, the Company reviewed the long-lived assets for impairment and recorded a \$52 million impairment charge within restructuring and impairment costs on the combined statements of income. Of the total impairment charge, \$45 million related to the Interiors segment and \$7 million related to the Seating segment. Refer to Note 15, "Significant Restructuring and Impairment Costs," of the notes to combined financial statements for additional information. The impairment was measured, depending on the asset, either under an income approach utilizing forecasted discounted cash flows or a market approach utilizing an appraisal to determine fair values of the impaired assets. These methods are consistent with the methods the Company employed in prior periods to value other long-lived assets. The inputs utilized in the analyses are classified as Level 3 inputs within the fair value hierarchy as defined in ASC 820, "Fair Value Measurement" and primarily consist of expected future cash flows, estimated production volumes, discount rates, estimated salvage values and third-party appraisals.

At September 30, 2016, 2015 and 2014, the Company concluded it did not have any other triggering events requiring assessment of impairment of its long-lived assets.

Note 17. INCOME TAXES

The income tax (benefit) provision in the combined statements of income has been calculated as if Adient filed separate income tax returns and was operating as a stand-alone business. Therefore, cash tax payments and items of current and deferred taxes may not be reflective of the actual tax balances of Adient prior to or subsequent to the separation. The Company's operations have historically been included in the Parent's U.S. federal and state tax returns or non-U.S. jurisdiction tax returns.

The Parent's global tax model has been developed based upon its entire portfolio of business. Accordingly, the Company's tax results as presented are not necessarily indicative of future performance and do not necessarily reflect the results that would have been generated as an independent company for the periods presented.

Because portions of the Company's operations are included in the Parent's tax returns, payments to certain tax authorities are made by the Parent, and not by the Company. With the exception of certain dedicated foreign entities, the Company does not maintain taxes payable to/from JCI and annual current tax balances are deemed to settle immediately with the legal tax-paying entities in the respective jurisdictions. These settlements are reflected as changes in the Parent's net investment.

The more significant components of the Company's income tax provision are in the following table. These amounts do not include the impact of income tax expense related to our nonconsolidated partially-owned affiliates, which is netted against equity income on the combined statements of income.

(in millions)	Year Ended September 30,		
	2016	2015	2014
Tax expense at federal statutory rate	\$ 136	\$ 336	\$ 235
State income taxes, net of federal benefit	—	15	8
Foreign income tax expense at different rates and foreign losses without tax benefits	(92)	(13)	(14)
U.S. tax on foreign income	(207)	(252)	9
U.S. credits and incentives	(7)	(6)	(8)
Impacts of transactions and business divestitures	1,988	356	71
Reserve and valuation allowance adjustments	14	(13)	—
Other	7	(5)	(5)
Income tax provision	\$ 1,839	\$ 418	\$ 296

The effective rate is above the U.S. statutory rate for fiscal 2016 primarily due to the tax consequences surrounding the separation, the jurisdictional mix of restructuring and impairment costs, partially offset by the benefits of continuing global tax planning initiatives and foreign tax rate differentials. The effective rate is above the U.S. statutory rate for fiscal 2015 and 2014 primarily due to the tax consequences of business divestitures partially offset by the benefits of U.S. tax on foreign income, income in certain non-U.S. jurisdictions with a tax rate lower than the U.S. statutory tax rate and continuing global tax planning initiatives.

Valuation Allowances

The Company reviews the realizability of its deferred tax asset valuation allowances on a quarterly basis, or whenever events or changes in circumstances indicate that a review is required. In determining the requirement for a valuation allowance, the historical and projected financial results of the legal entity or combined group recording the net deferred tax asset are considered, along with any other positive or negative evidence. Since future financial results may differ from previous estimates, periodic adjustments to the Company's valuation allowances may be necessary.

As a result of the Company's fiscal 2016 analysis of the realizability of its worldwide deferred tax assets, and after considering tax planning initiatives and other positive and negative evidence, the Company determined that it was more likely than not that deferred tax assets within Germany and Slovakia would be realized. Therefore, the Company released \$83 million and \$5 million, respectively, of net valuation allowances as income tax benefit in the fourth quarter of fiscal 2016. In addition as a result of the Company's fiscal 2016 analysis, the Company determined that it was more likely than not that deferred tax assets within the United Kingdom would not be realized and recorded \$12 million of net valuation allowances as income tax expense in the fourth quarter of fiscal 2016.

As a result of the Company's fiscal 2015 analysis of the realizability of its worldwide deferred tax assets, and after considering tax planning initiatives and other positive and negative evidence, the Company determined that it was more likely than not that deferred tax assets within South Africa would be realized. Therefore, the Company released \$13 million of net valuation allowances as income tax benefit in the fiscal year ended September 30, 2015.

Uncertain Tax Positions

The unrecognized tax benefits reflected in the Company's combined financial statements have been determined using a separate-return by legal entity basis. As a result of the final separation from the Parent, the Company's unrecognized tax benefits could be different than those reflected in the combined financial statements. The Company is subject to income taxes in the U.S. and numerous foreign jurisdictions. Judgment is required in determining its worldwide provision for income taxes and recording the related assets and liabilities. In the ordinary course of the Company's business, there are many transactions and calculations where the ultimate tax determination is uncertain. The Company is regularly under audit by tax authorities.

At September 30, 2016, the Company had gross tax effected unrecognized tax benefits of \$596 million of which \$580 million, if recognized, would impact the effective tax rate. Total net accrued interest at September 30, 2016 was approximately \$11 million (net of tax benefit).

At September 30, 2015, the Company had gross tax effected unrecognized tax benefits of \$390 million of which \$387 million, if recognized, would impact the effective tax rate. Total net accrued interest at September 30, 2015 was approximately \$10 million (net of tax benefit).

At September 30, 2014, the Company had gross tax effected unrecognized tax benefits of \$284 million of which \$281 million, if recognized, would impact the effective tax rate. Total net accrued interest at September 30, 2014 was approximately \$7 million (net of tax benefit).

A reconciliation of the beginning and ending amount of unrecognized tax benefits is as follows:

(in millions)	Year Ended September 30,		
	2016	2015	2014
Beginning balance	\$ 390	\$ 284	\$ 236
Additions for tax positions related to the current year	288	138	63
Reductions for tax positions of prior years	(65)	(32)	(15)
Settlements with taxing authorities	(15)	—	—
Statute closings	(2)	—	—
Ending balance	\$ 596	\$ 390	\$ 284

Other Tax Matters

The Company incurred total tax charges of \$1,891 million for substantial business reorganizations related to the separation. Included in this amount is the tax charge provided for in the third quarter of fiscal 2016 of \$85 million for changes in entity tax status and the charge provided for in the second quarter of fiscal 2016 of \$778 million for the Company's change in assertion over permanently reinvested earnings. In addition during the fourth quarter of fiscal 2016, JCI completed its merger with Tyco, and as a result of the change in control, the Company incurred incremental tax expense of \$89 million.

In fiscal 2015, the Company completed the YFAI global automotive interiors joint venture. Refer to Note 2, "Acquisitions and Divestitures," of the notes to combined financial statements for additional information. In connection with the divestiture of the business, the Company recorded a pre-tax gain on divestiture of \$127 million, \$20 million net of tax. The tax impact of the gain is due to the jurisdictional mix of gains and losses on the divestiture, which resulted in non-benefited expenses in certain countries and taxable gains in other countries. In addition, the Company provided income tax expense for repatriation of cash and other tax reserves associated with the YFAI global automotive interiors joint venture transaction, which resulted in a tax charge of \$75 million and \$218 million, respectively.

In fiscal 2014, the Company disposed of its Interiors headliner and sun visor product lines. Refer to Note 2, "Acquisitions and Divestitures," of the notes to combined financial statements for additional information. As a result, the Company recorded a pre-tax loss on divestiture of \$95 million and income tax expense of \$38 million. The income tax expense is due to the jurisdictional mix of gains and losses on the sale, which resulted in non-benefited losses in certain countries and taxable gains in other countries.

Impacts of Tax Legislation and Change in Statutory Tax Rates

After the fourth quarter of fiscal 2016, the US Treasury and the IRS released final and temporary Section 385 regulations on October 13, 2016. These regulations address whether certain instruments between related parties are treated as debt or equity. The Company does not expect that the regulations will have a material impact on its consolidated financial statements.

The "look-through rule," under subpart F of the U.S. Internal Revenue Code, expired for the Company on September 30, 2015. The "look-through rule" had provided an exception to the U.S. taxation of certain income generated by foreign subsidiaries. The rule was extended in December 2015 retroactive to the beginning of the Company's 2016 fiscal year. The retroactive extension was signed into legislation and was made permanent through the Company's 2020 fiscal year.

During the fiscal years ended 2016, 2015, and 2014, other tax legislation was adopted in various jurisdictions. These law changes did not have a material impact on the Company's consolidated financial statements.

Income Tax Provision

Components of the provision for income taxes are as follows:

(in millions)	Year Ended September 30,		
	2016	2015	2014
Current			
Federal	\$ 1,479	\$ 264	\$ 106
State	69	4	4
Foreign	863	201	178
	<u>2,411</u>	<u>469</u>	<u>288</u>
Deferred			
Federal	(272)	(63)	74
State	(23)	(26)	6
Foreign	(277)	38	(72)
	<u>(572)</u>	<u>(51)</u>	<u>8</u>
Income tax provision	<u>\$ 1,839</u>	<u>\$ 418</u>	<u>\$ 296</u>

Combined domestic income before income taxes and noncontrolling interests for the years ended September 30, 2016, 2015 and 2014 was income of \$330 million, \$493 million and \$462 million, respectively. Combined foreign income before income taxes and noncontrolling interests for the years ended September 30, 2016, 2015 and 2014 was income of \$60 million, \$466 million and \$208 million, respectively.

The Company has not provided additional U.S. income taxes on approximately \$6.2 billion of undistributed earnings of combined foreign subsidiaries included in Parent's net investment. Such earnings could become taxable upon the sale or liquidation of these foreign subsidiaries or upon dividend repatriation. The Company's intent is for such earnings to be reinvested by the subsidiaries or to be repatriated when it would be tax effective through the utilization of foreign tax credits. It is not practicable to estimate the amount of unrecognized withholding taxes and deferred tax liability on such earnings. In fiscal 2016, the Company did provide U.S. income tax expense related to the restructuring and repatriation of cash for certain non-U.S. subsidiaries in connection with the spin-off. The Company needed to complete the final steps of the legal entity restructuring and, as a result, the Company provided deferred taxes of \$24 million as of September 30, 2016 for the U.S. income tax expense on undistributed earnings that will be triggered upon the completion of the restructuring.

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

(in millions)	September 30,	
	2016	2015
Other noncurrent assets	\$ 613	\$ 285
Other noncurrent liabilities	(22)	(93)
Net deferred tax asset	<u>\$ 591</u>	<u>\$ 192</u>

Temporary differences and carryforwards which gave rise to deferred tax assets and liabilities included:

(in millions)	September 30,	
	2016	2015
Deferred tax assets		
Accrued expenses and reserves	\$ 323	\$ 150
Employee and retiree benefits	95	15
Net operating loss and other credit carryforwards	288	369
Research and development	9	11
Joint ventures and partnerships	265	—
Other	11	213
	991	758
Valuation allowances	(267)	(392)
	724	366
Deferred tax liabilities		
Property, plant and equipment	23	16
Intangible assets	110	88
Other	—	70
	133	174
Net deferred tax asset	\$ 591	\$ 192

At September 30, 2016, the Company had available net operating loss carryforwards of approximately \$1,117 million, of which \$259 million will expire at various dates between 2017 and 2036, and the remainder has an indefinite carryforward period. The valuation allowance, generally, is for loss carryforwards for which realization is uncertain because it is unlikely that the losses will be realized given the lack of sustained profitability and/or limited carryforward periods in certain countries.

Note 18. SEGMENT INFORMATION

ASC 280, "Segment Reporting," establishes the standards for reporting information about segments in financial statements. In applying the criteria set forth in ASC 280, the Company has determined that it has two reportable segments for financial reporting purposes.

Adient designs and manufactures interior systems and products for passenger cars and light trucks, including vans, pick-up trucks and sport utility/crossover vehicles.

- The Seating reportable segment produces automotive seat metal structures and mechanisms, foam, trim, fabric and complete seat systems.
- The Interiors reportable segment, primarily derived from its YFAI global automotive interiors joint venture completed on July 2, 2015, produces instrument panels, floor consoles, door panels, overhead consoles, cockpit systems, decorative trim and other products. Prior to the completion of the joint venture, the Interiors reportable segment produced instrument panels, floor consoles and door panels.

Management evaluates the performance of the segments based primarily on segment EBIT, which represents income before income taxes and noncontrolling interests excluding net financing charges, restructuring and impairment costs, and net mark-to-market adjustments on pension and postretirement plans. General corporate and other overhead expenses are allocated to business segments in determining segment income. Financial information relating to the Company's reportable segments is as follows:

(in millions)	Year Ended September 30,		
	2016	2015	2014
Net Sales			
Seating	\$ 16,616	\$ 16,859	\$ 17,871
Interiors	221	3,212	4,170
Total net sales	\$ 16,837	\$ 20,071	\$ 22,041

(in millions)	Year Ended September 30,		
	2016	2015	2014
Segment EBIT			
Seating	\$ 785	\$ 935	\$ 898
Interiors	69	224	(5)
Net financing charges	(22)	(12)	(15)
Restructuring and impairment costs	(332)	(182)	(158)
Net mark-to-market adjustments on pension and postretirement plans	(110)	(6)	(50)
Income before income taxes	\$ 390	\$ 959	\$ 670

(in millions)	September 30,		
	2016	2015	2014
Assets			
Seating	\$ 11,839	\$ 9,080	\$ 9,270
Interiors ⁽¹⁾	1,194	1,302	305
	13,033	10,382	9,575
Assets held for sale	—	55	1,631
Total	\$ 13,033	\$ 10,437	\$ 11,206

(in millions)	Year Ended September 30,		
	2016	2015	2014
Depreciation/Amortization			
Seating	\$ 335	\$ 333	\$ 315
Interiors	9	14	122
Total	\$ 344	\$ 347	\$ 437

(in millions)	Year Ended September 30,		
	2016	2015	2014
Capital Expenditures			
Seating	\$ 434	\$ 366	\$ 462
Interiors	3	112	162
Total	\$ 437	\$ 478	\$ 624

⁽¹⁾ The majority of Interiors assets were held for sale at September 30, 2014 . At September 30, 2016 , the Interiors assets primarily consist of investments in partially-owned affiliates.

Geographic Information

Financial information relating to the Company's operations by geographic area is as follows:

(in millions)	Year Ended September 30,		
	2016	2015	2014
Net Sales			
United States	\$ 6,581	\$ 7,850	\$ 8,401
Germany	1,901	2,464	2,888
Mexico	998	1,299	1,339
Other European countries	4,752	5,050	6,321
Other foreign	2,605	3,408	3,092
Total	\$ 16,837	\$ 20,071	\$ 22,041
Long-Lived Assets			
United States	\$ 580	\$ 583	\$ 613
Germany	360	375	440
Mexico	250	225	220
Other European countries	732	722	820
Other foreign	273	234	313
Total	\$ 2,195	\$ 2,139	\$ 2,406

Net sales attributed to geographic locations are based on the location of the assets producing the sales. Long-lived assets by geographic location consist of net property, plant and equipment.

Note 19. NONCONSOLIDATED PARTIALLY-OWNED AFFILIATES

Investments in the net assets of nonconsolidated partially-owned affiliates are stated in the "Investments in partially-owned affiliates" line in the combined statements of financial position as of September 30, 2016 and 2015. Equity in the net income of nonconsolidated partially-owned affiliates is stated in the "Equity income" line in the combined statements of income for the years ended September 30, 2016, 2015 and 2014.

The Company maintains total investments in partially-owned affiliates of \$1.7 billion and \$1.6 billion at September 30, 2016 and 2015, respectively. The Company's investments in partially-owned affiliates primarily consist of the following entities:

Name of partially-owned affiliate	% ownership	
	2016	2015
<i>Seating</i>		
Changchun FAWAY - Johnson Controls Automotive Systems Co., Ltd.	50.0%	50.0%
Shanghai Johnson Controls Yanfeng Seating Mechanism Co., Ltd	50.0%	50.0%
Shanghai Yanfeng Johnson Controls Seating Co., Ltd. (YFJC)	49.9%	49.9%
<i>Interiors</i>		
Yanfeng Global Automotive Interiors Systems Co., Ltd. (YFAI)	29.7%	29.7%

Financial information for nonconsolidated partially-owned affiliates that were significant to Adient's results is as follows:

Summarized balance sheet data:

(in millions)	September 30, 2016		
	YFJC	All Other	Total
Current assets	\$ 2,306	\$ 3,829	\$ 6,135
Noncurrent assets	609	2,120	2,729
Total assets	\$ 2,915	\$ 5,949	\$ 8,864
Current liabilities	\$ 2,004	\$ 3,851	\$ 5,855
Noncurrent liabilities	44	151	195
Noncontrolling interests	113	27	140
Shareholders' equity	754	1,920	2,674
Total liabilities and shareholders' equity	\$ 2,915	\$ 5,949	\$ 8,864
(in millions)	September 30, 2015		
	YFJC	All Other	Total
Current assets	\$ 1,595	\$ 3,923	\$ 5,518
Noncurrent assets	541	2,121	2,662
Total assets	\$ 2,136	\$ 6,044	\$ 8,180
Current liabilities	\$ 1,352	\$ 4,140	\$ 5,492
Noncurrent liabilities	41	108	149
Noncontrolling interests	67	11	78
Shareholders' equity	676	1,785	2,461
Total liabilities and shareholders' equity	\$ 2,136	\$ 6,044	\$ 8,180

Summarized income statement data with reconciliation to Adient's equity in net income from nonconsolidated partially-owned affiliates for the years ended September 30:

(in millions)	2016		
	YFJC	All Other	Total
Net sales	\$ 4,198	\$ 11,928	\$ 16,126
Gross profit	583	1,213	1,796
Operating income	452	663	1,115
Net income	374	625	999
Income attributable to noncontrolling interests	48	7	55
Net income attributable to the entity	326	618	944
Equity in net income, before basis adjustments	163	218	381
Basis adjustments	(3)	(21)	(24)
Equity in net income	160	197	357
(in millions)	2015		
	YFJC	All Other	Total
Net sales	\$ 3,855	\$ 5,594	\$ 9,449
Gross profit	538	662	1,200
Operating income	433	397	830
Net income	360	376	736
Income attributable to noncontrolling interests	46	6	52
Net income attributable to the entity	314	370	684
Equity in net income, before basis adjustments	157	149	306
Basis adjustments	(3)	(8)	(11)
Equity in net income	154	141	295

(in millions)	2014		
	YFJC	All Other	Total
Net sales	\$ 3,646	\$ 3,898	\$ 7,544
Gross profit	497	416	913
Operating income	388	328	716
Net income	320	310	630
Income attributable to noncontrolling interests	28	—	28
Net income attributable to the entity	292	310	602
Equity in net income, before basis adjustments	146	141	287
Basis adjustments	(3)	—	(3)
Equity in net income	143	141	284

Note 20. COMMITMENTS AND CONTINGENCIES

The Company accrues for potential environmental liabilities when it is probable a liability has been incurred and the amount of the liability is reasonably estimable. Reserves for environmental liabilities totaled \$6 million and \$7 million at September 30, 2016 and 2015, respectively. The Company reviews the status of its environmental sites on a quarterly basis and adjusts its reserves accordingly. Such potential liabilities accrued by the Company do not take into consideration possible recoveries of future insurance proceeds. They do, however, take into account the likely share other parties will bear at remediation sites. It is difficult to estimate the Company's ultimate level of liability at many remediation sites due to the large number of other parties that may be involved, the complexity of determining the relative liability among those parties, the uncertainty as to the nature and scope of the investigations and remediation to be conducted, the uncertainty in the application of law and risk assessment, the various choices and costs associated with diverse technologies that may be used in corrective actions at the sites, and the often quite lengthy periods over which eventual remediation may occur. Nevertheless, the Company does not currently believe that any claims, penalties or costs in connection with known environmental matters will have a material adverse effect on the Company's financial position, results of operations or cash flows.

The Company is involved in various lawsuits, claims and proceedings incident to the operation of its businesses, including those pertaining to product liability, environmental, safety and health, intellectual property, employment, commercial and contractual matters, and various other casualty matters. Although the outcome of any such lawsuit, claim or proceeding cannot be predicted with certainty and some may be disposed of unfavorably to Adient, it is management's opinion that none of these will have a material adverse effect on the Company's financial position, results of operations or cash flows. Costs related to such matters were not material to the periods presented.

Note 21. RELATED PARTY TRANSACTIONS AND PARENT NET INVESTMENT

Related Party Transactions

In the ordinary course of business, the Company enters into transactions with related parties, such as equity affiliates and other businesses of the Parent. Such transactions consist of facility management services, the sale or purchase of goods and other arrangements.

Revision of Previously Reported Related Party Transactions

In connection with the preparation of the financial statements for the year ended September 30, 2016, the Company identified misstatements in amounts classified as related party transactions in previously reported periods. The misstatements impacted the amounts previously disclosed in this footnote. The misstatements are not considered material, individually or in the aggregate, to previously issued financial statements. The misstatements had no impact on the combined financial statements.

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

(in millions)	Year Ended September 30,		
	2016	2015	2014
Net sales to related parties	\$ 438	\$ 392 ⁽¹⁾	\$ 369 ⁽¹⁾
Purchases from related parties	443	393 ⁽²⁾	436 ⁽²⁾

⁽¹⁾ These amounts have been revised to correct for previously reported misstatements. The revisions increased net sales to related parties by \$196 million and \$154 million for 2015 and 2014, respectively.

⁽²⁾ These amounts have been revised to correct for previously reported misstatements. The revisions increased purchases from related parties by \$227 million and \$237 million for 2015 and 2014, respectively.

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

(in millions)	September 30,			
	2016		2015	
Receivable from related parties	\$	172	\$	339 ⁽¹⁾
Payable to related parties		96		289 ⁽¹⁾

⁽¹⁾ These amounts have been revised to correct for previously reported misstatements. For 2015, the revisions increased receivables from related parties by \$85 million and increased payables to related parties by \$167 million.

Excluding the settlement of intercompany balances in advance of the separation of the Company from the Parent, average receivable and payable balances with related parties remained consistent with the period end balances shown above.

Corporate Allocations and Parent's Net Investment

The combined statements of operations include allocations for certain support functions that are provided on a centralized basis by the Parent and subsequently recorded at the business unit level, such as expenses related to employee benefits, finance, human resources, risk management, information technology, facilities, and legal, among others. Included in cost of sales and selling, general and administrative expense during the years ended September 30, 2016, 2015 and 2014 were \$294 million, \$361 million and \$304 million, respectively, of corporate expenses incurred by JCI. These expenses have been allocated to the Company on the basis of direct usage when identifiable, with the remainder allocated on a proportional basis of combined sales, headcount or other measures of the Company or the Parent. Management believes the assumptions underlying the combined financial statements, including the assumptions regarding allocating general corporate expenses from the Parent, are reasonable. Nevertheless, the combined financial statements may not include all actual expenses that would have been incurred by the Company and may not reflect the combined results of operations, financial position and cash flows had it been a stand-alone company during the years presented. Actual costs that would have been incurred if the Company had been a stand-alone company would depend on multiple factors, including organizational structure and strategic decisions made in various areas, including information technology and infrastructure.

In addition to the amounts above, approximately \$458 million and \$16 million of costs related to the separation of Adient have been incurred by the Parent for the years ended September 30, 2016 and 2015, respectively. Of these amounts, \$369 million was deemed to directly benefit Adient as a stand-alone company, for the year ended September 30, 2016. Accordingly, these costs have been allocated to Adient and are reflected within selling, general and administrative expenses in the combined statements of income. None of the separation costs for the year ended September 30, 2015 were deemed to directly benefit Adient as a stand-alone company.

In addition to the transactions discussed above, certain intercompany transactions between the Company and the Parent have not been recorded as related party transactions. These transactions are considered to be effectively settled for cash at the time the transaction is recorded. The total net effect of the settlement of these intercompany transactions is reflected in the combined statements of cash flows as a financing activity and in the combined statements of financial position as Parent's net investment.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Under the supervision of and with the participation of our management, including our principal executive officer and principal financial officer, we conducted an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended, or the Exchange Act, as of September 30, 2016, the end of the period covered by this report, or the Evaluation Date. Based upon the evaluation, our principal executive officer and principal financial officer concluded that our disclosure controls and procedures were effective as of the Evaluation Date. Disclosure controls and procedures are controls and procedures designed to provide reasonable assurance that information required to be disclosed in our reports filed or submitted under the Exchange Act, such as this report, is recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include controls and procedures designed to provide reasonable assurance that such information is accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure.

Inherent Limitations over Internal Control over Financial Reporting

Our internal control over financial reporting is a process designed by, or under the supervision of, our principal executive officer and principal financial officer, or persons performing similar functions, and effected by the Company's board of directors, management and other personnel designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. Our internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of our assets; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that our receipts and expenditures are being made only in accordance with authorizations of our management and directors; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of our assets that could have a material effect on the financial statements.

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

Management's Annual Report on Internal Control over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rule 13a-15(f) and Rule 15d-15(f) under the Exchange Act). Management has assessed the effectiveness of our internal control over financial reporting based on the criteria set forth in *Internal Control—Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission, or COSO. Based on this evaluation, management concluded that we maintained effective internal control over financial reporting as of September 30, 2016. The effectiveness of our internal control over financial reporting as of September 30, 2016 has been audited by PricewaterhouseCoopers LLP, our independent registered public accounting firm, as stated in their report in Item 8 of Part II of the Form 10-K.

Changes in Internal Control over Financial Reporting

There were no changes in internal control over financial reporting during the fourth quarter of the fiscal year ended September 30, 2016 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. Other Information

Not applicable.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

The Company intends to hold its 2017 annual general meeting of shareholders on March 13, 2017.

The information required by this Item is set forth under the sections entitled "Q: Where can I find Corporate Governance materials for Adient?," "Proposal One: Election of Directors," "Corporate Governance," "Board and Committee Information," "Audit Committee Report," and "Section 16(a) Beneficial Ownership Reporting Compliance" in the Company's 2017 Proxy Statement to be filed with the U.S. Securities and Exchange Commission ("SEC") within 120 days after September 30, 2016 in connection with the solicitation of proxies for the Company's 2017 annual meeting of shareholders and is incorporated herein by reference.

The Company has an Ethics Policy that applies to all employees, including the Company's principal executive officer, principal financial officer, and principal accounting officer, as well as to the members of the Board of Directors of the Company. The Ethics Policy is available at www.adiant.com. The Company intends to disclose any changes in, or waivers from, this Ethics Policy by posting such information on the same website or by filing a Current Report on Form 8-K, in each case to the extent such disclosure is required by rules of the SEC or the NYSE.

Item 11. Executive Compensation

The information required by this Item is set forth under the sections entitled "Corporate Governance," "Board and Committee Information," "Compensation Committee Report," "Compensation Discussion and Analysis," "Director Compensation during Fiscal Year 2016," "Potential Payments and Benefits Upon Termination or Change in Control," and "Share Ownership of Executive Officers and Directors" in the Company's 2017 Proxy Statement to be filed with the SEC within 120 days after September 30, 2016 and is incorporated herein by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The information required by this Item is set forth under the section entitled "Share Ownership of Executive Officers and Directors" in the Company's 2017 Proxy Statement to be filed with the SEC within 120 days after September 30, 2016 and is incorporated herein by reference.

Item 13. Certain Relationships and Related Transactions, and Director Independence

The information required by this Item is set forth under the section entitled "Corporate Governance" in the Company's 2017 Proxy Statement to be filed with the SEC within 120 days after September 30, 2016 and is incorporated herein by reference.

Item 14. Principal Accounting Fees and Services

The information required by this Item is set forth under the section entitled "Audit Committee Report" in the Company's 2017 Proxy Statement to be filed with the SEC within 120 days after September 30, 2016 and is incorporated herein by reference.

PART IV**Item 15. Exhibits, Financial Statement Schedules****(a) Documents filed as part of this report****(1) All financial statements****Index to Combined Financial Statements**

	Page
Report of Independent Registered Public Accounting Firm	45
Combined Statements of Income for the years ended September 30, 2016, 2015 and 2014	46
Combined Statements of Comprehensive Income (Loss) for the years ended September 30, 2016, 2015 and 2014	47
Combined Statements of Financial Position as of September 30, 2016 and 2015	48
Combined Statements of Cash Flows for the years ended September 30, 2016, 2015 and 2014	49
Combined Statements of Invested Equity Attributable to Adient for the years ended September 30, 2016, 2015 and 2014	50
Notes to Combined Financial Statements	51
Schedule II - Valuation and Qualifying Accounts	89

(2) Financial Statement Schedules

ADIANT AND SUBSIDIARIES
SCHEDULE II - VALUATION AND QUALIFYING ACCOUNTS

(in millions)	Year Ended September 30,		
	2016	2015	2014
Accounts Receivable - Allowance for Doubtful Accounts			
Balance at beginning of period	\$ 12	\$ 11	\$ 14
Provision charged to costs and expenses	17	14	17
Reserve adjustments	(8)	(13)	(18)
Transfers to held for sale	—	—	(2)
Balance at end of period	\$ 21	\$ 12	\$ 11
Deferred Tax Assets - Valuation Allowance			
Balance at beginning of period	\$ 392	\$ 459	\$ 426
Allowance provision for new operating and other loss carryforwards	53	24	33
Allowance provision (benefit) adjustments	(178)	(91)	—
Balance at end of period	\$ 267	\$ 392	\$ 459

For fiscal year 2016, our joint venture with Shanghai Yanfeng Johnson Controls Seating Co., Ltd. was deemed significant to the Company under Rule 3-09 of Regulation S-X, and as such the financial statements of these joint ventures are required to be filed as financial statement schedules herein within six months of their fiscal year end (i.e. December 31). Accordingly, the financial statements of these joint ventures will be filed via an amendment to this Annual Report on Form 10-K on or before June 30, 2017.

All other financial statement schedules have been omitted, since the required information is not applicable or is not present in amounts sufficient to require submission of the schedule, or because the information required is included in the combined financial statements and notes thereto included in this Form 10-K.

(3) Exhibits required by Item 601 of Regulation S-K

The information required by this Section (a)(3) of Item 15 is set forth on the exhibit index that follows the Signature page of this Form 10-K.

Item 16. Summary

Not applicable.

SIGNATURES

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

Adient plc

By: /s/ R. Bruce McDonald
R. Bruce McDonald
Chairman and Chief Executive Officer

Date: November 29, 2016

By: /s/ Jeffrey M. Stafeil
Jeffrey M. Stafeil
Executive Vice President and Chief Financial Officer

Date: November 29, 2016

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below as of November 29, 2016, by the following persons on behalf of the Registrant and in the capacities indicated:

/s/ R. Bruce McDonald
R. Bruce McDonald
Chairman and Chief Executive Officer
(Principal Executive Officer)

/s/ Jeffrey M. Stafeil
Jeffrey M. Stafeil
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

/s/ Mark A. Skonieczny Jr.
Mark A. Skonieczny Jr.
Vice President and Corporate Controller
(Principal Accounting Officer)

/s/ Richard Goodman
Richard Goodman
Director

/s/ John M. Barth
John M. Barth
Director

/s/ Frederick A. Henderson
Frederick A. Henderson
Director

/s/ Julie L. Bushman
Julie L. Bushman
Director

/s/ Barb J. Samardzich
Barb J. Samardzich
Director

/s/ Raymond L. Conner
Raymond L. Conner
Director

EXHIBIT INDEX

Exhibit No.	Exhibit Title
2.1	Separation and Distribution Agreement, dated as of September 8, 2016, by and between Johnson Controls International plc and Adient Limited (incorporated by reference to Exhibit 2.1 to Amendment No. 4 to Adient plc's Registration Statement on Form 10 filed September 20, 2016 (File No. 1-37757)).#
3.1	Memorandum of Association and Amended and Restated Articles of Association of Adient (incorporated by reference to Exhibit 3.1 to Adient plc's Current Report on Form 8-K filed November 1, 2016 (File No. 1-37757)).
4.1	Indenture, dated as of August 19, 2016, between Adient Global Holdings Ltd and U.S. Bank National Association (incorporated by reference to Exhibit 4.1 to Amendment No. 4 to Adient plc's Registration Statement on Form 10 filed September 20, 2016 (File No. 1-37757)).
4.2	Indenture, dated as of August 19, 2016, among Adient Global Holdings Ltd, U.S. Bank National Association, Elavon Financial Services DAC, UK Branch, and Elavon Financial Services DAC (incorporated by reference to Exhibit 4.2 to Amendment No. 4 to Adient plc's Registration Statement on Form 10 filed September 20, 2016 (File No. 1-37757)).
4.3	Guarantor Supplemental Indenture to the Euro Notes Indenture, dated as of October 14, 2016, by and among Adient Global Holdings Limited, U.S. Bank National Association, as Trustee, and certain subsidiaries of Adient Global Holdings Limited party thereto (incorporated by reference to Exhibit 4.1 to Adient plc's Current Report on Form 8-K filed November 1, 2016 (File No. 1-37757)).
4.4	Guarantor Supplemental Indenture to the Dollar Notes Indenture, dated as of October 14, 2016, by and among Adient Global Holdings Limited, U.S. Bank National Association, as Trustee, and certain subsidiaries of Adient Global Holdings Limited party thereto (incorporated by reference to Exhibit 4.2 to Adient plc's Current Report on Form 8-K filed November 1, 2016 (File No. 1-37757)).
4.5	Guarantor Supplemental Indenture to the Euro Notes Indenture, dated as of October 31, 2016, by and among Adient plc, Adient Global Holdings Limited, U.S. Bank National Association, as Trustee, and certain subsidiaries of Adient Global Holdings Limited party thereto (incorporated by reference to Exhibit 4.3 to Adient plc's Current Report on Form 8-K filed November 1, 2016 (File No. 1-37757)).
4.6	Guarantor Supplemental Indenture to the Dollar Notes Indenture, dated as of October 31, 2016, by and among Adient plc, Adient Global Holdings Limited, U.S. Bank National Association, as Trustee, and certain subsidiaries of Adient Global Holdings Limited party thereto (incorporated by reference to Exhibit 4.4 to Adient plc's Current Report on Form 8-K filed November 1, 2016 (File No. 1-37757)).
10.1	Transition Services Agreement, dated as of September 8, 2016, by and between Johnson Controls International plc and Adient Limited, as amended October 31, 2016.
10.2	Tax Matters Agreement, dated as of September 8, 2016, by and between Johnson Controls International plc and Adient Limited, as amended October 31, 2016.
10.3	Employee Matters Agreement, dated as of September 8, 2016, by and between Johnson Controls International plc and Adient Limited (incorporated by reference to Exhibit 10.3 to Amendment No. 4 to Adient plc's Registration Statement on Form 10 filed September 20, 2016 (File No. 1-37757)).
10.4	Transitional Trademark License Agreement, dated as of September 8, 2016, by and between Johnson Controls International plc and Adient Limited (incorporated by reference to Exhibit 10.4 to Amendment No. 4 to Adient plc's Registration Statement on Form 10 filed September 20, 2016 (File No. 1-37757)).
10.5	Form of Indemnification Agreement (Ireland) with individual directors and officers.
10.6	Form of Indemnification Agreement (US) with individual directors and officers.
10.7	Joint Venture Contract, dated October 22, 1997, between Shanghai Yanfeng Automotive Trim Company, Ltd. and Johnson Controls International, Inc., as amended (incorporated by reference to Exhibit 10.7 of Adient plc's Registration Statement on Form 10 filed April 27, 2016 (File No. 1-37757)).
10.8	Credit Agreement, dated as of July 27, 2016, among Adient Global Holdings Ltd, JPMorgan Chase Bank, N.A., as administrative agent, and the other lenders and agents party thereto (incorporated by reference to Exhibit 10.8 of Amendment No. 2 to Adient plc's Registration Statement on Form 10 filed July 28, 2016 (File No. 1-37757)).
10.9	Adient plc 2016 Omnibus Incentive Plan (incorporated by reference to Exhibit 4.1 to Adient plc's Registration Statement on Form S-8 filed October 28, 2016 (File No. 1-37757)).*
10.10	Form of Adient plc Restricted Shares or Restricted Share Unit Award Agreement.*
10.11	Form of Adient plc Performance Share Unit Award Agreement.*

10.12	Adient plc 2016 Director Share Plan (incorporated by reference to Exhibit 4.2 to Adient plc's Registration Statement on Form S-8 filed October 28, 2016 (File No. 1-37757)).*
10.13	Adient US LLC Retirement Restoration Plan, as amended and restated effective November 7, 2016.*
10.14	Adient US LLC Executive Deferred Compensation Plan (incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K filed November 1, 2016 (File No. 1-37757)).*
10.15	Adient plc Executive Compensation Incentive Recoupment Policy.*
10.16	Employment Agreement, dated January 17, 2008, between Johnson Controls, Inc. and R. Bruce McDonald (incorporated by reference to Exhibit 10.16 to Amendment No. 3 to Adient plc's Registration Statement on Form 10 filed August 16, 2016 (File No. 1-37757)).*
10.17	Change of Control Employment Agreement, dated September 25, 2012, between Johnson Controls, Inc. and R. Bruce McDonald (incorporated by reference to Exhibit 10.17 to Amendment No. 3 to Adient plc's Registration Statement on Form 10 filed August 16, 2016 (File No. 1-37757)).*
10.18	Adient plc Flexible Perquisites Program.*
10.19	Adient plc Compensation Summary and Ownership Guidelines for Non-Employee Directors.*
21.1	List of Subsidiaries.
23.1	Consent of Independent Registered Public Accounting Firm.
31.1	Certification by the Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification by the Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of Periodic Financial Report by the Chief Executive Officer and Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
#	Schedules and exhibits have been omitted pursuant to Item 601(b)(2) of Regulation S-K. Adient hereby undertakes to furnish copies of any of the omitted schedules and exhibits upon request by the SEC.
*	Denotes management contract or compensatory plan or arrangement required to be filed as an exhibit hereto.

Exhibit 10.1

EXECUTION VERSION

TRANSITION SERVICES AGREEMENT
BY AND BETWEEN
JOHNSON CONTROLS INTERNATIONAL PLC
AND
ADIENT LIMITED
DATED AS OF SEPTEMBER 8, 2016

W/2579296

TABLE OF CONTENTS

	<u>Page</u>
ARTICLE I DEFINITIONS	1
Section 1.01. Definitions.....	1
ARTICLE II SERVICES	5
Section 2.01. Services	5
Section 2.02. Performance of Services	6
Section 2.03. Charges for Services	8
Section 2.04. Reimbursement for Out-of-Pocket Costs and Expenses	9
Section 2.05. Changes in the Performance of Services	9
Section 2.06. Transitional Nature of Services	9
Section 2.07. Subcontracting	9
ARTICLE III OTHER ARRANGEMENTS	10
Section 3.01. Access	10
ARTICLE IV BILLING; TAXES	11
Section 4.01. Procedure	11
Section 4.02. Late Payments	11
Section 4.03. Taxes	11
Section 4.04. No Set-Off.....	12
Section 4.05. Billing Disputes	12
ARTICLE V TERM AND TERMINATION	12
Section 5.01. Term.....	12
Section 5.02. Early Termination	12
Section 5.03. Interdependencies	13
Section 5.04. Effect of Termination.....	13
Section 5.05. Information Transmission	14
ARTICLE VI CONFIDENTIALITY; PROTECTIVE ARRANGEMENTS	14
Section 6.01. Johnson Controls and Adient Obligations	14
Section 6.02. No Release; Return or Destruction	14
Section 6.03. Privacy and Data Protection Laws; Residual Information.....	15
Section 6.04. Protective Arrangements.....	15
ARTICLE VII LIMITED LIABILITY AND INDEMNIFICATION	15
Section 7.01. Limitations on Liability	15

Section 7.02. Third Party Claims	16
Section 7.03. Provider Indemnity	17
Section 7.04. Indemnification Procedures	17
ARTICLE VIII TRANSITION COMMITTEE	17
Section 8.01. Establishment	17
ARTICLE IX MISCELLANEOUS	17
Section 9.01. Mutual Cooperation	17
Section 9.02. Further Assurances	17
Section 9.03. Audit Assistance	17
Section 9.04. Title to Intellectual Property	18
Section 9.05. Independent Contractors	18
Section 9.06. Counterparts; Entire Agreement; Corporate Power	18
Section 9.07. Governing Law	19
Section 9.08. Assignability	19
Section 9.09. Third-Party Beneficiaries	20
Section 9.10. Notices	20
Section 9.11. Severability	21
Section 9.12. Force Majeure	21
Section 9.13. Headings	22
Section 9.14. Survival of Covenants	22
Section 9.15. Waivers of Default	22
Section 9.16. Dispute Resolution	22
Section 9.17. Specific Performance	22
Section 9.18. Amendments	23
Section 9.19. Precedence of Schedules	23
Section 9.20. Interpretation	23
Section 9.21. Mutual Drafting	24

TRANSITION SERVICES AGREEMENT

This TRANSITION SERVICES AGREEMENT, dated as of September 8, 2016 (this "Agreement"), is by and between Johnson Controls International plc, a public limited company organized under the laws of Ireland ("Johnson Controls"), and Adient Limited, a private limited company organized under the laws of Ireland ("Adient").

RECITALS:

WHEREAS, the board of directors of Johnson Controls (the "Johnson Controls Board") has determined that it is in the best interests of Johnson Controls and its shareholders to create a new publicly traded company that shall operate the Adient Business;

WHEREAS, in furtherance of the foregoing, the Johnson Controls Board has determined that it is appropriate and desirable to separate the Adient Business from the Johnson Controls Business (the "Separation") and, following the Separation, to make a distribution in specie of the Adient Business to the holders of Johnson Controls Shares on the Record Date, through (a) the transfer to Adient, which will have been re-registered as a public limited company, of Johnson Controls' entire legal and beneficial interest in the issued share capital of Adient Global Holdings Ltd, an indirect, wholly owned subsidiary of Johnson Controls that has been formed to hold directly or indirectly the assets and liabilities associated with the Adient Business, and (b) the issuance of ordinary shares of Adient to holders of Johnson Controls Shares on the Record Date on a pro rata basis (the "Distribution");

WHEREAS, in order to effectuate the Separation and the Distribution, Johnson Controls and Adient have entered into a Separation and Distribution Agreement, dated as of September 8, 2016 (the "Separation and Distribution Agreement");

WHEREAS, in order to facilitate and provide for an orderly transition in connection with the Separation and the Distribution, the Parties desire to enter into this Agreement to set forth the terms and conditions pursuant to which each of the Parties shall provide Services to the other Party for a transitional period; and

WHEREAS, the Parties acknowledge that this Agreement, the Separation and Distribution Agreement, and the Ancillary Agreements represent the integrated agreement of Johnson Controls and Adient related to the Separation and the Distribution, are being entered together, and would not have been entered independently.

NOW, THEREFORE, in consideration of the mutual agreements, provisions and covenants contained in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties, intending to be legally bound, hereby agree as follows:

ARTICLE I DEFINITIONS

Section 1.01. Definitions. For purposes of this Agreement, the following terms shall have the following meanings:

“Action” has the meaning set forth in the Separation and Distribution Agreement.

“Adient” has the meaning set forth in the Preamble.

“Adient Business” has the meaning set forth in the Separation and Distribution Agreement.

“Adient Shares” has the meaning set forth in the Separation and Distribution Agreement.

“Adversely Affected Service” has the meaning set forth in Section 5.03.

“Affiliate” has the meaning set forth in the Separation and Distribution Agreement.

“Agreement” has the meaning set forth in the Preamble.

“Ancillary Agreements” has the meaning set forth in the Separation and Distribution Agreement.

“Charge” or “Charges” has the meaning set forth in Section 2.03.

“Confidential Information” shall mean all Information that is either confidential and/or proprietary.

“Dispute” has the meaning set forth in Section 9.16(a).

“Distribution” has the meaning set forth in the Recitals.

“Distribution Date” has the meaning set forth in the Separation and Distribution Agreement.

“Divested Business” has the meaning set forth in Section 9.08(b).

“Divested Business Acquirer” has the meaning set forth in Section 9.08(b).

“Early Termination Charges” shall mean, with respect to the termination of any Service pursuant to Section 5.02(a)(i), the sum of (a) any and all reasonable costs, fees and expenses (other than any severance or retention costs) payable by the Provider of such Service to a Third Party due to the early termination of such Service; provided, however, that the Provider shall use commercially reasonable efforts to minimize any costs, fees or expenses payable by the Provider to any Third Party in connection with such early termination of such Service, and the Early Termination Charges payable by the Recipient shall be reduced accordingly; and (b) any additional severance and retention costs, if any, because of the early termination of such Service that the Provider of such terminated Service incurs to employees who had been retained primarily to provide such terminated Service (it being agreed that the costs set forth in this clause (b) shall only be the amount, if any, in excess of the severance and retention costs that such

Provider would have paid to such employees if the Service had been provided for the full period during which such Service would have been provided hereunder but for such early termination).

“Effective Time” has the meaning set forth in the Separation and Distribution Agreement.

“Force Majeure” has the meaning set forth in the Separation and Distribution Agreement.

“Governmental Authority” has the meaning set forth in the Separation and Distribution Agreement.

“Group” has the meaning set forth in the Separation and Distribution Agreement.

“Information” has the meaning set forth in the Separation and Distribution Agreement.

“Intellectual Property” has the meaning set forth in the Separation and Distribution Agreement.

“Interest Payment” has the meaning set forth in Section 4.02.

“Johnson Controls” has the meaning set forth in the Preamble.

“Johnson Controls Board” has the meaning set forth in the Recitals.

“Johnson Controls Business” has the meaning set forth in the Separation and Distribution Agreement.

“Johnson Controls Shares” has the meaning set forth in the Separation and Distribution Agreement.

“Law” has the meaning set forth in the Separation and Distribution Agreement.

“Level of Service” has the meaning set forth in Section 2.02(c).

“Liability” or “Liabilities” has the meaning set forth in the Separation and Distribution Agreement.

“New Service” has the meaning set forth in Section 2.01(d).

“Notice of Breach” has the meaning set forth in Section 5.02(a)(ii).

“Omitted Service” has the meaning set forth in Section 2.01(b).

“One-Time Payment” has the meaning set forth in Section 2.02(b).

“Party” or “Parties” shall mean the parties to this Agreement.

“Person” has the meaning set forth in the Separation and Distribution Agreement.

“Prime Rate” has the meaning set forth in the Separation and Distribution Agreement.

“Provider” shall mean, with respect to any Service, the Party identified on the Schedules hereto as the “Provider” of such Service.

“Provider Indemnitees” has the meaning set forth in Section 7.02.

“Recipient” shall mean, with respect to any Service, the Party receiving such Service hereunder.

“Record Date” has the meaning set forth in the Separation and Distribution Agreement.

“Representatives” has the meaning set forth in the Separation and Distribution Agreement.

“Residual Information” has the meaning set forth in the Separation and Distribution Agreement.

“Schedule” or “Schedules” has the meaning set forth in Section 2.01(a).

“Separation” has the meaning set forth in the Recitals.

“Separation and Distribution Agreement” has the meaning set forth in the Recitals.

“Service” or “Services” has the meaning set forth in Section 2.01(a).

“Service Baseline Period” has the meaning set forth in Section 2.02(c).

“Service Change” has the meaning set forth in Section 2.01(c).

“Service Interruption” has the meaning set forth in Section 2.02(a).

“Service Period” shall mean, with respect to any individual Service, the period commencing on the Distribution Date and ending on the earlier of (a) the date that a Party terminates the provision of the entirety of such individual Service pursuant to Section 5.02, (b) the date that is the twenty-four (24)-month anniversary of the Distribution Date, or (c) the date specified for termination of such individual Service in the Schedules hereto.

“Service Standard” has the meaning set forth in Section 2.02(a).

“Subsidiary” or “Subsidiaries” has the meaning set forth in the Separation and Distribution Agreement.

“Tax” has the meaning set forth in the Tax Matters Agreement.

“Tax Authority” has the meaning set forth in the Tax Matters Agreement.

“Tax Matters Agreement” has the meaning set forth in the Separation and Distribution Agreement.

“Term” has the meaning set forth in the Section 5.01.

“Third Party” shall mean any Person other than the Parties or any of their Affiliates.

“Third Party Claim” shall mean any claim asserted or any Action commenced by any Third Party against any Party or any of its Affiliates.

“To-be-Terminated Service” has the meaning set forth in Section 5.03.

“Transition Committee” has the meaning set forth in the Separation and Distribution Agreement.

ARTICLE II SERVICES

Section 2.01. Services.

(a) Commencing as of the Effective Time, the Provider agrees to provide, or to cause one or more of its Subsidiaries to provide, to the Recipient, or any designated Subsidiary or Affiliate of the Recipient, the applicable services (each a “Service” and, collectively, the “Services”) set forth on the schedules hereto (each, a “Schedule” and, collectively, the “Schedules”).

(b) During the Term, if a Party identifies a service that the other Party or any of its Subsidiaries provided to the identifying Party or any of its Subsidiaries during the twelve (12)-month period immediately prior to the Distribution Date, but such service was inadvertently omitted from the Services set forth in the Schedules hereto (an “Omitted Service”), then the Provider shall provide, or shall cause one of more of its Subsidiaries to provide, such Omitted Service, and the Parties shall negotiate in good faith the terms and conditions upon which the other Party shall provide such Omitted Service, which terms and conditions shall include the applicable Service Standard and shall otherwise be substantially in line with terms and conditions of such Omitted Service during the twelve (12)-month period immediately prior to the Distribution Date.

(c) During the Term, either Party may request that the other Party modify, alter or adjust the manner in which the other Party provides Services (a “Service Change”). Following the delivery of such request, the Parties shall negotiate in good faith the terms and conditions of such Service Change, which terms and conditions shall include the applicable Service Standard.

(d) During the Term, either Party may request that the other Party provide an additional or different service that is not an Omitted Service and that does not constitute a Ser-

vice Change (a "New Service"). The other Party shall consider such request, but nothing in this Agreement shall require the other Party to agree to provide such New Service. If the other Party consents to providing the requested New Service, then the Parties shall cooperate in good faith to determine the terms and conditions upon which the other Party shall provide such requested New Service, including the applicable Service Standard.

(e) The terms and conditions of any Omitted Service, agreed-upon Service Change or New Services that the providing Party consents to provide shall be documented in a supplement to the Schedules describing in reasonable detail the nature, scope, Charges, Service Period(s), termination provisions and other terms and conditions applicable to such Omitted Service, Service Change or New Service, as applicable, in a manner similar to that in which the Services are described in the Schedules. Each supplement to the Schedules that is agreed to in writing by the Parties shall be deemed part of this Agreement as of the date of such agreement, and the Omitted Service, Service Change or New Service set forth therein shall be deemed a Service provided under this Agreement, in each case subject to the terms and conditions of this Agreement.

Section 2.02. Performance of Services.

(a) The Provider shall perform, or shall cause one or more of its Subsidiaries to perform, all Services to be provided by the Provider in a commercially reasonable manner (i) that is based on its past practice and that is substantially similar in all material respects to the analogous services provided by or on behalf of Johnson Controls or any of its Subsidiaries to Johnson Controls or its applicable functional group or Subsidiary during the twelve (12) months immediately prior to the Effective Time, if such service or a similar service was provided prior to the Effective Time, or (ii) that is based on its then-current practice and that is substantially similar in all material respects to the analogous services provided by or on behalf of Johnson Controls or any of its Subsidiaries to Johnson Controls or its applicable functional group or Subsidiary following the Effective Time (clause (i) or (ii), as applicable, the "Service Standard"). Upon receipt of written notice from the Recipient identifying any outage, interruption, disruption, downturn or other failure of any Service (a "Service Interruption"), Provider shall use commercially reasonable efforts to respond, or to cause one or more of its Subsidiaries to respond, to such Service Interruption in a manner that is substantially similar to the manner in which Provider or its Affiliates responded to Service Interruptions during the twelve (12)-month period prior to the Effective Time or, if such service or a similar service was not provided prior to the Effective Time, in a manner that is substantially similar to the manner in which such Provider or its Affiliates respond with respect to internally provided services.

(b) Nothing in this Agreement shall require the Provider to perform or cause to be performed any Service to the extent that the Provider reasonably believes that the manner of such performance would constitute (i) a breach, violation or infringement of, or a default under, any of the terms, conditions or provisions of any agreement, instrument, contract, obligation or undertaking which was entered into by such Provider prior to the date of this Agreement or (ii) a violation of any applicable Law. If the Provider is or becomes aware of any potential violation on the part of the Provider, the Provider shall use commercially reasonable efforts to promptly advise the Recipient of such potential violation, and the Provider and the Recipient will mutually seek an alternative that addresses such potential violation. The Parties agree to cooper-

ate in good faith and use commercially reasonable efforts to obtain any necessary Third Party consents required under any existing contract or agreement with a Third Party or under applicable Law to allow the Provider to perform, or cause to be performed, all Services to be provided by the Provider hereunder in accordance with the standards set forth in this Section 2.02. Without limiting the foregoing, neither Party shall under any circumstance be required to (and the Provider shall not, without the prior written consent of the Recipient) pay or commit to pay any amount or incur any obligation in favor of or offer or grant any accommodation (financial or otherwise, including any requirements for the securing or posting of any bonds, letters of credit or similar instruments, or the furnishing of any guarantees) to obtain any such Third Party consent, except that the Provider shall be required to make one such payment, commitment or accommodation if required by such Third Party (a "One-Time Payment"). Unless otherwise agreed in writing in advance by the Parties, other than One-Time Payments, all reasonable out-of-pocket costs and expenses (if any) incurred by the Recipient or any of its Subsidiaries or, with the Recipient's prior written consent, the Provider or any of its Subsidiaries in connection with obtaining any such Third Party consent that is required to allow the Provider to perform or cause to be performed such Services shall be borne solely by the Recipient. If, with respect to a Service, the Parties, despite the use of such commercially reasonable efforts and the making of a One-Time Payment, are unable to obtain a required Third Party consent, or the performance of such Service by the Provider would constitute a violation of any applicable Law, the Parties shall use commercially reasonable efforts to develop an alternative arrangement that is reasonably acceptable to each Party and that enables the Provider to perform or cause to be performed such Service or an analogous service without obtaining such required Third Party consent or violating any applicable Law.

(c) The Provider shall not be obligated to perform or to cause to be performed any Service in a manner that is materially more burdensome (with respect to service quality or quantity) than analogous services provided to Johnson Controls or its applicable functional group or Subsidiary (collectively referred to as the "Level of Service") during Johnson Controls' fiscal year 2016 (the "Service Baseline Period"). A Service shall be deemed materially more burdensome if, among other items, its usage exceeds the highest quantity of analogous services provided to the functional groups or Subsidiaries of Johnson Controls that are part of the Recipient during the Service Baseline Period, or if the Provider is required to hire new employees, engage new contractors or make capital investments in respect of such Service greater than the maximum number of employees or contractors dedicated at any time to analogous services, or investments made by Johnson Controls with respect to analogous services, during the Service Baseline Period. If the Recipient requests that the Provider perform or cause to be performed any Service that exceeds the Level of Service during the Service Baseline Period, including any acquisition or upgrade of technology, software or information systems, then the Parties shall cooperate and act in good faith to determine whether the Provider will be required to provide such requested higher Level of Service. If and to the extent that the Parties determine that the Provider shall provide the requested higher Level of Service, then such higher Level of Service shall be documented in a supplement to the Schedules. Each such supplement, as agreed to in writing by the Parties, shall be deemed part of this Agreement as of the date of such written agreement and the Level of Service increases set forth in such written agreement shall be deemed a part of the Services provided under this Agreement, in each case subject to the terms and conditions of this Agreement.

(d) (i) Neither the Provider nor any of its Subsidiaries shall be required to perform or to cause to be performed any of the Services for the benefit of any Third Party or any other Person other than the Recipient and its Subsidiaries, and (ii) EXCEPT AS EXPRESSLY PROVIDED IN THIS SECTION 2.02 OR SECTION 7.03, EACH PARTY ACKNOWLEDGES AND AGREES THAT ALL SERVICES ARE PROVIDED ON AN "AS-IS" BASIS, THAT THE RECIPIENT ASSUMES ALL RISK AND LIABILITY ARISING FROM OR RELATING TO ITS USE OF AND RELIANCE UPON THE SERVICES, AND THAT THE PROVIDER MAKES NO OTHER REPRESENTATIONS OR GRANTS ANY WARRANTIES, EXPRESS OR IMPLIED, EITHER IN FACT OR BY OPERATION OF LAW, BY STATUTE OR OTHERWISE, WITH RESPECT TO THE SERVICES. EACH PARTY SPECIFICALLY DISCLAIMS ANY OTHER WARRANTIES, WHETHER WRITTEN OR ORAL, OR EXPRESS OR IMPLIED, INCLUDING ANY WARRANTY OF QUALITY, MERCHANTABILITY, OR FITNESS FOR A PARTICULAR USE OR PURPOSE OR THE NON-INFRINGEMENT OF ANY INTELLECTUAL PROPERTY RIGHTS OF THIRD PARTIES.

(ii) Each Party shall be responsible for its own compliance with any and all Laws applicable to its performance under this Agreement. No Party shall knowingly take any action in violation of any such applicable Law that results in Liability being imposed on the other Party. Notwithstanding any other provision of this Agreement, (i) neither Party shall, in connection with its performance or use of Services under this Agreement, knowingly take any action, or fail to take any action that Johnson Controls took in the ordinary course during the Service Baseline Period in connection with such Service, if the taking of such action or failure to take such action would materially adversely affect the ability of the other Party and its Subsidiaries or Affiliates to comply with such applicable Laws, and (ii) the Provider shall not have any obligation to provide, or cause to be provided, Services to the extent that any change in applicable Law after the date of this Agreement provision would materially increase or change the Provider's burden or the burden of any applicable Subsidiary of the Provider with respect to compliance with applicable Laws, unless the applicable Recipient agrees to bear all incremental costs resulting from the increased compliance burden associated with providing such Services; provided, that the Provider shall use commercially reasonable efforts to promptly advise the Recipient of such increased burden, and the Provider and the Recipient will mutually seek an alternative that minimizes such increased burden.

Section 2.03. Charges for Services. Unless otherwise provided with respect to a specific Service on the Schedules hereto, the Recipient shall pay the Provider of the Services a fee (either one-time or recurring) for such Services (or category of Services, as applicable) (each fee constituting a "Charge" and, collectively, "Charges"), which Charges shall be set forth on the applicable Schedules hereto, or if not set forth, then based upon the actual cost of providing such Services as agreed to by the Parties from time to time. During the Term, the amount of a Charge for any Service may be modified to the extent of (a) any adjustments mutually agreed to in writing by the Parties, (b) any adjustments due to a change in Level of Service requested by the Recipient and agreed upon by the Provider, and (c) any adjustment in the rates or charges imposed by any Third Party provider that is providing Services pursuant to the existing agreement with such Third Party provider for such Services or any renewal thereof that contains substantially similar terms (proportional to the respective use of such Services by each Party). Each Party

shall use commercially reasonable efforts to minimize the cost of providing the Services. Together with any invoice for Charges, the Provider shall provide the Recipient with reasonable documentation, including any additional documentation reasonably requested by the Recipient to the extent that such documentation is in the Provider's or its Subsidiaries' possession or control, to support the calculation of such Charges.

Section 2.04. Reimbursement for Out-of-Pocket Costs and Expenses. The Recipient shall reimburse the Provider for reasonable out-of-pocket costs and expenses incurred by the Provider or any of its Subsidiaries in connection with providing the Services (including reasonable travel-related expenses) to the extent that such costs and expenses are not reflected in the Charges for such Services; provided, that any such cost or expense in excess of five thousand dollars (\$5,000.00), in the aggregate, that is not consistent with the historical practice between the Parties for any individual Service (including business travel and related expenses) shall require advance written approval of the Recipient. Any authorized travel-related expenses incurred in performing the Services shall be incurred and charged to the Recipient in accordance with the Provider's then-applicable business travel policies.

Section 2.05. Changes in the Performance of Services. Subject to the performance standards for Services set forth in Section 2.02(a), Section 2.02(b) and Section 2.02(c), the Provider may make changes from time to time in the manner of performing the Services if the Provider is making similar changes in performing analogous services for itself and if the Provider furnishes to the Recipient reasonable prior written notice (in content and timing) of such changes; provided, that no such change shall have a significant adverse effect on the timeliness or quality of, or the Charges for, the applicable Service. If any such change by the Provider reasonably requires the Recipient to incur an increase in costs and expenses to continue to receive and utilize the applicable Services in the same manner as the Recipient was receiving and utilizing such Service prior to such change, the Provider shall be required to reimburse the Recipient for all such reasonable increase in costs and expenses. Upon request, the Recipient shall provide the Provider with reasonable documentation, including any additional documentation reasonably requested by the Provider to the extent that such documentation is in the Recipient's or its Subsidiaries' possession or control, to support the calculation of such increase in costs and expenses.

Section 2.06. Transitional Nature of Services. The Parties acknowledge the transitional nature of the Services. The Recipient agrees to cooperate in good faith and to use commercially reasonable efforts to effectuate a smooth transition of the Services from the Provider to the Recipient (or its designee) as soon as commercially practicable after the Distribution Date, but in any event before the end of the Service period for such Service (as described in Section 5.01). The Parties agree to use reasonable efforts to assist and cooperate in good faith with each other in order to effectuate such transition of the Services from the Provider to the Recipient (or its designee) in a timely and orderly manner.

Section 2.07. Subcontracting. The Provider may hire or engage one or more Third Parties to perform any or all of its obligations under this Agreement; provided, that if a Third Party was not already performing such obligation on behalf of the Provider immediately prior to the Distribution Date, the Provider shall (a) notify the Recipient prior to hiring or engaging such Third Party and (b) obtain the Recipient's prior consent (such consent not to be unreasonably withheld, conditioned or delayed) if (i) the hiring or engagement of such Third Party

would decrease the quality or level of the Services provided to the Recipient compared to the quality or level of Services provided by the Provider or (ii) the use of such Third Party would increase the Charges payable by the Recipient in connection with such Services; provided, further, that the Provider shall in all cases remain primarily responsible for all of its obligations under this Agreement with respect to the scope of the Services, the performance standard for Services set forth in Section 2.02(a), Section 2.02(b) and Section 2.02(c) and the content of the Services provided to the Recipient. Subject to the confidentiality provisions set forth in Article VI, each Party shall, and shall cause its respective Affiliates to, provide, upon ten (10) business days' prior written notice from the other Party, any Information within such Party's or its Affiliates' possession that the requesting Party reasonably requests in connection with any Services being provided to such requesting Party by a Third Party, including any applicable invoices, agreements documenting the arrangements between such Third Party and the Provider and other supporting documentation.

ARTICLE III OTHER ARRANGEMENTS

Section 3.01. Access.

(a) Adient shall, and shall cause its Subsidiaries to, allow Johnson Controls and its Subsidiaries and their respective Representatives reasonable access to the facilities of Adient and its Subsidiaries that is necessary for Johnson Controls and its Subsidiaries to fulfill their obligations under this Agreement. In addition to the foregoing right of access, Adient shall, and shall cause its Subsidiaries to, afford Johnson Controls, its Subsidiaries and their respective Representatives, upon reasonable advance written notice, reasonable access during normal business hours to the facilities, Information, systems, infrastructure and personnel of Adient and its Subsidiaries as is reasonably necessary for Johnson Controls to verify the adequacy of internal controls over information technology, reporting of financial data and related processes employed in connection with the Services being provided by Adient or its Subsidiaries, including in connection with verifying compliance with Section 404 of the Sarbanes-Oxley Act of 2002; provided, ed, that (i) such access shall not unreasonably interfere with any of the business or operations of Adient or any of its Subsidiaries and (ii) in the event that Adient determines that providing such access could be commercially detrimental, violate any applicable Law or agreement or waive any attorney-client privilege, then the Parties shall use commercially reasonable efforts to permit such access in a manner that avoids such harm or consequence. Johnson Controls agrees that all of its and its Subsidiaries' employees shall, and that it shall use commercially reasonable efforts to cause its Representatives' employees to, when on the property of Adient or its Subsidiaries, or when given access to any facilities, Information, systems, infrastructure or personnel of Adient or its Subsidiaries, conform to the policies and procedures of Adient and its Subsidiaries, as applicable, concerning health, safety, conduct and security which are made known or provided to Johnson Controls from time to time.

(b) Johnson Controls shall, and shall cause its Subsidiaries to, allow Adient and its Subsidiaries and their respective Representatives reasonable access to the facilities of Johnson Controls and its Subsidiaries that is necessary for Adient and its Subsidiaries to fulfill their obligations under this Agreement. In addition to the foregoing right of access, Johnson Controls shall, and shall cause its Subsidiaries to, afford Adient, its Subsidiaries and their respec-

tive Representatives, upon reasonable advance written notice, reasonable access during normal business hours to the facilities, Information, systems, infrastructure and personnel of Johnson Controls and its Subsidiaries as is reasonably necessary for Adient to verify the adequacy of internal controls over information technology, reporting of financial data and related processes employed in connection with the Services being provided by Johnson Controls or its Subsidiaries, including in connection with verifying compliance with Section 404 of the Sarbanes-Oxley Act of 2002; provided, that (i) such access shall not unreasonably interfere with any of the business or operations of Johnson Controls or any of its Subsidiaries and (ii) in the event that Johnson Controls determines that providing such access could be commercially detrimental, violate any applicable Law or agreement or waive any attorney-client privilege, then the Parties shall use commercially reasonable efforts to permit such access in a manner that avoids such harm or consequence. Adient agrees that all of its and its Subsidiaries' employees shall, and that it shall use commercially reasonable efforts to cause its Representatives' employees to, when on the property of Johnson Controls or its Subsidiaries, or when given access to any facilities, Information, systems, infrastructure or personnel of Johnson Controls or its Subsidiaries, conform to the policies and procedures of Johnson Controls and its Subsidiaries, as applicable, concerning health, safety, conduct and security which are made known or provided to Adient from time to time.

ARTICLE IV BILLING; TAXES

Section 4.01. Procedure. Charges for the Services shall be charged to and payable by the Recipient. Amounts payable pursuant to this Agreement shall be paid by wire transfer (or such other method of payment as may be agreed between the Parties from time to time in writing) to the Provider (as directed by the Provider), on a monthly basis in the case of recurring fees, which amounts shall be due within thirty (30) days of the Recipient's receipt of each such invoice, including reasonable documentation pursuant to Section 2.03. Unless otherwise indicated in the Schedules, all amounts due and payable hereunder shall be invoiced and paid in U.S. dollars. If an amount is required to be paid in another currency, the conversion rate used to determine the amount of such Charge in U.S. dollars shall be the conversion rate used at the time that the obligation to pay arises in the financial reporting systems of the Party receiving such payment.

Section 4.02. Late Payments. Charges not paid when due pursuant to this Agreement (and any amounts billed or otherwise invoiced or demanded and properly payable that are not paid within thirty (30) days of the receipt of such bill, invoice or other demand) shall accrue interest at a rate per annum equal to the Prime Rate plus two (2%) percent (the "Interest Payment").

Section 4.03. Taxes. Without limiting any provisions of this Agreement, the Recipient shall bear any and all Taxes and other similar charges (and any related interest and penalties) imposed on, or payable with respect to, any fees or charges, including any Charges, payable by it pursuant to this Agreement, including all sales, use, value-added, and similar Taxes, but excluding any Taxes based on the Provider's income. Notwithstanding anything to the contrary in the previous sentence or elsewhere in this Agreement, the Recipient shall be entitled to withhold

from any payments to the Provider any such Taxes that the Recipient is required by applicable Law to withhold and shall pay such Taxes to the applicable Tax Authority.

Section 4.04. No Set-Off. Except as mutually agreed to in writing by Johnson Controls and Adient, no Party or any of its Affiliates shall have any right of set-off or other similar rights with respect to (a) any amounts received pursuant to this Agreement or (b) any other amounts claimed to be owed to the other Party or any of its Subsidiaries arising out of this Agreement.

Section 4.05. Billing Disputes. The Recipient's payment of Charges for Services pursuant to this Article IV shall not be deemed to waive the Recipient's right to dispute in good faith the accuracy or amount of any such Charge or any such payment. Any such Dispute regarding Charges, and any refund or reimbursement of Charges paid by the Recipient, shall be resolved in accordance with the terms of Section 9.16.

ARTICLE V TERM AND TERMINATION

Section 5.01. Term. This Agreement shall be effective as of the Effective Time and shall be in effect until terminated in accordance with this Article V (the "Term"). This Agreement shall terminate upon the earlier to occur of (a) the last date on which either Party is obligated to provide any individual Service to the other Party in accordance with the terms of this Agreement; (b) the mutual written agreement of the Parties to terminate this Agreement in its entirety; or (c) the date that is the twenty-four (24)-month anniversary of the Distribution Date. Unless otherwise terminated pursuant to Section 5.02, this Agreement shall terminate with respect to each Service as of the close of business on the last day of the Service Period for such Service.

Section 5.02. Early Termination.

(a) Without prejudice to the Recipient's rights with respect to Force Majeure, the Recipient may from time to time terminate this Agreement with respect to the entirety of any individual Service but not a portion thereof:

(i) for any reason or no reason, upon the giving of at least thirty (30) days' prior written notice to the Provider of such Service; provided, that if a Schedule hereto sets forth a different notice period, then the Recipient shall comply with such different notice periods; provided, further, that any such termination shall be subject to the obligation to pay any applicable Early Termination Charges pursuant to Section 5.04; or

(ii) if the Provider of such Service has failed to perform any of its material obligations under this Agreement with respect to such Service, and such failure shall continue to be uncured for a period of at least thirty (30) days after receipt by the Provider of written notice of such failure (the "Notice of Breach") from the Recipient; provided, that the Recipient shall not be entitled to terminate this Agreement with respect to the applicable Service if, as of the end of such period, there remains a good-faith Dispute between the Parties (undertaken in

accordance with the terms of Section 9.16) as to whether the Provider has breached this Agreement or cured the applicable breach.

(b) The Provider may terminate this Agreement with respect to any individual Service, but not a portion thereof, at any time upon prior written notice to the Recipient, if the Recipient has failed to perform any of its material obligations under this Agreement relating to such Service, including making payment of Charges for such Service when due, and such failure shall continue to be uncured for a period of at least thirty (30) days after receipt by the Recipient of the Notice of Breach from the Provider; provided, that the Provider shall not be entitled to terminate this Agreement with respect to the applicable Service if, as of the end of such period, there remains a good-faith Dispute between the Parties (undertaken in accordance with the terms of Section 9.16) as to whether the Recipient materially breached this Agreement or has cured the applicable breach.

(c) The Schedules hereto shall be updated to reflect any terminated Service.

Section 5.03. Interdependencies. The Parties acknowledge and agree that (a) there may be interdependencies among the Services being provided under this Agreement; (b) upon the request of either Party, the Parties shall cooperate and act in good faith to determine whether (i) any such interdependencies exist with respect to the particular Service that a Party is seeking to terminate pursuant to Section 5.02 (the “To-be-Terminated Service”) and (ii) in the case of such termination, the Provider’s ability to provide a particular Service in accordance with this Agreement would be materially and adversely affected by such termination of another Service (the “Adversely Affected Service”); and (c) in the event that the Parties have determined that such interdependencies exist and such termination would materially and adversely affect the Provider’s ability to provide a particular Service in accordance with this Agreement, the Parties shall negotiate in good faith to amend the Schedules hereto with respect to such Adversely Affected Service, which amendment shall be consistent with the terms of comparable Services. If, after such negotiations, the Parties are unable to agree on an amendment with respect to the Adversely Affected Service, the Dispute between the Parties shall be resolved in accordance with the terms of Section 9.16, and the Provider’s obligation to provide, and the Recipient’s obligation to pay for, the To-be-Terminated Service and the Adversely Affected Service shall continue until the resolution of such Dispute.

Section 5.04. Effect of Termination. Upon the termination of any Service pursuant to this Agreement, the Provider of the terminated Service shall have no further obligation to provide the terminated Service, and the Recipient of such Service shall have no obligation to pay any future Charges relating to such Service; provided, that the Recipient shall remain obligated to the Provider for (a) the Charges owed and payable in respect of Services provided prior to the effective date of termination for such Service, and (b) any applicable Early Termination Charges (which, in the case of each of clauses (a) and (b), shall be payable only in the event that the Recipient terminates any Service pursuant to Section 5.02(a)(i)) (it being understood that the Parties shall use their commercially reasonable efforts to mitigate any such Early Termination Charges). Any Dispute regarding Charges and Early Termination Charges, and any refund or reimbursement of Charges or Early Termination Charges paid by the Recipient, shall be resolved in accordance with the terms of Section 9.16. In connection with the termination of any Service, the provisions of this Agreement not relating solely to such terminated Service shall survive any

such termination, and in connection with a termination of this Agreement, Article I, this Article V, Article VII and Article IX, all confidentiality obligations under this Agreement and Liability for all due and unpaid Charges, and Early Termination Charges shall continue to survive.

Section 5.05. Information Transmission. The Provider, on behalf of itself and its respective Subsidiaries, shall use commercially reasonable efforts to provide or make available, or cause to be provided or made available, to the Recipient, in accordance with Section 6.1 of the Separation and Distribution Agreement, any Information received or computed by the Provider for the benefit of the Recipient concerning the relevant Service during the Service Period; provided, that, except as otherwise agreed to in writing by the Parties, (a) the Provider shall not have any obligation to provide, or cause to be provided, Information in any non-standard format, (b) the Provider and its Subsidiaries shall be reimbursed for their reasonable costs in accordance with Section 6.3 of the Separation and Distribution Agreement for creating, gathering, copying, transporting and otherwise providing such Information, and (c) the Provider shall use commercially reasonable efforts to maintain any such Information in accordance with Section 6.4 of the Separation and Distribution Agreement.

ARTICLE VI CONFIDENTIALITY; PROTECTIVE ARRANGEMENTS

Section 6.01. Johnson Controls and Adient Obligations. Subject to Section 6.04, until the seven (7)-year anniversary of the end of the Term, each of Johnson Controls and Adient, on behalf of itself and each of its Subsidiaries, agrees to hold, and to cause its respective Representatives to hold, in strict confidence, with at least the same degree of care that applies to Johnson Controls' Confidential Information pursuant to policies in effect as of the Effective Time, all Confidential Information concerning the other Party or its Subsidiaries or their respective businesses that is either in its possession (including Confidential Information in its possession prior to the date hereof) or furnished by any such other Party or such other Party's Subsidiaries or their respective Representatives at any time pursuant to this Agreement, and shall not use any such Confidential Information of the other Party other than for such purposes as shall be expressly permitted hereunder, except, in each case, to the extent that such Confidential Information is or was (a) in the public domain or generally available to the public, other than as a result of a disclosure by such Party or any of its Subsidiaries or any of their respective Representatives in violation of this Agreement; (b) later lawfully acquired from other sources by such Party or any of its Subsidiaries, which sources are not themselves bound by a confidentiality obligation or other contractual, legal or fiduciary obligation of confidentiality with respect to such Confidential Information; or (c) independently developed or generated without reference to or use of the Confidential Information of the other Party or any of its Subsidiaries. If any Confidential Information of a Party or any of its Subsidiaries is disclosed to the other Party or any of its Subsidiaries in connection with providing the Services, then such disclosed Confidential Information shall be used by the receiving Party only as required to perform such Services.

Section 6.02. No Release; Return or Destruction. Each Party agrees (a) not to release or disclose, or permit to be released or disclosed, any Confidential Information of the other Party addressed in Section 6.01 to any other Person, except its Representatives who need to know such Confidential Information in their capacities as such (who shall be advised of and have acknowledged in writing their obligations hereunder with respect to such Confidential Infor-

mation) and except in compliance with Section 6.04, and (b) to use commercially reasonable efforts to maintain such Confidential Information in accordance with Section 6.4 of the Separation and Distribution Agreement. Without limiting the foregoing, when any such Confidential Information is no longer needed for the purposes contemplated by the Separation and Distribution Agreement, this Agreement or any other Ancillary Agreements, each Party will promptly after request of the other Party either return to the other Party all such Confidential Information in a tangible form (including all copies thereof and all notes, extracts or summaries based thereon) or notify the other Party in writing that it has destroyed such information (and such copies thereof and such notes, extracts or summaries based thereon); provided, that such Party's Representatives may retain one (1) copy of such information to the extent required by applicable Law or professional standards, and shall not be required to destroy any such information located in back-up, archival electronic storage.

Section 6.03. Privacy and Data Protection Laws; Residual Information. Each Party shall comply with all applicable state, federal and foreign privacy and data protection Laws that are or that may in the future be applicable to the provision of the Services under this Agreement. Notwithstanding anything to the contrary herein, each Party and its Subsidiaries shall be free to use for any purpose the Residual Information resulting from access Representatives of such Party or its Subsidiaries have had to confidential and proprietary information concerning the other Party or its Subsidiaries. The Parties acknowledge and understand that the foregoing does not constitute a license under any patents or copyrights, nor does it confer any other rights or interests in either Parties' Intellectual Property.

Section 6.04. Protective Arrangements. In the event that a Party or any of its Subsidiaries either determines on the advice of its counsel that it is required to disclose any information pursuant to applicable Law or receives any request or demand under lawful process or from any Governmental Authority to disclose or provide information of the other Party (or any of its Subsidiaries) that is subject to the confidentiality provisions hereof, such Party shall notify the other Party (to the extent legally permitted) as promptly as practicable under the circumstances prior to disclosing or providing such information and shall cooperate, at the expense of the other Party, in seeking any appropriate protective order requested by the other Party. In the event that such other Party fails to receive such appropriate protective order in a timely manner and the Party receiving the request or demand reasonably determines that its failure to disclose or provide such information shall actually prejudice the Party receiving the request or demand, then the Party that received such request or demand may thereafter disclose or provide information to the extent required by such Law (as so advised by its counsel) or by lawful process or such Governmental Authority, and the disclosing Party shall promptly provide the other Party with a copy of the information so disclosed, in the same form and format so disclosed, together with a list of all Persons to whom such information was disclosed, in each case to the extent legally permitted.

ARTICLE VII LIMITED LIABILITY AND INDEMNIFICATION

Section 7.01. Limitations on Liability.

(a) THE CUMULATIVE AGGREGATE LIABILITIES OF THE PROVIDER AND ITS SUBSIDIARIES AND THEIR RESPECTIVE REPRESENTATIVES,

COLLECTIVELY, UNDER THIS AGREEMENT FOR ANY ACT OR FAILURE TO ACT IN CONNECTION HERewith (INCLUDING THE PERFORMANCE OR BREACH OF THIS AGREEMENT), OR FROM THE SALE, DELIVERY, PROVISION OR USE OF ANY SERVICES PROVIDED UNDER OR CONTEMPLATED BY THIS AGREEMENT, WHETHER IN CONTRACT, TORT (INCLUDING NEGLIGENCE AND STRICT LIABILITY) OR OTHERWISE, SHALL NOT EXCEED: (X) IF THE SERVICES WERE PERFORMED BY SUCH PROVIDER FOR LESS THAN SIX (6) MONTHS, THE AGGREGATE CHARGES PAID OR THAT OTHERWISE WOULD HAVE BEEN PAYABLE TO SUCH PROVIDER BY THE RECIPIENT PURSUANT TO THIS AGREEMENT DURING THE SIX (6)-MONTH PERIOD FOLLOWING THE EFFECTIVE TIME OF THIS AGREEMENT, (Y) IF THE SERVICES WERE PERFORMED BY SUCH PROVIDER FOR SIX (6) MONTHS OR LONGER, THE AGGREGATE CHARGES PAID AND PAYABLE TO SUCH PROVIDER BY THE RECIPIENT PURSUANT TO THIS AGREEMENT DURING THE SIX (6)-MONTH PERIOD IMMEDIATELY PRECEDING THE EVENT GIVING RISE TO SUCH LIABILITIES.

(b) IN NO EVENT SHALL EITHER PARTY, ITS SUBSIDIARIES OR THEIR RESPECTIVE REPRESENTATIVES BE LIABLE TO THE OTHER PARTY FOR ANY INDIRECT, INCIDENTAL, CONSEQUENTIAL, SPECIAL, PUNITIVE, EXEMPLARY, REMOTE, SPECULATIVE OR SIMILAR DAMAGES IN EXCESS OF COMPENSATORY DAMAGES OF THE OTHER PARTY (INCLUDING LOST PROFITS OR LOST REVENUES) IN CONNECTION WITH THE SALE, DELIVERY, PROVISION OR USE OF ANY SERVICES PROVIDED UNDER OR CONTEMPLATED BY THIS AGREEMENT (OTHER THAN ANY SUCH LIABILITY WITH RESPECT TO A THIRD-PARTY CLAIM), AND EACH PARTY HEREBY WAIVES ON BEHALF OF ITSELF, ITS SUBSIDIARIES AND ITS REPRESENTATIVES ANY CLAIM FOR SUCH DAMAGES, WHETHER ARISING IN CONTRACT, TORT OR OTHERWISE.

(c) The limitations in Section 7.01(a) shall not apply in respect of any Liability arising out of or in connection with (i) either Party's Liability for breaches of confidentiality under Article VI, (ii) either Party's obligations under Section 7.02 or Section 7.03, or (iii) the gross negligence, willful misconduct or fraud of or by the Party to be charged.

(d) The limitations in Section 7.01(b) shall not apply in respect of any Liability arising out of or in connection with (i) either Party's obligations under Section 7.02, or (ii) the gross negligence, willful misconduct or fraud of or by the Party to be charged.

Section 7.02. Third Party Claims. In addition to (but not in duplication of) its other indemnification obligations (if any) under the Separation and Distribution Agreement, this Agreement or any other Ancillary Agreement, the Recipient shall indemnify, defend and hold harmless the Provider, its Subsidiaries and each of their respective Representatives, and each of the successors and assigns of any of the foregoing (collectively, the "Provider Indemnitees"), from and against any and all claims of Third Parties relating to, arising out of or resulting from the sale, delivery, provision or use of the Services by the Recipient, except to the extent that such claims relate to, arise out of or result from (a) the Provider's breaches of confidentiality under Article VI or (b) Third Party Claims arising out of the gross negligence, willful misconduct or fraud of any Provider Indemnitee.

Section 7.03. Provider Indemnity. In addition to (but not in duplication of) its other indemnification obligations (if any) under the Separation and Distribution Agreement, this Agreement or any other Ancillary Agreement, the Provider shall indemnify, defend and hold harmless the Recipient, its Subsidiaries and each of their respective Representatives, and each of the successors and assigns of any of the foregoing, from and against any and all Liabilities relating to, arising out of or resulting from the sale, delivery, provision or use of any Services provided by such Provider hereunder, but only to the extent that such Liability relates to, arises out of or results from (a) the Provider's breaches of confidentiality under Article VI or (b) the gross negligence, willful misconduct or fraud of any Provider.

Section 7.04. Indemnification Procedures. The procedures for indemnification set forth in Sections 4.5, 4.6 and 4.7 of the Separation and Distribution Agreement shall govern any and all claims for indemnification under this Agreement.

ARTICLE VIII TRANSITION COMMITTEE

Section 8.01. Establishment. Pursuant to the Separation and Distribution Agreement, a Transition Committee is to be established by Johnson Controls and Adient to, among other things, monitor and manage matters arising out of or resulting from this Agreement. Without limiting the generality of the foregoing, each Party shall cause each member of the Transition Committee who is an employee, agent or other Representative of such Party to work in good faith to resolve any Dispute arising out of or relating in any way to this Agreement.

ARTICLE IX MISCELLANEOUS

Section 9.01. Mutual Cooperation. Each Party shall, and shall cause its Subsidiaries to, cooperate with the other Party and its Subsidiaries in connection with the performance of the Services hereunder; provided, that such cooperation shall not unreasonably disrupt the normal operations of such Party or its Subsidiaries; and, provided, further, that this Section 9.01 shall not require such Party to incur any out-of-pocket costs or expenses, unless and except as expressly provided in this Agreement or otherwise agreed to in writing by the Parties.

Section 9.02. Further Assurances. Subject to the terms of this Agreement, each Party shall take, or cause to be taken, any and all reasonable actions, including the execution, acknowledgment, filing and delivery of any and all documents and instruments that any other Party may reasonably request in order to effect the intent and purpose of this Agreement and the transactions contemplated hereby.

Section 9.03. Audit Assistance. Each of the Parties and their respective Subsidiaries are or may be subject to regulation and audit by a Governmental Authority (including a Tax Authority), standards organizations, customers or other parties to contracts with such Parties or their respective Subsidiaries under applicable Law, standards or contract provisions. If a Governmental Authority, standards organization, customer or other party to a contract with a Party or its Subsidiary exercises its right to examine or audit such Party's or its Subsidiary's books, records, documents or accounting practices and procedures pursuant to such applicable Law, stand-

ards or contract provisions, and such examination or audit relates to the Services, then the other Party shall provide, at the sole cost and expense of the requesting Party, all assistance reasonably requested by the Party that is subject to the examination or audit in responding to such examination or audit or requests for Information, to the extent that such assistance or Information is within the reasonable control of the cooperating Party and is related to the Services.

Section 9.04. Title to Intellectual Property. Except as expressly provided for under the terms of this Agreement, the other Ancillary Agreements or the Separation and Distribution Agreement, the Recipient acknowledges that it shall acquire no right, title or interest (including any license rights or rights of use) in any Intellectual Property which is owned or licensed by the Provider, by reason of the provision of the Services hereunder. The Recipient shall not remove or alter any copyright, trademark, confidentiality or other proprietary notices that appear on any Intellectual Property owned or licensed by the Provider, and the Recipient shall reproduce any such notices on any and all copies thereof. The Recipient shall not attempt to decompile, transform, reverse engineer or make excessive copies of any Intellectual Property owned or licensed by the Provider, and the Recipient shall promptly notify the Provider of any such attempt, regardless of whether by the Recipient or any Third Party, of which the Recipient becomes aware.

Section 9.05. Independent Contractors. The Parties each acknowledge and agree that they are separate entities, each of which has entered into this Agreement for its own independent business reasons. The relationships of the Parties hereunder are those of independent contractors and nothing contained herein shall be deemed to create a joint venture, partnership or any other relationship between the Parties. Employees performing Services hereunder do so on behalf of, under the direction of, and as employees of, the Provider, and the Recipient shall have no right, power or authority to direct such employees, unless otherwise specified with respect to a particular Service on the Schedules hereto.

Section 9.06. Counterparts; Entire Agreement; Corporate Power.

(a) This Agreement may be executed in one or more counterparts, all of which shall be considered one and the same agreement, and shall become effective when one or more counterparts have been signed by each of the Parties and delivered to the other Party.

(b) This Agreement, the Separation and Distribution Agreement and the other Ancillary Agreements and the exhibits, schedules and appendices hereto and thereto contain the entire agreement between the Parties with respect to the subject matter hereof, supersede all previous agreements, negotiations, discussions, writings, understandings, commitments and conversations with respect to such subject matter, and there are no agreements or understandings between the Parties other than those set forth or referred to herein or therein.

(c) Johnson Controls represents on behalf of itself and, to the extent applicable, each of its Subsidiaries, and Adient represents on behalf of itself and, to the extent applicable, each of its Subsidiaries, as follows:

(i) each such Person has the requisite corporate or other power and authority and has taken all corporate or other action necessary in order to execute, deliver and perform this Agreement and to consummate the transactions contemplated hereby; and

(ii) this Agreement has been duly executed and delivered by it and constitutes a valid and binding agreement of it enforceable in accordance with the terms hereof.

(d) Each Party acknowledges and agrees that delivery of an executed counterpart of a signature page to this Agreement (whether executed by manual, stamp or mechanical signature) by facsimile or by email in portable document format (PDF) shall be effective as delivery of such executed counterpart of this Agreement. Each Party expressly adopts and confirms each such facsimile, stamp or mechanical signature (regardless of whether delivered in person, by mail, by courier, by facsimile or by email in portable document format (PDF)) made in its respective name as if it were a manual signature delivered in person, agrees that it will not assert that any such signature or delivery is not adequate to bind such Party to the same extent as if it were signed manually and delivered in person and agrees that, at the reasonable request of the other Party at any time, it will as promptly as reasonably practicable cause this Agreement to be manually executed (any such execution to be as of the date of the initial date thereof) and delivered in person, by mail or by courier.

Section 9.07. Governing Law. This Agreement (and any claims or disputes arising out of or related hereto or to the transactions contemplated hereby or to the inducement of any Party to enter herein, whether for breach of contract, tortious conduct or otherwise and whether predicated on common law, statute or otherwise) shall be governed by and construed and interpreted in accordance with the Laws of the State of New York irrespective of the choice of laws principles of the State of New York (other than Section 5-1401 and Section 5-1402 of the General Obligations Law of the State of New York) including all matters of validity, construction, effect, enforceability, performance and remedies. Each of Johnson Controls and Adient, on behalf of itself and the members of its Group, hereby irrevocably (a) agrees that any Dispute shall be subject to the exclusive jurisdiction of any federal court sitting in the Borough of Manhattan in The City of New York (or, only if such court lacks subject matter jurisdiction, in any New York State court sitting in the Borough of Manhattan in The City of New York), (b) waives any claims of forum non conveniens, and agrees to submit to the jurisdiction of such courts, as provided in New York General Obligations Law § 5-1402, (c) agrees that service of any process, summons, notice or document by United States registered mail to its respective address set forth in Section 9.10 shall be effective service of process for any litigation brought against it in any such court or for the taking of any other acts as may be necessary or appropriate in order to effectuate any judgment of said courts and (d) UNCONDITIONALLY WAIVES ANY RIGHT IT MAY HAVE TO TRIAL BY JURY IN CONNECTION WITH ANY DISPUTE.

Section 9.08. Assignability.

(a) This Agreement shall be binding upon and inure to the benefit of the Parties and their respective successors and permitted assigns; provided, that neither Party may assign its rights or delegate its obligations under this Agreement by operation of law or otherwise without the express prior written consent of the other Party. Notwithstanding the foregoing, no such consent shall be required for the assignment of a Party's rights and obligations under the

Separation and Distribution Agreement, this Agreement and the other Ancillary Agreements in whole (*i.e.*, the assignment of a Party's rights and obligations under the Separation and Distribution Agreement, this Agreement and all the other Ancillary Agreements all at the same time) in connection with a change of control of a Party so long as the resulting, surviving or transferee Person assumes all of the obligations of the relevant party thereto by operation of Law or pursuant to an agreement in form and substance reasonably satisfactory to the other Party. Nothing herein is intended to, or shall be construed to, prohibit either Party or any of its Subsidiaries from being party to or undertaking a change of control.

(b) If there occurs a divestiture or other disposition of any Subsidiary, division or business that is a Recipient or Provider of Services (a "Divested Business"), the Party that is divesting or disposing of such Divested Business shall assign all of its rights and obligations under this Agreement, in respect of the Divested Business, to the Person that acquired control of such Divested Business (such Person, the "Divested Business Acquirer"), without any requirement to obtain the consent of the other Party, and the Party that is divesting or disposing of the Divested Business shall cause the Divested Business Acquirer to accept in writing the terms of this Agreement and the applicable Services with respect to such Divested Business and, to the extent that the Divested Business is a Provider of Services, assume the applicable obligations of the Provider under this Agreement.

Section 9.09. Third-Party Beneficiaries. Except as provided in Article VII with respect to the Provider Indemnitees in their capacities as such, (a) the provisions of this Agreement are solely for the benefit of the Parties and are not intended to confer upon any other Person (except the Parties) any rights or remedies hereunder; and (b) there are no other third-party beneficiaries of this Agreement and this Agreement shall not provide any other Third Party with any remedy, claim, Liability, reimbursement, claim of action or other right in excess of those existing without reference to this Agreement.

Section 9.10. Notices. All notices, requests, claims, demands or other communications under this Agreement shall be in writing and shall be given or made (and shall be deemed to have been duly given or made upon receipt) by delivery in person, by overnight courier service, to the respective Parties at the following addresses (or at such other address for a Party as shall be specified in a notice given in accordance with this Section 9.10):

If to Johnson Controls, to:

Johnson Controls International plc
5757 North Green Bay Avenue
Milwaukee, Wisconsin 53209
Attn: General Counsel
Facsimile: 414-524-2299
E-mail: CO-General.Counsel@jci.com

If to Adient, to:

Adient Limited
833 East Michigan Street, Suite 1100
Milwaukee, Wisconsin 53202
Attn: General Counsel
E-mail: CO-General.Counsel@adient.com

Any Party may, by notice to the other Party, change the address to which such notices are to be given.

Section 9.11. Severability. If any provision of this Agreement or the application thereof to any Person or circumstance is determined by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions hereof, or the application of such provision to Persons or circumstances or in jurisdictions other than those as to which it has been held invalid or unenforceable, shall remain in full force and effect and shall in no way be affected, impaired or invalidated thereby. Upon such determination, the Parties shall negotiate in good faith in an effort to agree upon such a suitable and equitable provision to effect the original intent of the Parties.

Section 9.12. Force Majeure. No Party shall be deemed in default of this Agreement for any delay or failure to fulfill any obligation hereunder (other than the obligation to pay money for Charges and Early Termination Charges, if any, incurred) so long as and to the extent to which any delay or failure in the fulfillment of such obligations is prevented, frustrated, hindered or delayed as a consequence of circumstances of Force Majeure. In the event of any such excused delay, the time for performance (other than the obligation to pay money for Charges and Early Termination Charges, if any, incurred) shall be extended for a period equal to the time lost by reason of the delay unless this Agreement has previously been terminated under Article V. A Party claiming the benefit of this provision shall, as soon as reasonably practicable after the occurrence of any such Force Majeure, (a) provide written notice to the other Party of the nature and extent of any such Force Majeure; and (b) use commercially reasonable efforts to remove any such causes and resume performance under this Agreement as soon as reasonably practicable (and in no event later than the date that the affected Party resumes providing analogous services to, or otherwise resumes analogous performance under any other agreement for, itself, its Affiliates or any Third Party), unless this Agreement has previously been terminated under Article V. The Recipient shall be relieved of the obligation to pay Charges for the affected Service(s) throughout the duration of such Force Majeure. If any Force Majeure prevents, hinders, or delays the performance by the Provider, the Recipient may procure the affected Services from an alternate source, including the Recipient's personnel (with the Provider reimbursing the Recipient for the cost of procuring the affected Services from such alternate source) throughout the duration of such Force Majeure, and the Provider shall cooperate in good faith with, provide any required Information to, and take such other action as may be reasonable required to enable such alternate source to provide the affected Services.

Section 9.13. Headings. The Article, Section and Paragraph headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

Section 9.14. Survival of Covenants. Except as expressly set forth in this Agreement, the covenants, representations and warranties and other agreements contained in this Agreement, and Liability for the breach of any obligations contained herein, shall survive the Effective Time and shall remain in full force and effect thereafter.

Section 9.15. Waivers of Default. Waiver by any Party of any default by the other Party of any provision of this Agreement shall not be deemed a waiver by the waiving Party of any subsequent or other default, nor shall it prejudice the rights of the waiving Party. No failure or delay by any Party in exercising any right, power or privilege under this Agreement shall operate as a waiver thereof, nor shall a single or partial exercise thereof prejudice any other or further exercise thereof or the exercise of any other right, power or privilege.

Section 9.16. Dispute Resolution.

(a) In the event of any controversy, dispute or claim arising out of or relating to any Party's rights or obligations under this Agreement (whether arising in contract, tort or otherwise), calculation or allocation of the costs of any Service or otherwise arising out of or relating in any way to this Agreement (including the interpretation or validity of this Agreement) (a "Dispute") and (ii) is not resolved by the Transition Committee after a reasonable period of time, such Dispute shall be resolved in accordance with the dispute resolution process referred to in Article VII of the Separation and Distribution Agreement.

(b) In any Dispute regarding the amount of a Charge or an Early Termination Charge, if such Dispute is finally resolved by the Transition Committee or pursuant to the dispute resolution process set forth or referred to in Section 9.16(a) and it is determined that the Charge or the Early Termination Charge, as applicable, that the Provider has invoiced the Recipient, and that the Recipient has paid to the Provider, is greater or less than the amount that the Charge or the Early Termination Charge, as applicable, should have been, then (i) if it is determined that the Recipient has overpaid the Charge or the Early Termination Charge, as applicable, the Provider shall within thirty (30) business days after such determination reimburse the Recipient an amount of cash equal to such overpayment, plus the Interest Payment, accruing from the date of payment by the Recipient to the time of reimbursement by the Provider; and (ii) if it is determined that the Recipient has underpaid the Charge or the Early Termination Charge, as applicable, the Recipient shall within thirty (30) business days after such determination reimburse the Provider an amount of cash equal to such underpayment, plus the Interest Payment, accruing from the date such payment originally should have been made by the Recipient to the time of payment by the Recipient.

Section 9.17. Specific Performance. Subject to Section 9.16, in the event of any actual or threatened default in, or breach of, any of the terms, conditions and provisions of this Agreement, the Party or Parties who are, or are to be, thereby aggrieved shall have the right to specific performance and injunctive or other equitable relief (on an interim or permanent basis) in respect of its rights or their rights under this Agreement, in addition to any and all other rights

and remedies at law or in equity, and all such rights and remedies shall be cumulative. The Parties agree that the remedies at law for any breach or threatened breach, including monetary damages, may be inadequate compensation for any loss and that any defense in any Action for specific performance that a remedy at law would be adequate is waived. Any requirements for the securing or posting of any bond with such remedy are hereby waived by each of the Parties. Unless otherwise agreed to in writing, the Parties shall continue to provide Services and honor all other commitments under this Agreement during the course of dispute resolution pursuant to the provisions of [Section 9.16](#) and this [Section 9.17](#) with respect to all matters not subject to such Dispute; provided, that this obligation shall only exist during the term of this Agreement.

Section 9.18. Amendments. No provisions of this Agreement or any Ancillary Agreement shall be deemed waived, amended, supplemented or modified by a Party, unless such waiver, amendment (including any extension of the term of any Service), supplement or modification is in writing and signed by the authorized representative of the Party against whom it is sought to enforce such waiver, amendment, supplement or modification.

Section 9.19. Precedence of Schedules. Each Schedule attached to or referenced in this Agreement is hereby incorporated into and shall form an integral part of this Agreement; provided, that the terms contained in such Schedule shall only apply with respect to the Services provided under that Schedule. In the event of a conflict between the terms contained in an individual Schedule and the terms in the body of this Agreement, the terms in the Schedules shall take precedence with respect to the Services under such Schedule only. No terms contained in individual Schedules shall otherwise modify the terms of this Agreement.

Section 9.20. Interpretation. In this Agreement, (a) words in the singular shall be deemed to include the plural and vice versa and words of one gender shall be deemed to include the other genders as the context requires; (b) the terms “hereof,” “herein,” and “herewith” and words of similar import shall, unless otherwise stated, be construed to refer to this Agreement as a whole (including all of the Schedules, Annexes and Exhibits hereto) and not to any particular provision of this Agreement; (c) Article, Section, Exhibit, Annex and Schedule references are to the Articles, Sections, Exhibits, Annexes and Schedules to this Agreement unless otherwise specified; (d) unless otherwise stated, all references to any agreement shall be deemed to include the exhibits, schedules and annexes to such agreement; (e) the word “including” and words of similar import when used in this Agreement shall mean “including, without limitation,” unless otherwise specified; (f) the word “or” shall not be exclusive; (g) unless otherwise specified in a particular case, the word “days” refers to calendar days; (h) references to “business day” shall mean any day other than a Saturday, a Sunday or a day on which banking institutions are generally authorized or required by law to close in Ireland, the United States or the United Kingdom; (i) references herein to this Agreement or any other agreement contemplated herein shall be deemed to refer to this Agreement or such other agreement as of the date on which it is executed and as it may be amended, modified or supplemented thereafter, unless otherwise specified; and (j) unless expressly stated to the contrary in this Agreement, all references to “the date hereof,” “the date of this Agreement,” “hereby” and “hereupon” and words of similar import shall all be references to September 8, 2016.

Section 9.21. Mutual Drafting. This Agreement shall be deemed to be the joint work product of the Parties and any rule of construction that a document shall be interpreted or construed against a drafter of such document shall not be applicable to this Agreement.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed by their duly authorized representatives.

JOHNSON CONTROLS INTERNATIONAL PLC

By: /s/ Brian J. Stief
Name: Brian J. Stief
Title: Executive Vice President and Chief
Financial Officer

ADIANT LIMITED

By: /s/ Cathleen A. Ebacher
Name: Cathleen A. Ebacher
Title: Vice President, General Counsel and
Secretary

[Signature Page to Transition Services Agreement]

Schedules

Transition Services



Johnson Controls/Adient

Service Schedule for:

Bratislava Business Center ("BBC") Facility

Schedule Name:	Bratislava Business Center ("BBC") Facility
Provider:	Johnson Controls
Recipient:	Adient
Duration:	9 Months

The services described in this Service Schedule shall be provided subject to the terms described in the Transition Services Agreement ("**Agreement**"). Unless otherwise defined herein, all terms used but not defined herein shall have the meanings assigned to them in the Agreement. This Service Schedule shall govern areas not specifically provided in the Agreement. Where there is more specific provisions in this Service Schedule than the Agreement, this Service Schedule shall govern.

1. Services and pricing

Services to be provided include JCI event management, building maintenance and IT infrastructure support.

The headcount (738 as of 6/15/16) used to calculate this charge will be the actual organization headcount.

Net cost to be charged as part of this TSA is 192.23 per head and is exclusive of rent and utilities.

2. Other Terms and Conditions:

Service Name	Description/Requirements/Other Matters
All	Termination: In the event of a partial termination, a simple price-adjustment mechanism should be mutually agreed upon to ensure that the monthly charges are based on the actual services consumed
All	Exit Support: Recipient will be responsible for all exit-related costs (internal service-provider costs will based on mutually agreed upon time-and-material costs)

Johnson Controls/Adient

Service Schedule for:

Dalian Business Center

Schedule Name:	Dalian Business Center
Provider:	Johnson Controls
Recipient:	Adient
Duration:	2 Years

The services described in this Service Schedule shall be provided subject to the terms described in the Transition Services Agreement ("**Agreement**"). Unless otherwise defined herein, all terms used but not defined herein shall have the meanings assigned to them in the Agreement. This Service Schedule shall govern areas not specifically provided in the Agreement. Where there is more specific provisions in this Service Schedule than the Agreement, this Service Schedule shall govern.

1. Services and pricing

Yearly DBC Charges

Total: \$3,476,329

2. Other Terms and Conditions:

- If service for a Profit Center (operation) is terminated, the cost will remain for three (3) months before costs can be fully terminated.
- If an additional Profit Center (operation) is added, three (3) months' notification will be required to ensure appropriate staff is in place to support demand.
- In a quarterly basis exchange rate RMB / USD will be reviewed and if there will be a deviation of +/- 5% compared with the previous quarter, an automatic review of the prices will be done to consider new exchange rate. The initial exchange rate will be based on the exchange rate at the TSA signature date.
- Exit Support: Recipient will be responsible for all exit-related costs (internal service-provider costs will be based on mutually agreed upon time-and-material costs)

Adient / Johnson Controls

Service Schedule for:

Finance

Schedule Name:	Finance (includes CFS and General Finance)
Provider:	Adient
Recipient:	Johnson Controls
Duration:	5 Months

The services described in this Service Schedule shall be provided subject to the terms described in the Transition Services Agreement ("Agreement"). Unless otherwise defined herein, all terms used but not defined herein shall have the meanings assigned to them in the Agreement. This Service Schedule shall govern areas not specifically provided in the Agreement. Where there is more specific provisions in this Service Schedule than the Agreement, this Service Schedule shall govern.

1. Services and pricing

CFS

Service Description	Est Cost
Statutory closing, audit	\$2,950,000
Direct tax compliance	
Indirect tax compliance	
External audit coordination	
Foreign corporate entities	
Tax provision + US GAAP to Local GAAP reconciliation	
US Tax	

General Finance

Information sharing to support the 9/30/16 audit & financial statement period.

No cost

2. Other Terms and Conditions:

Service Name	Description/Requirements/Other Matters
All	<ul style="list-style-type: none"><li data-bbox="386 352 1206 401">• Exit Support: Recipient will be responsible for all exit-related costs (internal service-provider costs will be based on mutually agreed upon time-and-material costs)<li data-bbox="386 401 1206 462">• Termination: In the event of a partial termination, a simple price-adjustment mechanism should be mutually agreed upon to ensure that the monthly charges are based on the actual services consumed

Transitional Services Agreement Service Schedule

Johnson Control / Adient

Service Schedule for:

Finance

Schedule Name:	Finance (includes General Finance and Tax)
Provider:	Johnson Controls
Recipient:	Adient
Duration:	5 months

The services described in this Service Schedule shall be provided subject to the terms described in the Transition Services Agreement ("Agreement"). Unless otherwise defined herein, all terms used but not defined herein shall have the meanings assigned to them in the Agreement. This Service Schedule shall govern areas not specifically provided in the Agreement. Where there is more specific provisions in this Service Schedule than the Agreement, this Service Schedule shall govern

1. Services and pricing:

Information sharing to support the 9/30/16 audit & financial statement period.

Service Description	Estimated Cost
General Finance	\$0
Tax	\$8,700

2. Other Terms and Conditions:

Service Name	Description/Requirements/Other Matters
General Finance and Tax	<ul style="list-style-type: none">Exit Support: Recipient will be responsible for all exit-related costs (internal service-provider costs will based on mutually agreed upon time-and-material costs)Termination: In the event of an early termination, a simple price-adjustment mechanism should be mutually agreed upon to ensure that the monthly charges are based on the actual services consumed

Adient / Johnson Controls

Service Schedule for:

Human Resources

Schedule Name:	Human Resources
Provider:	Adient
Recipient:	Johnson Controls
Duration:	2 to 17 Months

The services described in this Service Schedule shall be provided subject to the terms described in the Transition Services Agreement ("Agreement"). Unless otherwise defined herein, all terms used but not defined herein shall have the meanings assigned to them in the Agreement. This Service Schedule shall govern areas not specifically provided in the Agreement. Where there is more specific provisions in this Service Schedule than the Agreement, this Service Schedule shall govern.

1. Services and pricing:

Total **Shared Services** cost estimate for entire TSA duration: \$244,672

Total **Payroll** servicing cost estimate for entire TSA duration: \$436,948

2. Other Terms and Conditions:

Service Name	Description/Requirements/Other Matters
All	<ul style="list-style-type: none">• The cost of HR Administration vary by region and country as a result of country specific regulations and contracts• This pricing structure will hold during the Term where access to systems currently utilized will be granted by the vendor and where vendor pricing does not change. If vendor pricing changes, pricing changes may be reflected in the pricing structure. Services subject to vendor authorization that will allow for applications associated with delivering the TSA services for the same period of time.• Termination: In the event of a partial termination, a simple price-adjustment mechanism should be mutually agreed upon to ensure that the monthly charges are based on the actual services consumed.• Exit Support: Service Recipient will be responsible for all exit-related costs (internal service-provider costs will based on mutually agreed upon time-and-material costs)• Term: Extension will be granted but limited to two three month extensions

Johnson Controls / Adient

Service Schedule for:

Human Resources

Schedule Name:	Human Resources
Provider:	Johnson Controls
Recipient:	Adient
Duration:	2 to 17 Months

The services described in this Service Schedule shall be provided subject to the terms described in the Transition Services Agreement ("Agreement"). Unless otherwise defined herein, all terms used but not defined herein shall have the meanings assigned to them in the Agreement. This Service Schedule shall govern areas not specifically provided in the Agreement. Where there is more specific provisions in this Service Schedule than the Agreement, this Service Schedule shall govern.

1. Services and pricing:

Total **Shared Services** cost estimate for entire TSA duration: \$537,145

Total **Payroll** servicing cost estimate for entire TSA duration: \$503,334

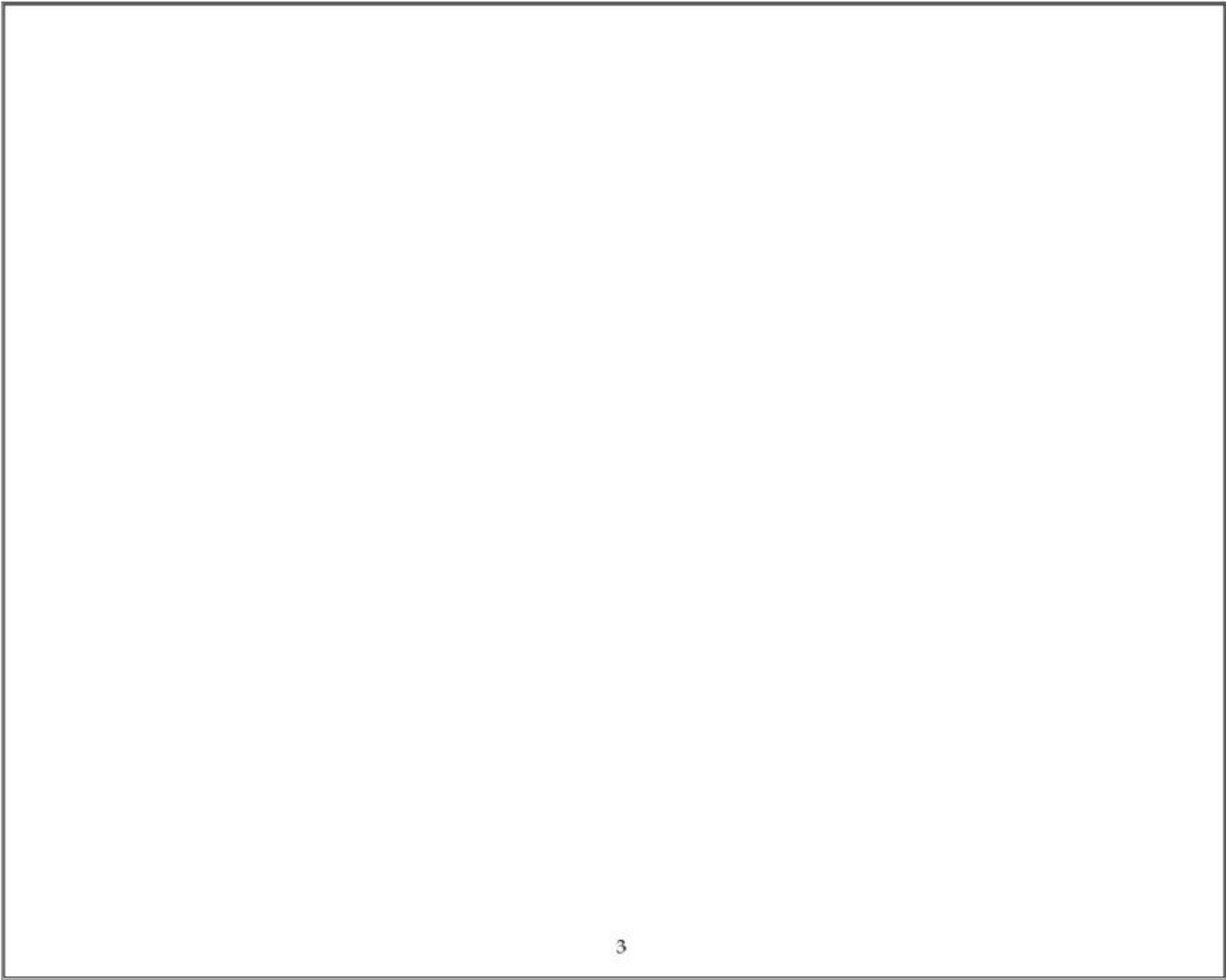
Total **Talent Acquisition, L&D and Performance Management** cost estimate for entire TSA duration: \$11,556

Total **Workday, Dynamics, global apps support** cost estimate for entire TSA duration: \$191,139

Total **PeopleSoft support** cost estimate for entire TSA duration: \$85,973

2. Other Terms and Conditions:

Service Name	Description/Requirements/Other Matters
All	<ul style="list-style-type: none">• The cost of HR Administration and Payroll vary by region and country as a result of country specific regulations and contracts• This pricing structure will hold during the Term where access to systems currently utilized will be granted by the vendor and where vendor pricing does not change. If vendor pricing changes, pricing changes may be reflected in the pricing structure. Services subject to vendor authorization that will allow for applications associated with delivering the TSA services for the same period of time.• Termination: In the event of a partial termination, a simple price-adjustment mechanism should be mutually agreed upon to ensure that the monthly charges are based on the actual services consumed.• Exit Support: Recipient will be responsible for all exit-related costs (internal service-provider costs will based on mutually agreed upon time-and-material costs)• Term: Extension will be granted but limited to two three month extensions



Adient / Johnson Controls

Service Schedule for:

Information Technology

Schedule Name:	Information Technology
Provider:	Adient
Recipient:	Johnson Controls
Duration:	As specified below

The services described in this Service Schedule shall be provided subject to the terms described in the Transition Services Agreement ("**Agreement**"). Unless otherwise defined herein, all terms used but not defined herein shall have the meanings assigned to them in the Agreement. This Service Schedule shall govern areas not specifically provided in the Agreement. Where there is more specific provisions in this Service Schedule than the Agreement, this Service Schedule shall govern.

1. Services and pricing:

ID	Sub Workstream	Function	Duration (months)
1.1	Data Center Mgmt & Business Hosting Svcs	CBRE/GWS application hosting from DBC	4
1.1	Data Center Mgmt & Business Hosting Svcs	HR IT Apps	17
1.1	Data Center Mgmt & Business Hosting Svcs	Unentangled Apps for PS/BE hosting from BDC and HDC	2
1.3	SAP Applications	Corp Genesis	5
1.3	HCM Readiness	Kronos Mexico Platform Support	2
1.4	DBC	Application Access	24
1.5	Projects	Adient Support for JCI Projects	3-4

Total: \$913,197

IT TSA exit costs for internal provider resources:

As part of the process to exit IT TSA services, all requests outside of services will be charged to the Recipient on a T&M basis.

2. Other Terms and Conditions:

Process Area	Description/Requirements/Other Matters
Other Terms	<ul style="list-style-type: none">• Termination: In the event of a partial termination, a simple price-adjustment mechanism should be mutually agreed upon to ensure that the monthly charges are based on the actual services consumed.• Exit Support: Recipient will be responsible for all exit-related costs (internal service-provider costs will be based on mutually agreed upon time-and-material costs)• Term: Extension will be granted but limited to two three month extensions• All misdirected TIPS charges (i.e. variable charges that are billed to the Provider but are the liability of the Recipient) will be charged back to the Recipient

Johnson Controls / Adient
Service Schedule for:
Information Technology Services

Schedule Name:	Information Technology Services: Application run/maintain and infrastructure services
Provider:	Johnson Controls
Recipient:	Adient
Duration:	As specified below

The services described in this Service Schedule shall be provided subject to the terms described in the Transition Services Agreement (“**Agreement**”). Unless otherwise defined herein, all terms used but not defined herein shall have the meanings assigned to them in the Agreement. This Service Schedule shall govern areas not specifically provided in the Agreement. Where there is more specific provisions in this Service Schedule than the Agreement, this Service Schedule shall govern.

1. Services and pricing

ID	Area	Function	Duration (months)
1.1	Identity Management	Identity and Access Management for TSA'd applications	5
1.2	Office365 Services	Email forwarding, SharePoint & Skype will be provided to service recipient during the migration period. There is no service level guarantee for the stability and availability of this service during TSA duration.	3
1.4	HCM Applications	PeopleSoft / Identity	17
1.4	HCM Applications	Workday / SaaS	2
1.4	HCM Applications	PeopleSoft / Identity - YFAI	17
1.4	HCM Applications	Workday / SaaS - YFAI	2
1.4	Maximo	Application Support	4
1.5	Projects	JCI Support for Adient Projects	2 - 4
1.6	Microsoft	Services	11

Total: \$6,361,067 (FY17 & FY18)

IT TSA cost for internal provider resources:

As part of the process to exit IT TSA services, all requests outside of services defined will be charged to the Recipient on a T&M basis.

2. Other Terms and Conditions:

Process Area	Description/Requirements/Other Matters
Other Terms	<ul style="list-style-type: none">• Termination: In the event of a partial termination, a simple price-adjustment mechanism should be mutually agreed upon to ensure that the monthly charges are based on the actual services consumed.• Exit Support: Recipient will be responsible for all exit-related costs (internal service-provider costs will be based on mutually agreed upon time-and-material costs)• Term: Extension will be granted but limited to two three month extensions• All misdirected TIPS charges (i.e. variable charges that billed to the Provider but are the liability of the Recipient) will be charged back to the Recipient

Adient/Johnson Controls
 Service Schedule for:
Sales and Marketing Services

Schedule Name:	Sales and Marketing
Provider:	Adient
Recipient:	Johnson Controls
Duration:	Eight (8) Months

The services described in this Service Schedule shall be provided subject to the terms described in the Transition Services Agreement ("**Agreement**"). Unless otherwise defined herein, all terms used but not defined herein shall have the meanings assigned to them in the Agreement. This Service Schedule shall govern areas not specifically provided in the Agreement. Where there is more specific provisions in this Service Schedule than the Agreement, this Service Schedule shall govern.

1. Services and pricing:

Process Area
Market Forecast Report (supplier vehicle production data)
Total for TSA duration: \$90,646

2. Other Terms and Conditions:

Service Name	Description/Requirements/Other Matters
	<ul style="list-style-type: none"> • Exit Support: Recipient will be responsible for all exit-related costs (internal service-provider costs will be based on mutually agreed upon time-and-material costs) • Term: The term will be capped at eight (8) months • Termination: In the event of a partial termination, a simple price-adjustment mechanism should be mutually agreed upon to ensure that the monthly charges are based on the actual services consumed.

Adient / Johnson Controls

Service Schedule for:

China Support Center Shanghai SOHO ("SOHO") Facility

Schedule Name:	China Support Center Shanghai SOHO ("SOHO") Facility
Provider:	Adient
Recipient:	Johnson Controls
Duration:	6 Months

The services described in this Service Schedule shall be provided subject to the terms described in the Transition Services Agreement ("**Agreement**"). Unless otherwise defined herein, all terms used but not defined herein shall have the meanings assigned to them in the Agreement. This Service Schedule shall govern areas not specifically provided in the Agreement. Where there is more specific provisions in this Service Schedule than the Agreement, this Service Schedule shall govern.

1. Services and pricing:

Service Description	Pricing (RMB)
Furniture Rental	51,420 per month

2. Other Terms and Conditions:

- All charges between parties in local currency, RMB.
- Actual changes to pricing will be calculated upon termination of service(s). Upon termination, there may be additional costs or cost reductions to be agreed upon in good faith between the Provider and Recipient.
- Exit Support: Service Recipient will be responsible for all exit-related costs (internal service-provider costs will be based on mutually agreed upon time-and-material costs).

Johnson Controls / Adient

Service Schedule for:

China Support Center Shanghai SOHO ("SOHO") Facility

Schedule Name:	China Support Center Shanghai SOHO ("SOHO") Facility
Provider:	Johnson Controls
Recipient:	Adient
Duration:	1 Month

The services described in this Service Schedule shall be provided subject to the terms described in the Transition Services Agreement ("**Agreement**"). Unless otherwise defined herein, all terms used but not defined herein shall have the meanings assigned to them in the Agreement. This Service Schedule shall govern areas not specifically provided in the Agreement. Where there is more specific provisions in this Service Schedule than the Agreement, this Service Schedule shall govern.

1. Services and pricing:

Service Description	Pricing (RMB)
Total Monthly lease cost	926,394 per month

2. Other Terms and Conditions:

- All charges between parties in local currency, RMB.
- Actual changes to pricing will be calculated upon termination of service(s). Upon termination, there may be additional costs or cost reductions to be agreed upon in good faith between the Provider and Recipient.
- Exit Support: Service Recipient will be responsible for all lease exit-related costs

Johnson Controls / Adient

Service Schedule for:

Travel and Entertainment (Credit Card Services)

Schedule Name:	Travel and Entertainment (Asia Credit Card Services)
Provider:	Johnson Controls
Recipient:	Adient
Duration:	12 Months

The services described in this Service Schedule shall be provided subject to the terms described in the Transition Services Agreement ("**Agreement**"). Unless otherwise defined herein, all terms used but not defined herein shall have the meanings assigned to them in the Agreement. This Service Schedule shall govern areas not specifically provided in the Agreement. Where there is more specific provisions in this Service Schedule than the Agreement, this Service Schedule shall govern.

1. Services and pricing:

Services supported in USD (\$)	Total
Asia Credit Card administration & Credit Card Program – Implementation	\$ 46,512.

2. Other Terms and Conditions:

Service Name	Description/Requirements/Other Matters
All	<ul style="list-style-type: none">• Exit Support: Recipient will be responsible for all exit-related costs (internal service-provider costs will based on mutually agreed upon time-and-material costs)• Termination: In the event of a partial termination, a simple price-adjustment mechanism should be mutually agreed upon to ensure that the monthly charges are based on the actual services consumed

TAX MATTERS AGREEMENT
DATED AS OF SEPTEMBER 8, 2016
BY AND BETWEEN
JOHNSON CONTROLS INTERNATIONAL PLC
AND
ADIANT LIMITED

TABLE OF CONTENTS

	<u>Page</u>
Section 1. Definition of Terms	2
Section 2. Allocation of Tax Liabilities	13
Section 2.01 General Rule	13
Section 2.02 Allocation of Taxes.....	13
Section 2.03 Certain Transaction and Other Taxes	15
Section 3. Preparation and Filing of Tax Returns	17
Section 3.01 Johnson Controls Returns	17
Section 3.02 Adient Returns	17
Section 3.03 Tax Reporting Practices.....	17
Section 3.04 Consolidated or Combined Tax Returns.....	18
Section 3.05 Right to Review Tax Returns.....	19
Section 3.06 Adient Carryback Items and Claims for Refund.....	20
Section 3.07 Apportionment of Earnings and Profits and Tax Attributes	20
Section 4. Payments	21
Section 4.01 Payment of Taxes.....	21
Section 4.02 Adjustments Resulting in Underpayments.....	22
Section 4.03 Indemnification Payments	22
Section 4.04 Payors; Payees; Treatment.....	22
Section 5. Tax Benefits	22
Section 5.01 Tax Benefits	22
Section 5.02 Johnson Controls and Adient Income Tax Deductions in Respect of Certain Equity Awards and Incentive Compensation.....	25
Section 6. Transaction Status	25
Section 6.01 Restrictions on Adient.....	25

Section 6.02	Restrictions on Johnson Controls.....	28
Section 6.03	Procedures Regarding Opinions and Rulings	28
Section 6.04	Liability for Separation Tax Losses	29
Section 6.05	Certain Elections.....	31
Section 7.	Assistance and Cooperation.....	31
Section 7.01	Assistance and Cooperation.....	31
Section 7.02	Tax Return Information	32
Section 7.03	Reliance by Johnson Controls.....	32
Section 7.04	Reliance by Adient.....	33
Section 8.	Tax Records.....	33
Section 8.01	Retention of Tax Records	33
Section 8.02	Access to Tax Records.....	34
Section 8.03	Preservation of Privilege.....	34
Section 9.	Tax Contests	34
Section 9.01	Notice.....	34
Section 9.02	Control of Tax Contests	34
Section 10.	Effective Date; Termination of Prior Intercompany Tax Allocation Agreements	38
Section 11.	Survival of Obligations.....	38
Section 12.	Treatment of Payments; Tax Gross-Up.....	38
Section 12.01	Treatment of Tax Indemnity and Tax Benefit Payments.....	38
Section 12.02	Tax Gross-Up.....	39
Section 12.03	Interest.....	39
Section 13.	Disagreements	39
Section 13.01	Dispute Resolution.....	39
Section 13.02	Injunctive Relief.....	40

Section 14. Late Payments	40
Section 15. Expenses	40
Section 16. General Provisions	40
Section 16.01 Addresses and Notices	40
Section 16.02 Assignability	41
Section 16.03 Waiver	41
Section 16.04 Severability	41
Section 16.05 Authority	41
Section 16.06 Further Action	41
Section 16.07 Integration	42
Section 16.08 Construction	42
Section 16.09 No Double Recovery	42
Section 16.10 Currency	42
Section 16.11 Counterparts	42
Section 16.12 Governing Law	42
Section 16.13 Jurisdiction	43
Section 16.14 Amendment	43
Section 16.15 Adient Subsidiaries	43
Section 16.16 Successors	43
Section 16.17 Injunctions	43

TAX MATTERS AGREEMENT

This TAX MATTERS AGREEMENT (this "Agreement") is entered into as of September 8, 2016, by and between Johnson Controls International plc, an Irish public limited company ("Johnson Controls"), and Adient Limited, a company organized under the laws of Ireland ("Adient") (collectively, the "Companies" and each, a "Company").

RECITALS

WHEREAS, Johnson Controls and Adient have entered into a Separation and Distribution Agreement, dated as of September 8, 2016 (the "Separation and Distribution Agreement"), providing for the separation of the Johnson Controls Group from the Adient Group;

WHEREAS, pursuant to the terms of the Separation and Distribution Agreement and the Separation Step Plan, Old Johnson Controls has and will, among other things, (i) contribute, sell or otherwise transfer (or cause to be contributed, sold or otherwise transferred) the Adient Assets to Jersey SpinCo and its Subsidiaries, (ii) cause Jersey SpinCo and its Subsidiaries to assume the Adient Liabilities, and (iii) sell or otherwise transfer all of the outstanding Jersey SpinCo Shares to a wholly owned (directly or indirectly) Affiliate of Johnson Controls ("TSub") in exchange for a note or otherwise (the "Old Johnson Controls Jersey SpinCo Sale");

WHEREAS, following the Old Johnson Controls Jersey SpinCo Sale, TSub will sell or otherwise transfer all of the outstanding Jersey SpinCo Shares to Johnson Controls in exchange for a note, in partial repayment of a loan or otherwise (the "TSub Jersey SpinCo Sale");

WHEREAS, following the TSub Jersey SpinCo Sale, pursuant to the terms of the Separation and Distribution Agreement, Johnson Controls will (and will cause Adient to) effect the Distribution;

WHEREAS, Johnson Controls and its Subsidiaries have engaged in certain restructuring transactions to facilitate the Distribution, including the Old Johnson Controls Internal Contributions, the Old Johnson Controls Internal Distributions, the Old Johnson Controls Jersey SpinCo Sale, the TSub Jersey SpinCo Sale and the other transactions set forth in the Separation Step Plan;

WHEREAS, for U.S. Federal Income Tax purposes, it is intended that each of the Old Johnson Controls Internal Distributions shall qualify as a transaction that is generally tax-free pursuant to Sections 355(a) and 368(a)(1)(D) of the Code or Section 355(a) of the Code, as applicable; and

WHEREAS, the parties desire to provide for and agree upon the allocation between the parties of liabilities for Taxes arising prior to, as a result of, and subsequent to the Distribution, and to provide for and agree upon other matters relating to Taxes.

NOW, THEREFORE, in consideration of the mutual agreements contained herein, the parties hereby agree as follows:

Section 1. Definition of Terms. For purposes of this Agreement (including the recitals hereof), the following terms have the following meanings, and capitalized terms used but not otherwise defined herein shall have the meaning ascribed to them in the Separation and Distribution Agreement:

“Active Trade or Business” means, with respect to any Old Johnson Controls Internal Distributing and any Old Johnson Controls Internal Controlled, the active conduct (as defined in Section 355(b)(2) of the Code and the regulations thereunder) by such entity and its “separate affiliated group” (as defined in Section 355(b)(3)(B) of the Code) of the trade or business relied upon to satisfy Section 355(b) of the Code with respect to the relevant Old Johnson Controls Internal Distribution immediately prior to such Old Johnson Controls Internal Distribution.

“Actually Realized” or “Actually Realizes” means, for purposes of determining the timing of the incurrence of any Tax Liability or the realization of a Refund (or any related Tax cost or Tax Benefit), whether by receipt or as a credit or other offset to Taxes otherwise payable, by a Person in respect of any payment, transaction, occurrence or event, the time at which the amount of Taxes paid (or Refund realized) by such Person is increased above (or reduced below) the amount of Taxes that such Person would have been required to pay (or Refund that such Person would have realized) but for such payment, transaction, occurrence or event.

“Adient” has the meaning set forth in the Preamble, and references herein to Adient shall include any entity treated as a successor to Adient.

“Adient Business” has the meaning set forth in the Separation and Distribution Agreement.

“Adient Capital Stock” means all classes or series of capital stock of Adient, including (i) the Adient Shares, (ii) all options, warrants and other rights to acquire such capital stock, and (iii) all instruments properly treated as stock in Adient for Federal Income Tax purposes.

“Adient Carryback Item” means any net operating loss, net capital loss, excess tax credit or other similar Tax item of any member of the Adient Group which may or must be carried from any Post-Distribution Period to any Pre-Distribution Period under the Code or other applicable Tax Law.

“Adient Group” means Adient and its Affiliates, as determined immediately after the Distribution.

“Adient Group Employees” has the meaning set forth in the Employee Matters Agreement.

“Adient Group Relief” means, without duplication, (i) any Relief of any member of the Adient Group as of immediately after the Distribution and (ii) any Relief generated by, or attributable or arising to, any member of the Adient Group in a Post-Distribution Period.

“Adient Return” has the meaning set forth in Section 3.02.

“Adient Separate Return” means any Separate Return of Adient or any member of the Adient Group.

“Adient Shares” has the meaning set forth in the Separation and Distribution Agreement.

“Adjusted Company” has the meaning set forth in Section 9.02(c).

“Adjustment Request” means any formal or informal claim or request filed with any Tax Authority, or with any administrative agency or court, for the adjustment, Refund, or credit of Taxes, including (a) any amended Tax Return claiming adjustment to the Taxes as reported on the Tax Return or, if applicable, as previously adjusted, (b) any claim for equitable recoupment or other offset, and (c) any claim for Refund of Taxes previously paid.

“Affiliate” has the meaning set forth in the Separation and Distribution Agreement.

“Agreement” means this Tax Matters Agreement.

“Business Day” means any day other than a Saturday, a Sunday or a day on which banking institutions are generally authorized or required by Law to close in Ireland, the United States or the United Kingdom.

“Check-the-Box Election” has the meaning set forth in Section 6.05(b).

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

“Combined Return” means a consolidated, affiliated, combined, unitary, group or other similar Tax Return (including a Tax Return with respect to a profit and/or loss sharing group (e.g., UK group relief), group payment or similar group or fiscal unity) that actually includes, by election or otherwise, one or more members of the Johnson Controls Group together with one or more members of the Adient Group (including, for the avoidance of doubt, any such Tax Return that is an Old Johnson Controls Federal Consolidated Income Tax Return).

“Companies” or “Company” has the meaning set forth in the Preamble.

“Compensatory Equity Interests” has the meaning set forth in Section 5.02.

“Competent Authority Proceeding” means any proceeding pursuant to the mutual assistance or mutual agreement provisions of any tax treaty or any similar proceeding before any Competent Authority (or other body similar to a Competent Authority established pursuant to any tax treaty).

“Distribution” means the distribution by Johnson Controls of all of the Jersey SpinCo Shares to holders of Johnson Controls common stock, which will be effected by way of a distribution in specie by Johnson Controls of the Adient Business to the holders of Johnson Controls common stock, through (a) the transfer to Adient, which will have been re-registered as a public limited company, of Johnson Controls’ entire legal and beneficial interest in the issued

share capital of Jersey SpinCo, and (b) the issuance of Adient Shares to holders of Johnson Controls common stock on a *pro rata* basis.

“Distribution Date” has the meaning set forth in the Separation and Distribution Agreement.

“Effective Time” has the meaning set forth in the Separation and Distribution Agreement.

“Electronics Business” means the “Business,” as defined in that certain Purchase Agreement, dated as of January 12, 2014, by and between Johnson Controls, Inc. and Visteon Corporation, and the “Business,” as defined in that certain Asset Purchase Agreement, dated as of July 18, 2013, by and between Johnson Controls, Inc. and Gentex Corporation.

“Electronics Business Tax” means any Tax Liability imposed on any Electronics Entity and attributable to the Electronics Business (determined on a “with and without” basis).

“Electronics Business Tax Attribute” means any Tax Attribute of any Electronics Entity attributable to the Electronics Business, as determined by Johnson Controls in good faith.

“Electronics Entity” means each of Johnson Controls Automotive Electronics do Brasil Ltda. (formerly SAGEM Do Brasil), JC International ZAO, and any of their respective successors.

“Employee Matters Agreement” means the Employee Matters Agreement, dated as of September 8, 2016, by and between Johnson Controls and Adient.

“Federal Income Tax” means any Tax imposed by Subtitle A of the Code.

“Federal Other Tax” means any Tax imposed by the federal government of the United States of America other than any Federal Income Taxes.

“Fifty-Percent or Greater Interest” has the meaning ascribed to such term for purposes of Sections 355(d) and (e) of the Code and the Treasury Regulations Thereunder.

“Filing Date” has the meaning set forth in Section 6.04(d).

“Final Determination” means the final resolution of liability for any Tax, which resolution may be for a specific issue or adjustment or for a Tax Period, (a) by IRS Form 870 or 870-AD (or any successor forms thereto), on the date of acceptance by or on behalf of the taxpayer, or by a comparable form under the Laws of a State, local or foreign taxing jurisdiction, except that a Form 870 or 870-AD or comparable form shall not constitute a Final Determination to the extent that it reserves (whether by its terms or by operation of Law) the right of the taxpayer to file a claim for Refund or the right of the Tax Authority to assert a further deficiency in respect of such issue or adjustment or for such Tax Period (as the case may be); (b) by a decision, judgment, decree or other order by a court of competent jurisdiction, which has become final and unappealable; (c) by a closing agreement or accepted offer in compromise under Section 7121 or 7122 of the Code, or a comparable agreement under the Laws of a State, local or foreign taxing jurisdiction; (d) by any allowance of a Refund in respect of an overpayment of Tax, but

only after the expiration of all periods during which such Refund may be recovered (including by way of offset) by the jurisdiction imposing such Tax; (e) by a final settlement resulting from a Competent Authority Proceeding or determination; or (f) by any other final disposition, including by reason of the expiration of the applicable statute of limitations or by mutual agreement of the parties hereto.

“Foreign Corporation Status” means the status of Adient as a foreign corporation (within the meaning of Sections 7701(a)(3) and 7701(a)(5) of the Code) for U.S. federal tax purposes as of immediately after the Distribution.

“Foreign Income Tax” means any Tax imposed by any foreign country or any possession of the United States, or by any political subdivision of any foreign country or United States possession, which is an income tax as defined in Treasury Regulations Section 1.901-2.

“Foreign Other Tax” means any Tax imposed by any foreign country or any possession of the United States, or by any political subdivision of any foreign country or United States possession, other than any Foreign Income Taxes.

“Former Adient Group Employees” has the meaning provided in the Employee Matters Agreement.

“Former Johnson Controls Group Employee” has the meaning provided in the Employee Matters Agreement.

“Group” means the Johnson Controls Group or the Adient Group, or both, as the context requires.

“High-Level Dispute” means any dispute or disagreement (a) relating to liability under Section 6.04 or (b) in which the amount of liability in dispute exceeds \$10 million.

“Income Tax” means any Federal Income Tax, State Income Tax or Foreign Income Tax.

“Indemnitee” has the meaning set forth in Section 12.03.

“Indemnitor” has the meaning set forth in Section 12.03.

“IRS” means the United States Internal Revenue Service.

“Jersey SpinCo” means Adient Global Holdings Ltd, a Jersey public limited company and a direct wholly owned Subsidiary of Adient immediately following the Distribution.

“Jersey SpinCo Shares” means the ordinary shares, par value £1 per share, of Jersey SpinCo.

“Johnson Controls” has the meaning set forth in the Preamble.

“Johnson Controls Business” has the meaning set forth in the Separation and Distribution Agreement.

“Johnson Controls Group” means Johnson Controls and its Affiliates, excluding any entity that is a member of the Adient Group.

“Johnson Controls Group Employees” has the meaning set forth in the Employee Matters Agreement.

“Johnson Controls Group Relief” means, without duplication, (i) any Relief of any member of the Johnson Controls Group as of immediately after the Distribution and (ii) any Relief generated by, or attributable or arising to, any member of the Johnson Controls Group in a Post-Distribution Period.

“Johnson Controls Return” has the meaning set forth in Section 3.01(a).

“Johnson Controls Separate Return” means any Separate Return of Johnson Controls or any member of the Johnson Controls Group.

“Law” has the meaning set forth in the Separation and Distribution Agreement.

“Loss” has the meaning set forth in Section 5.01(b).

“Non-Recoverable Transaction Tax Return” has the meaning set forth in Section 3.01(a).

“Non-Recoverable Transaction Taxes” has the meaning set forth in Section 2.03(a).

“Notified Action” has the meaning set forth in Section 6.03(a).

“Old Johnson Controls” means Johnson Controls, Inc., a Wisconsin corporation.

“Old Johnson Controls Affiliated Group” has the meaning set forth in the definition of “Old Johnson Controls Federal Consolidated Income Tax Return.”

“Old Johnson Controls Federal Consolidated Income Tax Return” means any U.S. federal income Tax Return for the affiliated group (as that term is defined in Section 1504 of the Code and the regulations thereunder) of which Old Johnson Controls is the common parent (the “Old Johnson Controls Affiliated Group”).

“Old Johnson Controls Internal Contribution” means the contribution of specified assets to an Old Johnson Controls Internal Controlled pursuant to the Separation and Distribution Agreement and the Separation Step Plan.

“Old Johnson Controls Internal Controlled” means each of Recaro Automotive Mexico S. de R.L. de C.V., Ensemble de Interiors Automotrices S. de R.L. de C.V. and Johnson Controls Asia Holdings Co. Limited, and their respective successors.

“Old Johnson Controls Internal Controlled Capital Stock” means, with respect to any Old Johnson Controls Internal Controlled, all classes or series of capital stock of such Old Johnson Controls Internal Controlled, including (i) any class of common stock, preferred stock

or other capital stock, (ii) all options, warrants and other rights to acquire such capital stock, and (iii) all instruments properly treated as stock in such Old Johnson Controls Internal Controlled for Federal Income Tax purposes.

“Old Johnson Controls Internal Distributing” means each of JC Enterprises Mexico SRL, Johnson Controls Holding Company, Inc. and Johnson Controls Holding China Business Trust, and their respective successors.

“Old Johnson Controls Internal Distributing Capital Stock” means, with respect to any Old Johnson Controls Internal Distributing, all classes or series of capital stock of any Old Johnson Controls Internal Distributing, including (i) any class of common stock, preferred stock or other capital stock, (ii) all options, warrants and other rights to acquire such capital stock, and (iii) all instruments properly treated as stock in such Old Johnson Controls Internal Distributing for Federal Income Tax purposes.

“Old Johnson Controls Internal Distribution” means the distribution or exchange pursuant to a full or partial redemption by an Old Johnson Controls Internal Distributing of the common stock of the applicable Old Johnson Controls Internal Controlled to or with Johnson Controls or another member of the Johnson Controls Group in a transaction intended to qualify as generally tax-free pursuant to Sections 355(a) and 368(a)(1)(D) of the Code or Section 355(a) of the Code, as applicable.

“Old Johnson Controls Jersey SpinCo Sale” has the meaning set forth in the Recitals.

“Other Tax” means any Federal Other Tax, State Other Tax or Foreign Other Tax.

“Past Practices” has the meaning set forth in Section 3.03(a).

“Payment Date” means (i) with respect to any Old Johnson Controls Federal Consolidated Income Tax Return, the due date for any required installment of estimated taxes determined under Section 6655 of the Code, the due date (determined without regard to extensions) for filing the return determined under Section 6072 of the Code, and the date the return is filed, and (ii) with respect to any other Tax Return, the corresponding or similar dates determined under the applicable Tax Law.

“Person” means any individual, partnership, corporation, limited liability company, association, joint stock company, trust, joint venture, unincorporated organization or a governmental entity or any department, agency or political subdivision thereof, without regard to whether any entity is treated as disregarded for Federal Income Tax purposes.

“Permitted Adient Carryback” has the meaning set forth in Section 5.01(d).

“Post-Distribution Period” means any Tax Period beginning after the Distribution Date, and, in the case of any Straddle Period, the portion of such Straddle Period beginning the day after the Distribution Date.

“Pre-Distribution Period” means any Tax Period ending on or before the Distribution Date, and, in the case of any Straddle Period, the portion of such Straddle Period ending on the Distribution Date.

“Prime Rate” has the meaning set forth in the Separation and Distribution Agreement.

“Privilege” means any privilege that may be asserted under applicable Law, including any privilege arising under or relating to the attorney-client relationship (including the attorney-client and work product privileges), the accountant-client privilege and any privilege relating to internal evaluation processes.

“Privileged Tax Documentation” has the meaning set forth in Section 8.03.

“Proposed Acquisition Transaction” means a transaction or series of transactions (or any agreement, understanding or arrangement, within the meaning of Section 355(e) of the Code and Treasury Regulations Section 1.355-7, or any other regulations promulgated thereunder, to enter into a transaction or series of transactions), whether such transaction is supported by Adient management or shareholders, is a hostile acquisition, or otherwise, as a result of which Adient would merge or consolidate with any other Person or as a result of which any Person or Persons would (directly or indirectly) acquire, or have the right to acquire, from Adient and/or one or more holders of Adient Capital Stock, a number of shares of Adient Capital Stock that would, when combined with any other changes in ownership of Adient Capital Stock pertinent for purposes of Section 355(e) of the Code, comprise 40% or more of (A) the value of all outstanding shares of stock of Adient as of the date of such transaction, or in the case of a series of transactions, the date of the last transaction of such series, or (B) the total combined voting power of all outstanding shares of voting stock of Adient as of the date of such transaction, or in the case of a series of transactions, the date of the last transaction of such series. Notwithstanding the foregoing, a Proposed Acquisition Transaction shall not include (A) the adoption by Adient of a shareholder rights plan or (B) issuances by Adient that satisfy Safe Harbor VIII (relating to acquisitions in connection with a person’s performance of services) or Safe Harbor IX (relating to acquisitions by a retirement plan of an employer) of Treasury Regulations Section 1.355-7(d). For purposes of determining whether a transaction constitutes an indirect acquisition, any recapitalization resulting in a shift of voting power or any redemption of shares of stock shall be treated as an indirect acquisition of shares of stock by the non-exchanging shareholders. This definition and the application thereof are intended to monitor compliance with Section 355(e) of the Code and shall be interpreted accordingly. Any clarification of, or change in, the statute or regulations promulgated under Section 355(e) of the Code shall be incorporated into this definition and its interpretation.

“Recipient” means, with respect to the transfers occurring pursuant to any of the Separation Transactions, the Person receiving assets and/or liabilities.

“Refund” means any refund of Taxes, including any refund or reduction in Tax Liabilities by means of a credit or offset.

“Relief” means any relief, loss allowance, exemption, set-off, Refund, deduction, credit or Tax Attribute utilized in computing, or against, taxable income or Tax Liability.

“Responsible Company” means, with respect to any Tax Return, the Company having responsibility for preparing such Tax Return under this Agreement.

“Restriction Period” means the period beginning on the date hereof and ending on (and including) the two-year anniversary of the Distribution Date.

“Retention Date” has the meaning set forth in Section 8.01.

“Section 336(e) Election” has the meaning set forth in Section 6.05(a).

“Separate Return” means (a) in the case of any Tax Return of any member of the Adient Group (including any consolidated, affiliated, combined, unitary, group or other similar Tax Return (including a Tax Return with respect to a profit and/or loss sharing group (*e.g.*, UK group relief), group payment or similar group or fiscal unity)), any such Tax Return that does not include any member of the Johnson Controls Group and (b) in the case of any Tax Return of any member of the Johnson Controls Group (including any consolidated, affiliated, combined, unitary, group or other similar Tax Return (including a Tax Return with respect to a profit and/or loss sharing group (*e.g.*, UK group relief), group payment or similar group or fiscal unity)), any such Tax Return that does not include any member of the Adient Group.

“Separation” means the separation of the Adient Business from the Johnson Controls Business.

“Separation and Distribution Agreement” has the meaning set forth in the Recitals.

“Separation Related Tax Contest” means any Tax Contest in which the IRS, another Tax Authority or any other party asserts a position that could reasonably be expected to adversely affect, jeopardize or prevent (a) the Tax-Free Status of any of the Old Johnson Controls Internal Distributions (and, where applicable, the related Old Johnson Controls Internal Contribution), (b) a relevant entity, instrument or Separation Transaction (other than a Separation Transaction described in clause (a)) to have the tax-free or other tax treatment described in the Tax Treatment Schedule or Separation Step Plan, or (c) the Unrestricted Inversion Status of the Tyco Merger.

“Separation Step Plan” means the global plan of reorganization setting forth the specific transactions undertaken in anticipation and furtherance of the Separation, attached as Schedule 2.1(a) to the Separation and Distribution Agreement.

“Separation Tax Losses” means (i) all Taxes imposed pursuant to (or any reduction in a Refund resulting from) any settlement, Final Determination, judgment or otherwise; (ii) all third-party accounting, legal and other professional fees and court costs incurred in connection with such Taxes (or reduction in a Refund), as well as any other out-of-pocket costs incurred in connection with such Taxes; and (iii) all third-party costs, expenses and damages associated with any stockholder litigation or other controversy and any amount required to be paid by Johnson Controls (or any Johnson Controls Affiliate) or Adient (or any Adient Affiliate) in respect of any liability of or to shareholders, whether paid to shareholders or to the IRS or any other Tax Authority, in each case, resulting from (x) the failure of any of the Old Johnson Controls Internal

Contributions or Old Johnson Controls Internal Distributions to have Tax-Free Status (including, for the avoidance of doubt, any Taxes imposed on income or gain recognized pursuant to any “gain recognition agreement” within the meaning of Treasury Regulations Section 1.367(a)-8 previously entered into in connection with any other transaction that results from or is attributable to the failure of any of the Old Johnson Controls Internal Contributions or Old Johnson Controls Internal Distributions to have Tax-Free Status), (y) the failure of a relevant entity, instrument or Separation Transaction (other than a Separation Transaction described in clause (x)) to have the tax-free or other tax treatment described in the Tax Treatment Schedule or the Separation Step Plan, or (z) the failure of the Tyco Merger to have Unrestricted Inversion Status; *provided* that amounts shall be treated as having been required to be paid for purposes of clause (iii) of this definition to the extent they are paid in a good-faith compromise or settlement of an asserted claim. For the avoidance of doubt, except as expressly provided to the contrary in this Agreement, the amount of Taxes that are Separation Tax Losses for which Johnson Controls and Adient, as applicable, are liable pursuant to this Agreement shall be calculated without taking into account the utilization of any Adient Group Relief or Johnson Controls Group Relief, respectively.

“Separation Transactions” means the Distribution and the other transactions contemplated by the Separation and Distribution Agreement and the Separation Step Plan in furtherance of the Separation (including the Old Johnson Controls Internal Contributions, the Old Johnson Controls Internal Distributions, the Old Johnson Controls Jersey SpinCo Sale and the TSub Jersey SpinCo Sale).

“Specified PRC Taxes” means any income Taxes (a) imposed on Adient Asia Holdings Co., Limited (“Adient Asia Holdings”) by the People’s Republic of China (the “PRC”) on the direct transfer of interests in Baoding Fengfan Rising Battery Separator Co., Ltd. or the direct transfer of interests in JC (China) Investment Co., Ltd. pursuant to the Separation Transactions, or (b) imposed by the PRC, pursuant to Guoshuihan [2009] Circular No. 698 or Public Notice [2015] Circular No. 7, on the indirect transfer of interests in PRC-resident entities as a result of the direct or indirect transfer of interests in Adient Asia Holdings or Johnson Controls Interior Hong Kong Limited pursuant to the Separation Transactions.

“State Income Tax” means any Tax imposed by any State of the United States or by any political subdivision of any such State or the District of Columbia that is imposed on or measured by net income, including state and local franchise or similar Taxes measured by net income.

“State Other Tax” means any Tax imposed by any State of the United States or by any political subdivision of any such State or the District of Columbia, other than any State Income Taxes.

“Straddle Combined Return” means any Combined Return for a Straddle Period that is, under applicable Law, required to include a member of the Adient Group in the portion of such Straddle Period that is a Post-Distribution Period.

“Straddle Period” means any Tax Period that begins on or before and ends after the Distribution Date.

“Tax” or “Taxes” means any taxes, fees, assessments, duties or other similar charges imposed by any Tax Authority, including, without limitation, income, gross income, gross receipts, profits, capital stock, franchise, withholding, payroll, social security, workers’ compensation, unemployment, disability, property, *ad valorem*, stamp, excise, severance, occupation, service, sales, use, license, lease, transfer, import, export, value-added, alternative minimum, estimated or other tax (including any fee, assessment, duty, or other charge in the nature of or in lieu of any tax), and any interest, penalties, additions to tax or additional amounts in respect of the foregoing. For the avoidance of doubt, Tax includes any increase in Tax as a result of a Final Determination.

“Tax Advisor” means tax counsel or accountant of recognized national standing.

“Tax Advisor Dispute” has the meaning set forth in Section 13.01.

“Tax Attribute” or “Attribute” means a net operating loss, net capital loss, unused investment credit, unused foreign tax credit, excess charitable contribution, general business credit or any other Tax Item that could reduce a Tax or create a Tax Benefit.

“Tax Authority” means, with respect to any Tax, the governmental entity or political subdivision thereof that imposes such Tax, and the agency (if any) charged with the collection of such Tax for such entity or subdivision or otherwise having jurisdiction with respect to such Tax.

“Tax Benefit” means any loss, deduction, refund, credit, offset or other Tax item reducing Taxes paid or payable. For purposes of this Agreement, the amount of any Tax Benefit Actually Realized by a Person as a result of any such Tax item shall be determined on a “with and without basis” as the excess of (a) the hypothetical liability of such Person for the relevant Tax for the relevant Tax Period, calculated as if such Tax item had not been utilized but with all other facts unchanged, over (b) the actual liability of such Person for such Tax for such Tax Period, calculated taking into account such Tax item (and, for this purpose, treating a Refund as a reduction in liability for Tax).

“Tax Contest” means an audit, review, examination or any other administrative or judicial proceeding with the purpose or effect of redetermining Taxes (including any administrative or judicial review of any claim for any Refund).

“Tax-Free Status” means, with respect to each Old Johnson Controls Internal Distribution (where relevant, taken together with the related Old Johnson Controls Internal Contribution), the qualification thereof (a) as a transaction described in Sections 355(a) and 368(a)(1)(D) of the Code or Section 355(a) of the Code, as applicable, (b) as a transaction in which the stock distributed thereby is “qualified property” for purposes of Sections 355(c)(2) and 361(c)(2) of the Code, and (c) as a transaction in which Johnson Controls, Adient and the members of their respective Groups recognize no income or gain for U.S. federal income tax purposes pursuant to Sections 355, 361 and 1032 of the Code, other than intercompany items or excess loss accounts taken into account pursuant to the Treasury Regulations promulgated pursuant to Section 1502 of the Code.

“Tax Item” means, with respect to any Income Tax, any item of income, gain, loss, deduction, or credit.

“Tax Law” means the Law of any governmental entity or political subdivision thereof relating to any Tax.

“Tax Liability” means any liability or obligation for Taxes.

“Tax Period” means, with respect to any Tax, the period for which the Tax is reported as provided under the Code or other applicable Tax Law.

“Tax Records” means any Tax Returns, Tax Return workpapers, documentation relating to any Tax Contest, and any other books of account or records (whether or not in written, electronic or other tangible or intangible forms and whether or not stored on electronic or any other medium) maintained or required to be maintained under the Code or other applicable Tax Laws or under any record retention agreement with any Tax Authority.

“Tax Return” or “Return” means any report of Taxes due, any claim for Refund of Taxes paid, any information return with respect to Taxes, or any other similar report, statement, declaration, or document filed or required to be filed under the Code or other Tax Law, including any attachments, exhibits or other materials submitted with any of the foregoing, and including any amendments or supplements to any of the foregoing.

“Tax Treatment Schedule” means the schedule setting forth the intended tax treatment of certain entities, instruments and Separation Transactions, attached as Schedule 1.7 to the Separation and Distribution Agreement.

“TSub” has the meaning set forth in the Recitals.

“TSub Jersey SpinCo Sale” has the meaning set forth in the Recitals.

“Transaction Taxes” means any value-added, goods and services, sales, use, consumption, excise, service, transfer, stamp, documentary, filing, recordation Taxes or similar Taxes, in each case imposed or payable upon any of the Separation Transactions.

“Transferor” means, with respect to the transfers occurring pursuant to any of the Separations Transactions, the Person transferring assets and/or liabilities.

“Treasury Regulations” means the regulations promulgated from time to time under the Code as in effect for the relevant Tax Period.

“Tyco Merger” means the merger of an indirect subsidiary of Tyco International, plc with and into Old Johnson Controls effected on September 2, 2016.

“Unrestricted Inversion Status” means, with respect to the Tyco Merger, the failure of the ownership threshold of Section 7874(a)(2)(B)(ii) of the Code to be met.

“Unqualified Tax Opinion” means an unqualified opinion of a Tax Advisor on which Johnson Controls may rely to the effect that a transaction will not adversely affect (i) the

Tax-Free Status of any of the Old Johnson Controls Internal Distributions and any of the Old Johnson Controls Internal Contributions and (ii) the Unrestricted Inversion Status of the Tyco Merger; *provided* that any tax opinion obtained in connection with a proposed acquisition of Adient Capital Stock or any Old Johnson Controls Internal Controlled Capital Stock entered into during the Restriction Period shall not qualify as an Unqualified Tax Opinion unless such tax opinion concludes that such proposed acquisition will not be treated as “part of a plan (or series of related transactions),” within the meaning of Section 355(e) of the Code and the Treasury Regulations promulgated thereunder, that includes the Old Johnson Controls Internal Distribution involving such Old Johnson Controls Internal Controlled. Any such opinion must assume that (i) each of the Old Johnson Controls Internal Distributions and Old Johnson Controls Internal Contributions would have qualified for Tax-Free Status if the transaction in question did not occur and (ii) the Tyco Merger would have had Unrestricted Inversion Status if the transaction in question did not occur.

“VAT” shall mean any value added Taxes, goods and services Taxes or the equivalent of such Taxes in any relevant jurisdiction.

“VAT Charges” shall mean any Transaction Taxes that are recoverable VAT, to the extent such Taxes were paid, but not yet recovered (whether by way of input VAT, offset, Refund or otherwise), by Johnson Controls, Adient or any of their respective Affiliates on or prior to the Distribution Date.

Section 2. Allocation of Tax Liabilities.

Section 2.01 General Rule.

(a) *Johnson Controls Liability.* Johnson Controls shall be liable for, and shall indemnify and hold harmless the Adient Group from and against any liability for, any Taxes for which Johnson Controls is responsible, or which are allocated to Johnson Controls, pursuant to this Section 2 or Section 3.

(b) *Adient Liability.* Adient shall be liable for, and shall indemnify and hold harmless the Johnson Controls Group from and against any liability for, any Taxes for which Adient is responsible, or which are allocated to Adient, pursuant to this Section 2 or Section 3.

(c) *Costs and Expenses.* The amounts for which Johnson Controls or Adient, as applicable, is liable pursuant to Sections 2.01(a) and (b), respectively, shall include all accounting, legal and other professional fees, and court costs incurred in connection with the relevant Taxes.

(d) *Relief.* For the avoidance of doubt, except as expressly provided to the contrary herein, the amount of Taxes for which Johnson Controls or Adient, as applicable, is liable pursuant to this Section 2, Section 3 or otherwise under this Agreement shall be calculated without taking into account the utilization of any Adient Group Relief or Johnson Controls Group Relief, respectively.

Section 2.02 Allocation of Taxes. Except as otherwise provided in Section 2.03(a), (b) or (c), Taxes shall be allocated as follows:

(a) *Taxes Relating to Combined Returns for Pre-Distribution Periods.*

(i) Johnson Controls shall be responsible for any and all Taxes due with respect to, attributable to or required to be reported on any Combined Return that are allocable to Pre-Distribution Periods (including, for the avoidance of doubt, any such Taxes imposed or payable as a result of a Final Determination).

(ii) For the avoidance of doubt, for purposes of this Agreement, any and all Taxes due with respect to, attributable to or required to be reported on any Combined Return that does not include any member of the Adient Group in any Post-Distribution Period shall be allocable to a Pre-Distribution Period.

(b) *Taxes Relating to Combined Returns for Post-Distribution Periods.*

(i) Johnson Controls shall be responsible for any and all Taxes due with respect to, attributable to or required to be reported on any Combined Return that are allocable to Post-Distribution Periods (including any increase in such Taxes as a result of a Final Determination) to the extent such Taxes are attributable to the Johnson Controls Business. Adient shall be responsible for any and all Taxes due with respect to, attributable to or required to be reported on any Combined Return that are allocable to Post-Distribution Periods (including any increase in such Taxes as a result of a Final Determination) to the extent such Taxes are attributable to the Adient Business.

(ii) For purposes of this Agreement, in the case of any Taxes for any Straddle Period, the amount of Taxes allocable to the portion of the Straddle Period ending on the Distribution Date shall be deemed to be (i) in the case of Taxes imposed on a periodic basis (such as real or personal property Taxes), the amount of such Taxes for the entire period (or, in the case of such Taxes determined on an arrears basis, the amount of such Taxes for the immediately preceding period) multiplied by a fraction, the numerator of which is the number of calendar days in the Straddle Period ending on and including the Distribution Date and the denominator of which is the number of calendar days in the entire relevant Straddle Period; and (ii) in the case of Taxes not described in clause (i) above (such as Income Taxes or Taxes based upon occupancy or imposed in connection with any sale or other transfer or assignment of property (real or personal, tangible or intangible)), the amount of any such Taxes shall be determined as if such taxable period ended as of the close of business on the Distribution Date, with exemptions, allowances or deductions that are calculated on an annual basis (including depreciation and amortization deductions) to be allocated between the period ending on and including the Distribution Date and the period beginning after the Distribution Date in proportion to the number of days in each period.

(c) *Taxes Relating to Separate Returns.*

(i) Johnson Controls shall be responsible for any and all Taxes due with respect to, attributable to or required to be reported on any Johnson Controls Separate Return for any Tax Period (including, for the avoidance of doubt, any such Taxes imposed or payable as a result of a Final Determination).

(ii) Adient shall be responsible for any and all Taxes due with respect to, attributable to or required to be reported on any Adient Separate Return for any Tax Period (including, for the avoidance of doubt, any such Taxes imposed or payable as a result of a Final Determination); *provided* that Johnson Controls shall be responsible for any such Taxes that are Electronics Business Taxes (including, for the avoidance of doubt, any such Taxes imposed or payable as a result of a Final Determination).

(d) *Penalties and Interest.* Any penalties or interest imposed in connection with any Taxes described in Section 2.02(a), (b) or (c) shall be the responsibility of the Company that is responsible for the underlying Tax, unless such penalties or interest are the result of an action or failure to act by the other Company or any of its Affiliates.

Section 2.03 *Certain Transaction and Other Taxes.*

(a) *Transaction Taxes.*

(i) All charges in respect of the transfers occurring pursuant to the Separation Transactions, and related transaction costs, shall be exclusive of any Transaction Taxes. Without limiting any provision of this Agreement, (a) in the case of any Transaction Taxes that are non-recoverable under applicable Law (whether by way of credit, offset, Refund, input VAT or otherwise, and such Taxes, "Non-Recoverable Transaction Taxes"), Johnson Controls shall be responsible for any such Non-Recoverable Transaction Taxes, unless any such Non-Recoverable Transaction Taxes become non-recoverable as a result of an action or failure to act by Adient or any of its Affiliates, in which case Adient shall be responsible for such Transaction Taxes and (b) in the case of any Transaction Taxes that are recoverable under applicable Law (whether by way of credit, offset, Refund, input VAT or otherwise), the Recipient (or, if not the Recipient, such other Person that is entitled to a recovery of such Transaction Taxes under applicable Law) shall be responsible for any such recoverable Transaction Taxes, unless any such recoverable Transaction Taxes become non-recoverable as a result of an action or failure to act by the Transferor or any of its Affiliates, in which case the Transferor shall be responsible for such Transaction Taxes. Notwithstanding anything to the contrary in this Agreement, to the extent a Company (or any of its Affiliates) recovers (whether by way of credit, offset, Refund, input VAT or otherwise) any Transaction Taxes that were paid or otherwise borne by the other Company (or any of its Affiliates), the Company that received (or the Affiliate of which received) such recovery shall, without duplication of any other amounts payable pursuant to this Agreement, promptly pay over to such other Company the amount of such recovery; *provided*, that recovery in respect of VAT Charges (and entitlement thereto) shall be governed exclusively by Schedule 2.12(c)(ii) to the Separation and Distribution Agreement. The Transferor shall promptly issue proper and timely invoices usable by the Recipient to recover (by way of credit or Refund) any Transaction Taxes in jurisdictions where they are recoverable. The Transferor and the Recipient shall cooperate to minimize any Transaction Taxes and in obtaining any Refund, return or rebate of Transaction Taxes, or applying an exemption or zero-rating for goods or services giving rise to any Transaction Taxes, including by filing any exemption or other similar forms or providing valid tax identification numbers or other relevant registration numbers, certificates or other documents. The Recipient and the Transferor shall cooperate regarding any requests for information, audits or similar requests by any Tax Authority concerning

Transaction Taxes payable with respect to the transfers occurring pursuant to the Separation Transactions.

(ii) The Recipient shall be entitled to deduct and withhold Tax required by applicable Law to be withheld on payments made to the Transferor pursuant to the Separation Transactions. To the extent any amounts are so withheld, the Recipient shall timely remit such deducted and withheld amounts to the relevant Tax Authority and promptly provide the Transferor with evidence of such payment. The Transferor agrees to complete and provide to the Recipient or, if required, to the relevant Tax Authority, at least ten (10) days prior to the payment due date, such forms, certifications or other documents as may be reasonably requested by the Recipient, in order to reduce or exempt the withholding of any Tax with respect to payments made to the Transferor when and where applicable by Law. The Recipient and the Transferor shall reasonably cooperate (A) to minimize and obtain any reduction of or relief from deduction or withholding and (B) cooperate regarding any requests for information, audits or similar requests by any Tax Authority concerning the withholding of any Tax payable with respect to the Separation Transactions.

(iii) Johnson Controls shall be responsible for any Specified PRC Taxes. Johnson Controls and Adient shall cooperate to minimize the Specified PRC Taxes and in obtaining any Refund, return or rebate of any Specified PRC Taxes. Johnson Controls and Adient shall cooperate regarding any requests for information, audits or similar requests by any Tax Authority concerning any Specified PRC Taxes.

(iv) Any penalties or interest imposed in connection with any Transaction Taxes described in Section 2.03(a)(i) or Tax described in Section 2.03(a)(ii) or 2.03(a)(iii) shall be the responsibility of the Company that is responsible for the underlying Tax, unless such penalties or interest are the result of an action or failure to act by the other Company or any of its Affiliates.

(b) *Adient Liability.* Adient shall be liable for, and shall indemnify and hold harmless the Johnson Controls Group from and against any liability for:

(i) any Tax resulting from a breach by Adient of any representation or covenant in this Agreement, the Separation and Distribution Agreement or any Ancillary Agreement; and

(ii) any Separation Tax Losses for which Adient is responsible pursuant to Section 6.04.

(c) *Johnson Controls Liability.* Johnson Controls shall be liable for, and shall indemnify and hold harmless the Adient Group from and against any liability for:

(i) any Tax resulting from a breach by Johnson Controls of any representation or covenant in this Agreement, the Separation and Distribution Agreement or any Ancillary Agreement; and

(ii) any Separation Tax Losses for which Johnson Controls is responsible pursuant to Section 6.04.

Section 3. Preparation and Filing of Tax Returns.

Section 3.01 Johnson Controls Returns.

(a) Johnson Controls shall prepare or cause to be prepared (i) all Old Johnson Controls Federal Consolidated Income Tax Returns, (ii) all other Combined Returns, (iii) all Johnson Controls Separate Returns, (iv) all Tax Returns required to be filed with respect to any Non-Recoverable Transaction Taxes (“a Non-Recoverable Transaction Tax Return”) and (v) all Tax Returns required to be filed with respect to any Specified PRC Taxes, if any (a “Specified PRC Tax Return,” and any return described in clause (i), (ii), (iii), (iv) or (v), a “Johnson Controls Return”). Except as provided in Section 3.01(b), Johnson Controls shall file or cause to be filed all Johnson Controls Returns and shall pay or cause to be paid all Taxes shown to be due on any such Johnson Controls Return to the relevant Tax Authority and Adient shall make any payments to Johnson Controls required pursuant to Section 4.01 in respect of any such Johnson Controls Return.

(b) In the event that Adient or a member of the Adient Group (or an authorized representative of Adient or a member of the Adient Group) is obligated to sign and file a Johnson Controls Return under applicable Tax Law, Johnson Controls shall deliver such Johnson Controls Return to Adient and pay to Adient the amount of Taxes due on such Johnson Controls Return prior to the due date for filing such Johnson Controls Return (taking into account extensions), and Adient shall timely file or cause to be timely filed such Johnson Controls Return (taking into account extensions). Adient shall pay or cause to be paid all Taxes shown to be due on any Johnson Controls Return required to be filed by Adient pursuant to this Section 3.01(b).

Section 3.02 Adient Returns. Adient shall prepare and timely file, or cause to be prepared and timely filed (in each case, taking into account extensions), all Adient Separate Returns and any other Tax Return required to be filed by or with respect to a member of the Adient Group other than any Tax Return which Johnson Controls is required to prepare pursuant to Section 3.01(a) (each, a “Adient Return”). Adient shall file or cause to be filed all Adient Returns and shall pay or cause to be paid all Taxes shown to be due on any such Adient Return to the relevant Tax Authority and Johnson Controls shall make any payments to Adient required pursuant to Section 4.01 in respect of any such Adient Return.

Section 3.03 Tax Reporting Practices.

(a) Except as otherwise provided in Section 3.03(c), with respect to any Tax Return that Adient has the obligation and right to prepare and file, or cause to be prepared and filed, under Section 3.02 for any Pre-Distribution Period or any Straddle Period (or, to the extent relating to any Taxes or Tax Items of any Electronics Entity attributable to the Electronics Business), such Tax Return shall be prepared in accordance with past practices, accounting methods, elections and conventions (“Past Practices”) used with respect to the Tax Returns in question, and, to the extent there is no Past Practice with respect to such item, in accordance with reasonable Tax accounting or other practices selected by Adient and reasonably acceptable to Johnson Controls; *provided that*, except to the extent relating to any Taxes or Tax Items of any Electronics Entity

attributable to the Electronics Business, Adient may determine in good faith to prepare and file, or cause to be prepared and filed, any such Tax Return in a manner that deviates from Past Practices; *provided, however*, that if any such Tax Return is prepared or filed in a manner that deviates from Past Practices, Adient shall be responsible for any additional Taxes imposed on or payable by Johnson Controls or any of its Affiliates (including pursuant to the terms of this Agreement) as a result of any such deviation (other than any such deviation that was previously consented to by Johnson Controls (including in connection with the review, if any, by Johnson Controls of the relevant Tax Return pursuant to the procedures set forth in Section 3.05(a))).

(b) Except as otherwise provided in Section 3.03(c), with respect to any Straddle Combined Return to the extent relating to the Post-Distribution Period or any Combined Return for any taxable period beginning on or after the Distribution Date, in each case, that Johnson Controls has the obligation and right to prepare and file, or cause to be prepared and filed, under Section 3.01, such Tax Return (or such portion thereof) shall be prepared in accordance with Past Practices used with respect to the Tax Returns in question, and, to the extent there is no Past Practice with respect to such item, in accordance with reasonable Tax accounting or other practices selected by Johnson Controls and reasonably acceptable to Adient; *provided* that Johnson Controls may determine in good faith to prepare and file, or cause to be prepared and filed, any such Tax Return in a manner that deviates from Past Practices; *provided, however*, that if any such Tax Return is prepared or filed in a manner that deviates from Past Practices, Johnson Controls shall be responsible for any additional Taxes imposed on or payable by Adient or any of its Affiliates (including pursuant to the terms of this Agreement) as a result of any such deviation (other than any such deviation that was previously consented to by Adient (including in connection with the review, if any, by Adient of the relevant Tax Return pursuant to the procedures set forth in Section 3.05(a))).

(c) Except to the extent otherwise required by applicable Law or as a result of a Final Determination, (A) neither Johnson Controls nor Adient shall, and neither shall permit or cause any member of its respective Group to, take any position that is inconsistent with the treatment of (i) each of the Old Johnson Controls Internal Distributions (where applicable, taken together with the relevant Old Johnson Controls Internal Contribution) as having Tax-Free Status (or analogous status under state or local Law), (ii) any of the relevant entities, instruments or Separation Transactions as having the tax-free or other tax treatment indicated on the Tax Treatment Schedule or the Separation Step Plan, (iii) the Tyco Merger as having Unrestricted Inversion Status or (iv) Adient as having Foreign Corporation Status as of immediately after the Distribution and (B) Adient shall not, and shall not permit or cause any member of the Adient Group to, take any position with respect to an item of income, deduction, gain, loss or credit on a Tax Return, or otherwise treat such item in a manner that is inconsistent with the manner such item is reported on a Tax Return required to be prepared or filed by Johnson Controls pursuant to Section 3.01 hereof (including, without limitation, the claiming of a deduction previously claimed on any such Tax Return), except with the prior consent of Johnson Controls.

Section 3.04 *Consolidated or Combined Tax Returns.*

(a) Except to the extent otherwise required pursuant to clause (A) of Section 3.03(c), Johnson Controls shall determine in its good faith sole discretion whether to file a Tax Return for any Tax Period as a Combined Return and the entities to be included in any Combined Return, and Johnson Controls shall (and shall be entitled to) make or revoke any Tax elections, adopt or

change any Tax accounting methods, and determine any other position taken on or in respect of any Combined Return; *provided* that any Combined Return prepared and filed by Johnson Controls pursuant to this Agreement shall, to the extent relating to Adient or the Adient Group, be prepared in good faith; and *provided further* that a Combined Return shall not include any member of the Adient Group in a Post-Distribution Period except to the extent required by applicable Law. Adient will elect and join (and take any other action necessary to give effect to such election), and will cause its respective Affiliates to elect and join (and take any other action necessary to give effect to such election), in filing any Combined Returns (including any Old Johnson Controls Federal Consolidated Income Tax Returns) that Johnson Controls determines in good faith are required by applicable Law to be filed (or that Johnson Controls chooses in good faith to file) by the Companies or any of their Affiliates for Tax Periods ending on, before or after the Distribution Date. With respect to any Adient Separate Returns relating to any Pre-Distribution Period, Adient will elect and join, and will cause its Affiliates to elect and join, in filing any consolidated, affiliated, combined, unitary, group or other similar Tax Return (including a Tax Return with respect to a profit and/or loss sharing group (*e.g.*, UK group relief), group payment or similar group or fiscal unity), to the extent each entity is eligible to join in such Tax Returns, if Johnson Controls reasonably determines that the filing of such Tax Returns is consistent with past reporting practices, or, in the absence of applicable past practices, is reasonably determined to result in the minimization of the net present value of the aggregate Tax to the entities eligible to join in such Tax Returns or is otherwise reasonably acceptable to Johnson Controls.

(b) At Johnson Controls' request, Adient shall, and shall cause each member of the Adient Group to, as promptly as practicable (and in no event later than ninety (90) days after such request) prepare and submit to Johnson Controls, at Adient's cost and expense, all information that Johnson Controls shall reasonably request, in such form as Johnson Controls shall reasonably request, to enable Johnson Controls to prepare or cause to be prepared any Johnson Controls Return.

Section 3.05 *Right to Review Tax Returns.*

(a) *General.* The Responsible Company with respect to any material Tax Return shall make such Tax Return (or the relevant portions thereof), related workpapers and other supporting documents available for review by the other Company, to the extent (i) such Tax Return relates to Taxes for which such other Company is or would reasonably be expected to be liable, (ii) such other Company is or would reasonably be expected to be liable, in whole or in part, for any additional Taxes owing as a result of adjustments to the amount of Taxes reported on such Tax Return, (iii) such Tax Return relates to Taxes for which the other party would reasonably be expected to have a claim for Tax Benefits under this Agreement, (iv) such Tax Return is a Combined Return that would reasonably be expected to be binding and to have a material adverse effect on Adient in a Post-Distribution Period, (v) such other Company or an Affiliate thereof (or an authorized representative of either) is obligated to sign and file such Tax Return under applicable Law, or (vi) reasonably necessary for the other party to confirm compliance with the terms of this Agreement. With respect to any Tax Return described in clauses (i) through (iv) of the immediately preceding sentence, the Responsible Company shall (i) consult with the other Company with respect to the preparation of, and positions taken on, such Tax Return (to the extent relating to any matters described in clauses (i) through (iv) of the immediately preceding sentence), (ii) use reasonable efforts to make such Tax Return (or the relevant portions thereof),

workpapers and other supporting documents available for review as required under this paragraph promptly once such Tax Return is materially complete, such that the other party has an opportunity to review and comment on such Tax Return prior to the timely filing thereof (taking into account extensions), and (iii) shall consider in good faith any comments (to the extent relating to any matters described in clauses (i) through (iv) of the immediately preceding sentence) provided by the other Company on such Tax Return reasonably in advance of the due date for filing such Tax Return (taking into account extensions). Johnson Controls and Adient shall attempt in good faith to resolve any disagreement arising out of the review of any Tax Return pursuant to this Section 3.05(a). For the avoidance of doubt, any dispute among the Companies with respect to a Company's compliance with the requirements of this Section 3.05(a) shall be resolved in accordance with the disagreement resolution provisions of Section 13 as promptly as practicable.

(b) *Executing Returns.* In the case of any Tax Return which is required to be prepared and filed by one Company under this Agreement and which is required by Law to be signed by the other Company (or by its authorized representative), the Company which is legally required to sign such Tax Return shall not be required to sign such Tax Return under this Agreement unless there is at least a greater than 50% likelihood of prevailing on the merits for the Tax treatment of each material item reported on the Tax Return. For the avoidance of doubt, any dispute among the Companies with respect to the likelihood of any Tax treatment prevailing on the merits shall be resolved in accordance with the disagreement resolution provisions of Section 13 as promptly as practicable.

(c) *Certain Amended Returns.* Adient shall not amend, or permit any of its Affiliates to amend, any Tax Return required to be filed by or with respect to the Electronic Entity to the extent relating to any Taxes or Tax Items of the Electronics Business without the prior written consent of Johnson Controls (not to be unreasonably withheld, conditioned or delayed).

Section 3.06 *Adient Carryback Items and Claims for Refund.* Unless Johnson Controls otherwise consents in writing (such consent not to be unreasonably withheld, conditioned or delayed, taking into account (x) all tax planning undertaken by Johnson Controls (including, without limitation, any tax planning in connection with the Tyco Merger or the Separation) and (y) the Tax Attributes of Johnson Controls and its Affiliates and the expected utilization thereof), Adient shall (and shall cause each member of the Adient Group to) (i) not file any Adjustment Request with respect to any Combined Return (or any other Tax Return reflecting Taxes for which Johnson Controls is responsible under Section 2), (ii) make any available election to relinquish, waive or otherwise forgo a carry back of any Adient Carryback Item arising in a Post-Distribution Period to any Combined Return, and (iii) not make any affirmative election to claim any such Adient Carryback Item if such election would result in a carryback of such Adient Carryback Item to any Combined Return.

Section 3.07 *Apportionment of Earnings and Profits and Tax Attributes.*

(a) If the Old Johnson Controls Affiliated Group has a Tax Attribute, the portion, if any, of such Tax Attribute required to be apportioned to Adient or the members of the Adient Group and treated as a carryover to the first Post-Distribution Period of Adient (or such member) shall be determined in good faith by Johnson Controls in accordance with Treasury Regulations Sections 1.1502-21, 1.1502-21T, 1.1502-22, 1.1502-79 and, if applicable, 1.1502-79A.

(b) No Tax Attribute with respect to consolidated Federal Income Tax of the Old Johnson Controls Affiliated Group, other than those described in Section 3.07(a), and no Tax Attribute with respect to consolidated, combined or unitary state, local or foreign Income Tax, in each case, arising in respect of a Combined Return shall be apportioned to Adient or any member of the Adient Group, except as Johnson Controls (or such member of the Johnson Controls Group as Johnson Controls shall designate) determines in good faith is otherwise required under applicable Law.

(c) Johnson Controls (or its designee) shall determine in good faith and at its own cost and expense the portion, if any, of any Tax Attribute which must (absent a Final Determination to the contrary) be apportioned to Adient or any member of the Adient Group in accordance with this Section 3.07 and applicable Law and the amount of tax basis and earnings and profits to be apportioned to Adient or any member of the Adient Group in accordance with applicable Law, and shall provide written notice of the calculation thereof (including any related workpapers and other supporting documentation) to Adient as soon as reasonably practicable after the information necessary to make such calculation becomes available to Johnson Controls (and in any event no later than six (6) months after the close of the Tax Period in which the Distribution occurs). In the event of any subsequent adjustment to the apportionment of Tax Attributes, tax basis and/or earnings and profits reflected on such written notice, Johnson Controls shall promptly notify Adient in writing of any such adjustment and provide any related workpapers and other supporting documentation). In the case of any particular Tax Attribute not addressed in such written notice or any subsequent adjustment, Adient may request that Johnson Controls undertake a determination, of the portion, if any, of such particular Tax Attribute to be allocated or apportioned to the Adient Group under applicable Law. To the extent that Johnson Controls determines, in its sole discretion, not to undertake such determination, or does not otherwise advise Adient of its intention to undertake such determination within twenty (20) Business Days of the receipt of such request, Adient shall be permitted to undertake such determination at its own cost and expense and shall notify Johnson Controls of its determination, which determination shall not be binding on Johnson Controls. For the absence of doubt, Johnson Controls shall not be liable to Adient or any member of the Adient Group for any failure of any determination under this Section 3.07 to be accurate under applicable Law.

(d) The written notice delivered by Johnson Controls pursuant to Section 3.07(c) shall be binding on Adient and each member of the Adient Group and shall not be subject to dispute resolution. Except to the extent otherwise required by applicable Law or pursuant to a Final Determination, Adient shall not (and shall cause its Affiliates not to) take any position (whether on a Tax Return or otherwise) that is inconsistent with the information contained in such written notice provided that there is at least "substantial authority" within the meaning of Treasury Regulations Section 1.6662-4(d)(2) (or any similar provision of state, local or foreign Law) for the relevant position contained in such written notice.

Section 4. Payments.

Section 4.01 *Payment of Taxes.* In the case of any Tax Return reflecting Taxes for which the Company that is not the Responsible Company is responsible under Section 2, the Responsible Company shall pay any Taxes required to be paid to the applicable Tax Authority on or before the relevant Payment Date (and provide notice and proof of payment to the other Company). The Responsible Company shall compute the amount of such Taxes allocable to the other

Company under the provisions of Section 2 or Section 3 as promptly as practicable (but in no event less than fifteen (15) Business Days prior to the relevant Payment Date) and shall provide written notice and demand for payment of such amount, accompanied by a statement detailing the Taxes paid and describing in reasonable detail the particulars relating thereto, to the other Company. The other Company shall pay to the Responsible Company the amount of such Taxes allocable to the other Company under the provisions of Section 2 or Section 3 within ten (10) Business Days of the date of receipt of such written notice and demand; *provided* that no such payment shall be required to be made earlier than ten (10) Business Days prior to the relevant Payment Date.

Section 4.02 *Adjustments Resulting in Underpayments.* In the case of any adjustment pursuant to a Final Determination with respect to any Tax Return, the Responsible Company shall pay to the applicable Tax Authority when due any additional Taxes due with respect to such Tax Return required to be paid as a result of such adjustment. The Responsible Company shall compute the amount of such Taxes allocable to the other Company under the provisions of Section 2 or Section 3 as promptly as practicable (but in no event less than fifteen (15) Business Days prior to the relevant Payment Date) and shall provide written notice and demand for payment of such amount, accompanied by a statement detailing the Taxes paid and describing in reasonable detail the particular relating thereto, to the other Company. The other Company shall pay to the Responsible Company the amount of such Taxes allocable to the other Company under the provisions of Section 2 within ten (10) Business Days of the date of receipt of such written notice and demand; *provided* that no such payment shall be required to be made earlier than ten (10) Business Days prior to the date the additional Tax is required to be paid to the applicable Tax Authority.

Section 4.03 *Indemnification Payments.* Unless otherwise specified in this Agreement, all indemnification payments required to be made under this Agreement shall be made within ten (10) Business Days of the date of receipt by the indemnifying party of written notice from the indemnified party of the amount owed, together with reasonable documentation showing the basis for the calculation of such amount and evidence of payment of such amounts by the indemnified party to the relevant Tax Authority or other recipient.

Section 4.04 *Payors; Payees; Treatment.* All payments made under this Agreement shall be made by Johnson Controls directly to Adient and by Adient directly to Johnson Controls; *provided, however,* that if the Companies mutually agree with respect to any such payment, any member of the Johnson Controls Group, on the one hand, may make such indemnification payment to any member of the Adient Group, on the other hand, and vice versa (for the avoidance of doubt, if a Company makes a request to the other Company to the effect that any payment required to be made by it to the other Company or received by it from the other Company, in each case, pursuant to this Agreement, be made or received by a member of the relevant Company's Group other than a Company, the other Company's consent to such request shall not be unreasonably withheld, conditioned or delayed). All payments made pursuant to this Agreement shall be treated in the manner described in Section 12.

Section 5. Tax Benefits.

Section 5.01 *Tax Benefits.*

(a) Except as set forth below, (i) Johnson Controls shall be entitled to any Refund (and any interest thereon received from the applicable Tax Authority) of (x) any Taxes actually paid prior to the Distribution Date (except to the extent (A) such Refund was reflected as an asset on Adient's opening standalone balance sheet dated as of the date of Distribution, (B) such Refund is received in respect of excess estimated Tax payments taken into account for purposes of determining the amount of the adjustment payment, if any, required to be made pursuant to Section 2.12(c) of the Separation and Distribution Agreement), or (C) such Taxes were actually paid by a member of the Adient Group (and not paid by a member of the Johnson Controls Group on behalf of a member or members of the Adient Group) prior to the Distribution Date and the payment of such Taxes was not taken into account, directly or indirectly (including as a result of the Distribution Cash Amounts (as defined in Schedule 2.12(c)(i) to the Separation and Distribution Agreement) being lower as a result of such payment), for purposes of determining the amount of the adjustment payment, if any, required to be made pursuant to Section 2.12(c) of the Separation and Distribution Agreement) and (y) any Taxes for which Johnson Controls is liable hereunder and (ii) Adient shall be entitled to any Refund (and any interest thereon received from the applicable Tax Authority) of any Taxes for which Adient is liable hereunder (other than any Refund to which Johnson Controls is entitled pursuant to clause (i) above). The Company receiving a Refund to which another Company is entitled hereunder, in whole or in part, shall pay over the amount of such Refund (or portion thereof) (and any interest on such amount received from the applicable Tax Authority) to such other Company within ten (10) Business Days after the receipt of such Refund or application of such Refund against Taxes otherwise payable. To the extent that any Refund (or portion thereof) in respect of which any amounts were paid over pursuant to the immediately preceding sentence is subsequently disallowed by the applicable Tax Authority, the Company that received such amounts shall promptly repay such amounts (together with any penalties, interest or other charges imposed by the relevant Tax Authority) to the other Company.

(b) If (i) a member of the Adient Group Actually Realizes any Tax Benefit as a result of (A) an adjustment pursuant to a Final Determination that increases Taxes for which a member of the Johnson Controls Group is liable hereunder or otherwise (or reduces any Tax Attribute of a member of the Johnson Controls Group or any other Johnson Controls Group Relief), (B) any liability, obligation, loss or payment (each, a "Loss") for which a member of the Johnson Controls Group is required to indemnify any member of the Adient Group pursuant to this Agreement, the Separation and Distribution Agreement or any Ancillary Agreement (in each case, without duplication of any amounts payable or taken into account under this Agreement, the Separation and Distribution Agreement or any Ancillary Agreement), (C) any Section 336(e) Election (including, for the avoidance of doubt, any Tax Benefit Actually Realized by the Adient Group as a result of any step-up in asset basis for U.S. federal income tax purposes resulting from such Section 336(e) Election), except to the extent any such Tax Benefit is directly attributable to Taxes imposed on Johnson Controls as a result of such Section 336(e) Election and for which Adient has actually indemnified Johnson Controls pursuant to this Agreement, (D) the utilization of any Electronics Business Tax Attribute (or otherwise in respect of the Electronics Business), and, in each case, such Tax Benefit would not have arisen but for such adjustment, Loss, election or Electronics Business Tax Attribute (or Electronics Business) (determined on a "with and without" basis), or (E) the payment of any Specified PRC Taxes, or (ii) if a member of the Johnson Controls Group Actually Realizes any Tax Benefit as a result of (A) an adjustment pursuant to a Final Determination that increases Taxes for which a member of

the Adient Group is liable hereunder or otherwise (or reduces any Tax Attribute of a member of the Adient Group or any other Adient Group Relief), or (B) any Loss for which a member of the Adient Group is required to indemnify any member of the Johnson Controls Group pursuant to this Agreement, the Separation and Distribution Agreement or any Ancillary Agreement (in each case, without duplication of any amounts payable or taken into account under this Agreement, the Separation and Distribution Agreement or any Ancillary Agreement), and, in each case, such Tax Benefit would not have arisen but for such adjustment or Loss (determined on a "with and without" basis), Adient or Johnson Controls, as the case may be, shall make a payment to the other Company in an amount equal to the amount of such Actually Realized Tax Benefit in cash within ten (10) Business Days of Actually Realizing such Tax Benefit. To the extent that any Tax Benefit (or portion thereof) in respect of which any amounts were paid over pursuant to the foregoing provisions of this Section 5.01(b) is subsequently disallowed by the applicable Tax Authority, the Company that received such amounts shall promptly repay such amounts (together with any penalties, interest or other charges imposed by the relevant Tax Authority) to the other Company.

(c) No later than ten (10) Business Days after a Tax Benefit described in Section 5.01(b) is Actually Realized by a member of the Johnson Controls Group or a member of the Adient Group, Johnson Controls or Adient, as the case may be, shall provide the other Company with a written calculation of the amount payable to such other Company pursuant to Section 5.01(b). In the event that Johnson Controls or Adient, as the case may be, disagrees with any such calculation described in this Section 5.01(c), Johnson Controls or Adient shall so notify the other Company in writing within twenty (20) Business Days of receiving such written calculation. Johnson Controls and Adient shall endeavor in good faith to resolve such disagreement, and, failing that, the amount payable under this Section 5 shall be determined in accordance with the disagreement resolution provisions of Section 13 as promptly as practicable.

(d) Adient shall be entitled to any Refund that is attributable to, and would not have arisen but for, an Adient Carryback Item that is required to be carried back to a Pre-Distribution Period under applicable Law and is carried back pursuant to and in accordance with Section 3.06 (a "Permitted Adient Carryback"); *provided, however*, that Adient shall indemnify and hold the members of the Johnson Controls Group harmless from and against any and all collateral Tax consequences resulting from or caused by any such Permitted Adient Carryback, including (but not limited to) the loss or postponement of any benefit from the use of any Tax Attribute of any member of the Johnson Controls Group, any Tax Attribute generated by a member of the Johnson Controls Group or an Affiliate thereof or any other Johnson Controls Group Relief (each, a "Johnson Controls Group Tax Attribute") if (x) such Tax Attribute expires unutilized, but would have been utilized but for such Permitted Adient Carryback, or (y) the use of such Tax Attribute is postponed to a later Tax Period than the Tax Period in which such Tax Attribute would have been utilized but for such Permitted Adient Carryback. Any such payment of the amount of such Refund made by Johnson Controls to Adient pursuant to this Section 5.01(d) shall be recalculated in light of any Final Determination (or any other facts that may arise or come to light after such payment is made, such as a carryback of a Johnson Controls Group Tax Attribute to a Tax Period in respect of which such Refund is received) that would affect the amount to which Adient is entitled, and an appropriate adjusting payment shall be made by Adient to Johnson Controls such that the aggregate amount paid pursuant to this Section 5.01(d) equals such recalculated amount. To the extent that any Refund (or portion thereof) in respect of

which any amounts were paid over by Johnson Controls to Adient pursuant to the foregoing provisions of this Section 5.01(d) is subsequently disallowed by the applicable Tax Authority, Adient shall promptly repay such amounts (together with any penalties, interest or other charges imposed by the relevant Tax Authority) to Johnson Controls.

(e) For the avoidance of doubt, notwithstanding any of the foregoing (or any other provision in this Agreement) to the contrary, any recovery, Refund or other Tax Benefit in respect of VAT Charges (and entitlement thereto) shall be governed exclusively by Schedule 2.12(c)(ii) to the Separation and Distribution Agreement.

Section 5.02 Johnson Controls and Adient Income Tax Deductions in Respect of Certain Equity Awards and Incentive Compensation.

(a) To the extent permitted by applicable Law, any and all Income Tax deductions arising by reason of exercises of options to acquire Johnson Controls or Adient stock, vesting of "restricted" Johnson Controls stock or Adient stock, or settlement of stock appreciation rights, restricted stock awards, restricted stock units or performance share units, in each case, following the Distribution, with respect to Johnson Controls stock or Adient stock (such options, stock appreciation rights restricted stock, restricted stock units, performance share units and deferred stock units, collectively, "Compensatory Equity Interests") held by any Person shall be claimed (i) in the case of a Johnson Controls Group Employee, Former Johnson Controls Group Employee, or any Johnson Controls non-employee director who served on the Johnson Controls Board immediately prior to the Effective Time, solely by the Johnson Controls Group, and (ii) in the case of an Adient Group Employee, Former Adient Group Employee or Transferred Director, solely by the Adient Group.

(b) Tax reporting and withholding with respect to Compensatory Equity Interests shall be governed by the Employee Matters Agreement.

Section 6. Transaction Status.

Section 6.01 Restrictions on Adient.

(a) Adient hereby represents and warrants that (i) it has no plan or intention of taking any action, or failing to take any action, or causing or permitting any of its Affiliates to take or fail to take any action, or knows of any circumstance, in each case, that could reasonably be expected to (A) adversely affect, jeopardize or prevent Tax-Free Status, (B) adversely affect, jeopardize or prevent any of the relevant entities, instruments or Separation Transactions (other than the Old Johnson Controls Internal Contributions or Old Johnson Controls Internal Distributions) to have the tax-free or other tax treatment described in the Tax Treatment Schedule or the Separation Step Plan, (C) adversely affect, jeopardize or prevent Unrestricted Inversion Status, or (D) cause any representation or factual statement made in this Agreement, the Separation and Distribution Agreement or any Ancillary Agreement to be untrue; and (ii) during the period beginning two years before the date of the first Old Johnson Controls Internal Distribution and ending on the Distribution Date, there was no "agreement, understanding, arrangement, substantial negotiations or discussions" (as such terms are defined in Treasury Regulations Section 1.355-7(h)) by any one or more officers or directors of any member of the Adient Group or by any other person or persons with the implicit or explicit permission of one or more of such officers or directors

regarding an acquisition of all or a significant portion of the Adient Capital Stock or of the Old Johnson Controls Internal Controlled Capital Stock of any Old Johnson Controls Internal Controlled (and any predecessor of any of them); *provided* that no representation or warranty is made by Adient regarding any "agreement, understanding, arrangement, substantial negotiations or discussions" (as such terms are defined in Treasury Regulations Section 1.355-7(h)) by any one or more officers or directors of Johnson Controls (or another person with the implicit or explicit permission of one or more of such persons).

(b) Adient shall not take or fail to take, or cause or permit any Adient Affiliate to take or fail to take, any action if such action or failure to act (i) would be inconsistent with or cause to be untrue any statement, information, covenant or representation in this Agreement, the Separation and Distribution Agreement or any of the Ancillary Agreements, (ii) would reasonably be expected to adversely affect, jeopardize or prevent Tax-Free Status, (iii) would reasonably be expected to adversely affect, jeopardize or prevent any of the relevant entities, instruments or Separation Transactions (other than the Old Johnson Controls Internal Contributions or Old Johnson Controls Internal Distributions) to have the tax-free or other tax treatment described in the Tax Treatment Schedule or the Separation Step Plan, or (iv) would or would reasonably be expected to (taking into account any change or proposed change in Law or IRS guidance, or any change or proposed change in official judicial or administrative interpretation of applicable Law or IRS guidance) adversely affect, jeopardize or prevent Unrestricted Inversion Status (for the avoidance of doubt, other than any action or failure to act requested by Johnson Controls). It is agreed and understood that in determining whether any action or failure to act is prohibited by reason of any proposed change in Law or IRS guidance (or official judicial or administrative interpretation of Law or IRS guidance) described in clause (iv) above, the likelihood that such proposed change shall be adopted, enacted or otherwise occur shall be taken into account. For the avoidance of doubt, in the event that a proposed change in Law or IRS guidance (or official judicial or administrative interpretation of Law or IRS guidance) does not prohibit an action or failure to act pursuant to the immediately preceding sentence, but such proposed change in Law or IRS guidance (or official judicial or administrative interpretation of Law or IRS guidance) is subsequently adopted, enacted or otherwise occurs, any action or failure to act that would be prohibited pursuant to clause (iv) above following such adoption, enactment or other occurrence shall, for all purposes of this Agreement (including Section 6.04) be deemed to have been prohibited at all times under this Section 6.01 even if such action or failure to act occurred prior to such adoption, enactment or other occurrence.

(c) From the date hereof until the first day after the Restriction Period, Adient will cause each Old Johnson Controls Internal Controlled to (i) maintain its status as a company engaged in its Active Trade or Business for purposes of Section 355(b)(2) of the Code and (ii) not engage in any transaction that would result in it ceasing to be a company engaged in its Active Trade or Business for purposes of Section 355(b)(2) of the Code.

(d) From the date hereof until the first day after the Restriction Period,

(i) Adient will not (x) enter into any Proposed Acquisition Transaction or, to the extent Adient has the right to prohibit any Proposed Acquisition Transaction, permit any Proposed Acquisition Transaction to occur or (y) dispose of, or permit any of its Affiliates to dispose of, directly or indirectly, any interest in any Old Johnson Controls Internal Controlled;

(ii) Adient will not cause or permit any Old Johnson Controls Internal Controlled to (or to enter into any agreement, understanding, arrangement or substantial negotiations to):

(A) in a single transaction or series of transactions sell or transfer (other than sales or transfers of inventory in the ordinary course of business) all or substantially all of its assets (as of immediately prior to the relevant Old Johnson Controls Internal Controlled Distribution) or sell or transfer 50% or more of the gross assets of any Active Trade or Business or 30% or more of the consolidated gross assets of any Old Johnson Controls Internal Controlled and its Subsidiaries (such percentages to be measured based on fair market value as of the Distribution Date);

(B) redeem or otherwise repurchase (directly or through an Affiliate) any of its stock, or rights to acquire stock; or

(C) merge or consolidate with any other Person or liquidate or partially liquidate; and

(iii) Adient will not and will not cause or permit any Old Johnson Controls Internal Controlled to:

(A) amend its certificate of incorporation (or other organizational documents), or take any other action, whether through a stockholder vote or otherwise, affecting the voting rights of its Old Johnson Controls Internal Controlled Capital Stock (including, without limitation, through the conversion of one class of its Old Johnson Controls Internal Controlled Capital Stock into another class of its Old Johnson Controls Internal Controlled Capital Stock); or

(B) take any other action or actions which in the aggregate (and taking into account any other transactions described in this subparagraph (d)) would be reasonably likely to have the effect of causing or permitting one or more Persons to acquire, directly or indirectly, stock representing a Fifty-Percent or Greater Interest in Adient, any Old Johnson Controls Internal Controlled or otherwise jeopardize, adversely affect or prevent Tax-Free Status;

unless, in each case, prior to taking any such action set forth in the foregoing clauses (i) through (iii), (x) Adient shall have requested that Johnson Controls obtain a private letter ruling (or, if applicable, a supplemental private letter ruling) from the IRS and/or any other applicable Tax Authority (a "Ruling") in accordance with Sections 6.03(b) and (d) to the effect that such transaction will not affect the Tax-Free Status or the Unrestricted Inversion Status and Johnson Controls shall have received such a Ruling in form and substance satisfactory to Johnson Controls in its sole good faith discretion (and in determining whether a private letter ruling is satisfactory, Johnson Controls may consider, among other factors, the appropriateness of any underlying assumptions and management's representations made in connection with such Ruling), (y) Adient shall provide Johnson Controls with an Unqualified Tax Opinion in form and substance satisfactory to Johnson Controls in its sole good faith discretion (and in determining whether an opinion is satisfactory, Johnson Controls may consider, among other factors, the appropriateness of any

underlying assumptions and management's representations if used as a basis for the opinion and Johnson Controls may determine that no opinion would be acceptable to Johnson Controls), or (z) Johnson Controls shall have waived the requirement to obtain such Ruling or Unqualified Tax Opinion.

(e) With respect to any member of the Adient Group that is characterized as a foreign corporation for Federal Income Tax purposes, from the Distribution Date through the end of the Tax Period of such entity that includes the Distribution Date, Adient shall not, and shall cause its respective Affiliates (including any such member of the Adient Group) not to, enter into any extraordinary transaction or otherwise take any action or enter into any transaction that would be considered under the Code to constitute the payment of an actual or deemed dividend by such member of the Adient Group, including pursuant to Section 304 of the Code, or that would otherwise result in a diminution of foreign tax credits that, absent such transaction, may be claimed by Johnson Controls or any of its Affiliates.

(f) Adient shall procure that, as described in the Separation Step Plan and as soon as reasonably practicable, Adient Olympus SAS redeem the shares of Adient Olympus SAS from Adient Global Holdings Ltd for total cash of EUR 59,001, including by causing Adient Olympus SAS to (1) enter into a share purchase agreement with respect to such redemption, (2) decrease its capital as a result of such redemption, (3) complete any post-closing filings or updates required to reflect such redemption and (4) take any and all other actions required to complete such share redemption.

(g) Adient shall apply, pursuant to Section 80 of the Stamp Duty Consolidation Act, 1999 (as amended) of Ireland, for relief from stamp duty imposed by the Republic of Ireland in connection with the transfer of shares of Adient Global Holdings Ltd by Johnson Controls International plc to Adient plc pursuant to the Separation Transactions, and shall take any and all other actions required to obtain such relief.

Section 6.02 *Restrictions on Johnson Controls.* Johnson Controls agrees that it will not take or fail to take, or cause or permit any member of the Johnson Controls Group to take or fail to take, any action where such action or failure to act would be inconsistent with or cause to be untrue any statement, information, covenant or representation in this Agreement, the Separation and Distribution Agreement, any of the Ancillary Agreements.

Section 6.03 *Procedures Regarding Opinions and Rulings.*

(a) If Adient notifies Johnson Controls that it desires to take one of the actions described in Section 6.01(d) (a "Notified Action") during the Restricted Period, Johnson Controls and Adient shall reasonably cooperate to attempt to obtain the Ruling or Unqualified Tax Opinion referred to in Section 6.01(d), unless Johnson Controls shall have waived the requirement to obtain such Ruling or Unqualified Tax Opinion.

(b) Unless Johnson Controls shall have waived the requirement to obtain such Ruling or Unqualified Tax Opinion, at the reasonable request of Adient pursuant to Section 6.01(d), Johnson Controls shall cooperate with Adient and use commercially reasonable efforts to seek to obtain, as expeditiously as possible, a Ruling or an Unqualified Tax Opinion for the purpose of permitting Adient or Old Johnson Controls Internal Controlled, as applicable, to take the

Notified Action. Notwithstanding the foregoing, in no event shall Johnson Controls be required to file or cooperate in connection with the filing of any request for a Ruling under this Section 6.03(b) unless Adient represents that (A) it has reviewed such request for a Ruling, and (B) all statements, information and representations relating to any member of the Adient Group contained in such request for a Ruling are (subject to any qualifications therein) true, correct and complete. Adient shall reimburse Johnson Controls for all reasonable costs and expenses, including out-of-pocket expenses and expenses relating to the utilization of Johnson Controls personnel, incurred by the Johnson Controls Group in obtaining a Ruling or Unqualified Tax Opinion requested by Adient within ten (10) Business Days after receiving an invoice from Johnson Controls therefor.

(c) Johnson Controls shall have the right to obtain a Ruling or an Unqualified Tax Opinion at any time in its sole and absolute discretion. If Johnson Controls determines to obtain a Ruling or an Unqualified Tax Opinion, Adient shall (and shall cause each Affiliate of Adient to) cooperate with Johnson Controls and take any and all actions reasonably requested by Johnson Controls in connection with obtaining the Ruling or Unqualified Tax Opinion (including, without limitation, by making any representation or covenant or providing any materials or information requested by the IRS or other applicable Tax Authority, or Tax Advisor; *provided* that Adient shall not be required to make (or cause any Affiliate of Adient to make) any representation or covenant that is inconsistent with historical facts or as to future matters or events over which it has no control). Johnson Controls shall reimburse Adient for all reasonable costs and expenses, including out-of-pocket expenses and expenses relating to the utilization of Adient personnel, incurred by the Adient Group in connection with such cooperation requested by Johnson Controls within ten (10) Business Days after receiving an invoice from Adient therefor.

(d) Johnson Controls shall have sole and exclusive control over the process of obtaining any Ruling, and only Johnson Controls shall apply for a Ruling. In connection with obtaining a Ruling, (A) Johnson Controls shall keep Adient informed in a timely manner of all material actions taken or proposed to be taken by Johnson Controls in connection therewith; (B) Johnson Controls shall (1) reasonably in advance of the submission of any request for a Ruling provide Adient with a draft copy thereof, (2) reasonably consider Adient's comments on such draft copy, and (3) provide Adient with a final copy; and (C) Johnson Controls shall provide Adient with notice reasonably in advance of, and Adient shall have the right to attend, any formally scheduled meetings with the IRS or other applicable Tax Authority (subject to the approval of the IRS or other applicable Tax Authority) that relate to such Ruling. Neither Adient nor any Adient Affiliate directly or indirectly controlled by Adient shall seek any guidance from the IRS or any other Tax Authority (whether written, verbal or otherwise) at any time concerning any of the Separation Transactions (including the impact of any transaction on any of the Separation Transactions).

Section 6.04 *Liability for Separation Tax Losses.*

(a) Notwithstanding anything in this Agreement or the Separation and Distribution Agreement to the contrary (and, in each case, regardless of whether a Ruling, Unqualified Tax Opinion or waiver described in clause (z) of Section 6.01(d) may have been obtained or provided), subject to Section 6.04(c), Adient shall be responsible for, and shall indemnify and hold harmless Johnson Controls and its Affiliates and each of their respective officers, directors

and employees from and against any Separation Tax Losses that are attributable to or result from any one or more of the following: (A) the acquisition (other than pursuant to the Separation Transactions) of all or a portion of the stock or assets of Adient, any Old Johnson Controls Internal Controlled or any of their respective Affiliates (including any Adient Capital Stock or any Old Johnson Controls Internal Controlled Capital Stock) by any means whatsoever by any Person, (B) the acquisition (other than pursuant to the Separation Transactions) by Adient or any of its Affiliates of all or a portion of the stock or assets of any "domestic corporation" (within the meaning of Sections 7701(a)(3) and 7701(a)(4) of the Code) or any issuance of stock by Adient or any Old Johnson Controls Internal Controlled, (C) any negotiations, understandings, agreements or arrangements by Adient or any of its Affiliates with respect to transactions or events (including, without limitation, stock issuances pursuant to the exercise of stock options or otherwise, option grants, capital contributions or acquisitions, amendments or a series of such transactions or events) that cause any of the Old Johnson Controls Internal Distributions to be treated as part of a plan pursuant to which one or more Persons acquire, directly or indirectly, a Fifty-Percent or Greater Interest in any Old Johnson Controls Internal Controlled, (D) any action or failure to act by Adient after the Distribution (including, without limitation, any amendment to Adient's or any Old Johnson Controls Internal Controlled's certificate of incorporation (or other organizational documents), whether through a stockholder vote or otherwise) affecting the voting rights of the stock of Adient or any Old Johnson Controls Internal Controlled (including, without limitation, through the conversion of one class of stock into another class of stock), or (E) any act or failure to act by Adient or any Adient Affiliate described in Section 6.01 (regardless whether such act or failure to act is covered by a private letter ruling, Unqualified Tax Opinion or waiver described in clause (z) of Section 6.01(d) and regardless of whether such act or failure to act may have been permitted at the time it was taken (or not taken) pursuant to the penultimate sentence of Section 6.01(b)).

(b) Notwithstanding anything in this Agreement or the Separation and Distribution Agreement to the contrary, subject to Section 6.04(c), Johnson Controls shall be responsible for, and shall indemnify and hold harmless Adient and its Affiliates and each of their respective officers, directors and employees from and against any Separation Tax Losses that are attributable to, or result from, any one or more of the following: (A) the acquisition (other than pursuant to the Separation Transactions or the Tyco Merger) of all or a portion of the stock or assets of Johnson Controls or any of its Affiliates (including any Old Johnson Controls Internal Distributing Capital Stock) by any means whatsoever by any Person, (B) any negotiations, understandings, agreements or arrangements by Johnson Controls or any of its Affiliates with respect to transactions or events (including, without limitation, stock issuances pursuant to the exercise of stock options or otherwise, option grants, capital contributions or acquisitions, amendments or a series of such transactions or events) that cause any of the Old Johnson Controls Internal Distributions to be treated as part of a plan pursuant to which one or more Persons acquire, directly or indirectly, a Fifty-Percent or Greater Interest in any Old Johnson Controls Internal Distributing, or (C) any act or failure to act by Johnson Controls or a member of the Johnson Controls Group described in Section 6.02.

(c) To the extent that any Separation Tax Loss is subject to indemnity under both Sections 6.04(a) and (b), responsibility for such Separation Tax Loss shall be shared by Johnson Controls and Adient according to relative fault as determined by Johnson Controls in good faith.

(d) Adient shall pay Johnson Controls the amount of any Separation Tax Losses for which Adient is responsible under this Section 6.04: (A) in the case of Separation Tax Losses described in clause (i) of the definition of Separation Tax Losses, no later than two Business Days prior to the date Johnson Controls files, or causes to be filed, the applicable Tax Return (the "Filing Date") (or, if such Separation Tax Losses arise pursuant to a Final Determination described in clause (a), (b) or (c) of the definition of "Final Determination," then Adient shall pay Johnson Controls no later than two Business Days prior to the due date for making payment with respect to such Final Determination) and (B) in the case of Separation Tax Losses described in clause (ii) or (iii) of the definition of "Separation Tax Losses," no later than two Business Days after the date Johnson Controls pays such Separation Tax Losses. Johnson Controls shall pay Adient the amount of any Separation Tax Losses (described in clause (ii) or (iii) of the definition of "Separation Tax Losses") for which Johnson Controls is responsible under this Section 6.04 no later than two Business Days after the date Adient pays such Separation Tax Losses. Each Company shall have the right to review the calculation of any Separation Tax Losses prepared by the other Company, including any related workpapers and other supporting documentation.

Section 6.05 *Certain Elections.*

(a) If Johnson Controls determines, in its sole discretion, that a protective election under Section 336(e) of the Code (a "Section 336(e) Election") shall be made with respect to any Old Johnson Controls Internal Distribution, Adient shall (and shall cause the relevant member of the Adient Group to) join with Johnson Controls or the relevant member of the Johnson Controls Group in the making of such election and shall take any action reasonably requested by Johnson Controls or that is otherwise necessary to give effect to such election (including making any other related election permitted by applicable Law); *provided, however*, that Johnson Controls shall reimburse Adient (and any relevant member of the Adient Group) for all reasonable costs and expenses incurred by Adient (or any relevant member of the Adient Group) to amend any Tax Returns or amend or file any other governmental filings related to such Section 336(e) Election. If a Section 336(e) Election is made with respect to any Old Johnson Controls Internal Distribution, then this Agreement shall be amended in such a manner, if any, as is determined by Johnson Controls in good faith to take into account such Section 336(e) Election.

(b) If Johnson Controls determines, in its sole discretion, that an entity classification election pursuant to Treasury Regulations Section 301.7701-3(c) (a "Check-the-Box Election") shall be made with respect to any member of the Adient Group effective as of, or before, the Distribution Date, Adient shall (and shall cause all relevant members of the Adient Group to) make such election effective as of such date and shall take any action reasonably requested by Johnson Controls or that is otherwise necessary to give effect to such election (including making any other related election). If Johnson Controls requires any member of the Adient Group to file for relief with the IRS to make a late Check-the-Box Election, Johnson Controls shall reimburse Adient (and any relevant member of the Adient Group) for all reasonable costs and expenses incurred by Adient (or any relevant member of the Adient Group) in connection with filing for such relief.

Section 7. Assistance and Cooperation.

Section 7.01 *Assistance and Cooperation.*

(a) The Companies shall cooperate (and cause their respective Affiliates to cooperate) with each other and with each other's agents, including accounting firms and legal counsel, in connection with Tax matters relating to the Companies, including (i) preparing and filing Tax Returns, (ii) determining the liability for and amount of any Taxes due (including estimated Taxes) or the right to and amount of any Refund or any Tax Benefit, in each case, pursuant to this Agreement or otherwise, (iii) examinations of Tax Returns and (iv) any administrative or judicial proceeding in respect of Taxes assessed or proposed to be assessed. Such cooperation shall include making available, upon reasonable notice, all information and documents in their possession relating to the other Company and its Affiliates as provided in Section 8. Each of the Companies shall also make available to the other, as reasonably requested and available, personnel (including employees and agents of the Companies or their respective Affiliates) responsible for preparing, maintaining and interpreting information and documents relevant to Taxes, and personnel reasonably required as witnesses or for purposes of providing information or documents in connection with any administrative or judicial proceeding relating to Taxes.

(b) Any information or documents provided under this Section 7 or Section 8 shall be kept confidential by the Company receiving the information or documents, except as may otherwise be necessary in connection with the filing of Tax Returns or in connection with any administrative or judicial proceedings relating to Taxes. Notwithstanding any other provision in this Agreement to the contrary, (i) neither Johnson Controls nor any of its Affiliates shall be required to provide Adient or any of its Affiliates or any other Person access to or copies of any information, documents or procedures (including the proceedings of any Tax Contest) other than information, documents or procedures that relate to Adient or any other member of the Adient Group, the business or assets of Adient or any other member of the Adient Group and (ii) in no event shall either of the Companies or any of its respective Affiliates be required to provide the other Company or any of its respective Affiliates or any other Person access to or copies of any information if such action could reasonably be expected to result in the waiver of any Privilege. In addition, in the event that either Company determines that the provision of any information to the other Company or its Affiliates could be commercially detrimental, violate any Law or agreement or waive any Privilege, the parties shall use reasonable best efforts to permit compliance with its obligations under this Section 7 or Section 8 in a manner that avoids any such harm or consequence.

Section 7.02 Tax Return Information. Adient and Johnson Controls acknowledge that time is of the essence in relation to any request for information, assistance or cooperation made by Johnson Controls or Adient pursuant to this Agreement. Adient and Johnson Controls acknowledge that failure to conform to the deadlines set forth herein or reasonable deadlines otherwise set by Johnson Controls or Adient could cause irreparable harm. Each Company shall provide to the other Company information and documents relating to its Group required by the other Company to prepare Tax Returns. Any information or documents the Responsible Company requires to prepare such Tax Returns shall be provided in such form as the Responsible Company reasonably requests and in sufficient time for the Responsible Company to file such Tax Returns on a timely basis (but in no event later than ninety (90) days after such request).

Section 7.03 Reliance by Johnson Controls. If any member of the Adient Group supplies information to a member of the Johnson Controls Group in connection with Taxes and an officer of a member of the Johnson Controls Group signs a statement or other document under

penalties of perjury in reliance upon the accuracy of such information, then upon the written request of such member of the Johnson Controls Group identifying the information being so relied upon, the chief financial officer of Adient (or any officer of Adient as designated by the chief financial officer of Adient) shall certify in writing that to his or her knowledge (based upon consultation with appropriate employees) the information so supplied is accurate and complete. Adient agrees to indemnify and hold harmless each member of the Johnson Controls Group and its directors, officers and employees from and against any fine, penalty or other cost or expense of any kind attributable to a member of the Adient Group having supplied, pursuant to this Section 7, a member of the Johnson Controls Group with inaccurate or incomplete information in connection with a Tax Liability.

Section 7.04 *Reliance by Adient.* If any member of the Johnson Controls Group supplies information to a member of the Adient Group in connection with a Tax Liability and an officer of a member of the Adient Group signs a statement or other document under penalties of perjury in reliance upon the accuracy of such information, then upon the written request of such member of the Adient Group identifying the information being so relied upon, the chief financial officer of Johnson Controls (or any officer of Johnson Controls as designated by the chief financial officer of Johnson Controls) shall certify in writing that to his or her knowledge (based upon consultation with appropriate employees) the information so supplied is accurate and complete. Johnson Controls agrees to indemnify and hold harmless each member of the Adient Group and its directors, officers and employees from and against any fine, penalty, or other cost or expense of any kind attributable to a member of the Johnson Controls Group having supplied, pursuant to this Section 7, a member of the Adient Group with inaccurate or incomplete information in connection with a Tax Liability.

Section 8. Tax Records.

Section 8.01 *Retention of Tax Records.* Each Company shall preserve and keep all Tax Records (including emails and other digitally stored materials and related workpapers and other documentation) in its possession as of the date hereof or relating to Taxes of the Groups for Pre-Distribution Periods or Taxes or Tax matters that are the subject of this Agreement, in each case, for so long as the contents thereof may become material in the administration of any matter under the Code or other applicable Tax Law, but in any event until the later of (i) 90 days after the expiration of any applicable statutes of limitations (taking into account any extensions), or (ii) seven years after the Distribution Date (such later date, the "Retention Date"). After the Retention Date, each Company may dispose of such Tax Records upon 90 days' prior written notice to the other Company. If, prior to the Retention Date, a Company reasonably determines that any Tax Records which it would otherwise be required to preserve and keep under this Section 8 are no longer material in the administration of any matter under the Code or other applicable Tax Law and the other Company agrees, then such first Company may dispose of such Tax Records upon 90 days' prior notice to the other Company. Any notice of an intent to dispose given pursuant to this Section 8.01 shall include a list of the Tax Records to be disposed of describing in reasonable detail each file, book or other record accumulation being disposed. The notified Company shall have the opportunity, at its cost and expense, to copy or remove, within such 90-day period, all or any part of such Tax Records, and the other Company will then dispose of the same Tax Records.

Section 8.02 *Access to Tax Records.* The Companies and their respective Affiliates shall make available to each other for inspection and copying during normal business hours upon reasonable notice all Tax Records (and, for the avoidance of doubt, any pertinent underlying data accessed or stored on any computer program or information technology system) to the extent reasonably required by the other Company in connection with the preparation of financial accounting statements, audits, litigation, the preparation of Tax Returns or the resolution of items under this Agreement.

Section 8.03 *Preservation of Privilege.* The parties hereto agree to cooperate and use commercially reasonable efforts to maintain Privilege with respect to any documentation relating to Taxes existing prior to the Distribution Date or Separation Tax Losses to which Privilege may reasonably be asserted (any such documentation, "Privileged Tax Documentation"). No member of the Adient Group shall provide access to or copies of, or otherwise disclose to any Person, any Privileged Tax Documentation without the prior written consent of Johnson Controls, such consent not to be unreasonably withheld, conditioned or delayed. No member of the Johnson Controls Group shall provide access to or copies of, or otherwise disclose to any Person, any Privileged Tax Documentation without the prior written consent of Adient, such consent not to be unreasonably withheld, conditioned or delayed. Notwithstanding any of the foregoing, (x) in the event that any governmental authority requests, outside of normal working hours, that either Company (or any of its Affiliates) provide to such governmental authority access to or copies of, or otherwise disclose, any Privileged Tax Documentation, (y) immediate compliance with such request is required under applicable Law, and (z) such Company attempts in good faith to obtain the prior written consent of the other Company but it is not able to do so, then, such Company shall be permitted to comply with such request by such governmental authority without obtaining the prior written consent of the other Company and shall as promptly as practicable inform the other Company of such request and the access and/or disclosure provided pursuant thereto.

Section 9. Tax Contests.

Section 9.01 *Notice.* Each of the Companies shall provide prompt notice to the other Company of any written communication from a Tax Authority regarding any pending or threatened Tax audit, assessment or proceeding or other Tax Contest relating to Taxes, Refunds or Tax Benefits for which it may be entitled to indemnification by the other Company hereunder or for which it may be required to indemnify the other Company hereunder. Such notice shall include copies of the pertinent portion of any written communication from a Tax Authority and contain factual information (to the extent known) describing any asserted Tax Liability and/or other relevant Tax matters in reasonable detail. The failure of one Company to notify the other of such communication in accordance with the immediately preceding sentences shall not relieve such other Company of any liability or obligation to pay such Tax or make indemnification payments under this Agreement, except to the extent that the failure timely to provide such notification actually prejudices the ability of such other Company to contest such Tax Liability (or contest any determination in respect of any Refund or Tax Benefit) or increases the amount of such Tax Liability (or reduces the amount of such Refund or Tax Benefit).

Section 9.02 *Control of Tax Contests.*

(a) *Separate Returns.* Except in the case of any Competent Authority Proceeding (which shall be governed by Section 9.02(c)):

(i) In the case of any Tax Contest with respect to any Johnson Controls Separate Return, Johnson Controls shall have exclusive control over such Tax Contest, including exclusive authority with respect to any settlement of such Tax Contest, subject to Section 9.02(d).

(ii) In the case of any Tax Contest with respect to any Adient Separate Return, Adient shall have exclusive control over such Tax Contest, including exclusive authority with respect to any settlement of such Tax Contest, subject to Section 9.02(b) and Sections 9.02(e) and (f).

(b) *Combined Returns, Non-Recoverable Transaction Tax Returns and Specified PRC Tax Returns.* Except in the case of any Competent Authority Proceeding (which shall be governed by Section 9.02(c)), in the case of any Tax Contest with respect to any Combined Return, Non-Recoverable Transaction Tax Return or Specified PRC Tax Return, Johnson Controls shall have exclusive control over such Tax Contest, including exclusive authority with respect to any settlement of such Tax Contest, subject to Section 9.02(d).

(c) *Competent Authority Proceedings.* In the event that a Tax Authority proposes an adjustment with respect to a Tax Return of a Company (the "Adjusted Company") or a member of its Group, and, in connection with such adjustment, a corresponding adjustment or other relief may be available to the other Company or a member of its Group pursuant to a Competent Authority Proceeding, the Adjusted Company shall promptly notify the other Company of such adjustment and the Companies shall cooperate in good faith to determine whether to initiate a Competent Authority Proceeding to request such corresponding adjustment or other relief. If the Companies initiate any such Competent Authority Proceeding, the Adjusted Company shall have the right to control such Competent Authority Proceeding; *provided* that (i) the Adjusted Company shall keep the other Company reasonably informed in a timely manner of all significant developments in respect of such Competent Authority Proceeding, and all significant actions taken or proposed to be taken by the Adjusted Company with respect to such Tax Contest, (ii) the Adjusted Company shall timely provide the other Company with copies of any written materials prepared, furnished or received in connection with such Competent Authority Proceeding, (iii) the Adjusted Company shall consult with the other Company reasonably in advance of taking any significant action in connection with such Competent Authority Proceeding, (iv) the Adjusted Company shall consult with the other Company and offer the other Company a reasonable opportunity to comment before submitting any written materials prepared or furnished in connection with such Competent Authority Proceeding and shall consider the other Company's comments in good faith, (v) the Adjusted Company shall conduct such Competent Authority Proceeding diligently and in good faith as if it were the only party in interest in connection with such Competent Authority Proceeding, and (vi) the Adjusted Company shall not settle, compromise or abandon any such Competent Authority Proceeding without the prior written consent of the other Company, which consent shall not be unreasonably withheld, conditioned or delayed. The other Company shall cooperate with the Adjusted Company (including by providing any necessary information reasonably requested by the Adjusted Company) with respect to the conduct of any such Competent Authority Proceeding. In making any decisions in connection with any Competent Authority Proceeding described in this Section 9.02(c) (including the determination whether

to initiate such Competent Authority Proceeding, relief to be sought pursuant to such Competent Authority Proceeding and actions to be taken in connection with such Competent Authority Proceeding), the Companies shall seek to minimize the aggregate Tax Liability of the Johnson Controls Group and the Adient Group.

(d) *Adient Rights.* In the case of any Tax Contest described in Section 9.02(a)(i) or (b) (other than, in each case, any Tax Contest described in Section 9.02(f)), if (x) as a result of such Tax Contest, Adient could reasonably be expected to (A) become liable to make any indemnification payment to Johnson Controls hereunder in excess of \$1 million or (B) not have Foreign Corporation Status as of immediately after the Distribution and (y) Johnson Controls has control of such Tax Contest pursuant to Section 9.02(a)(i) or (b), as applicable, then (i) Johnson Controls shall keep Adient reasonably informed in a timely manner of all significant developments in respect of such Tax Contest and all significant actions taken or proposed to be taken by Johnson Controls with respect to such Tax Contest, (ii) Johnson Controls shall timely provide Adient with copies of any written materials prepared, furnished or received in connection with such Tax Contest, (iii) Johnson Controls shall consult with Adient reasonably in advance of taking any significant action in connection with such Tax Contest, (iv) Johnson Controls shall consult with Adient, offer Adient a reasonable opportunity to comment before submitting any written materials prepared or furnished in connection with such Tax Contest and shall consider Adient's comments in good faith, (v) Johnson Controls shall defend such Tax Contest diligently and in good faith as if it were the only party in interest in connection with such Tax Contest, and (vi) Johnson Controls shall not settle, compromise or abandon any such Tax Contest in a manner that would disproportionately disadvantage Adient and, in determining whether to settle, compromise or abandon any such Tax Contest, Johnson Controls shall otherwise make such determination in good faith as if it were the only party in interest in connection with such Tax Contest.

(e) *Johnson Controls Rights.* In the case of any Tax Contest described in Section 9.02(a)(ii), if (x) as a result of such Tax Contest, Johnson Controls could reasonably be expected to become liable to make any indemnification payment to Adient hereunder in excess of \$1 million and (y) Adient has the right to control such Tax Contest pursuant to Section 9.02(a)(ii), then (i) Adient shall keep Johnson Controls reasonably informed in a timely manner of all significant developments in respect of such Tax Contest and all significant actions taken or proposed to be taken by Adient with respect to such Tax Contest, (ii) Adient shall timely provide Johnson Controls with copies of any written materials prepared, furnished or received in connection with such Tax Contest, (iii) Adient shall consult with Johnson Controls reasonably in advance of taking any significant action in connection with such Tax Contest, (iv) Adient shall consult with Johnson Controls and offer Johnson Controls a reasonable opportunity to comment before submitting any written materials prepared or furnished in connection with such Tax Contest and shall consider Johnson Controls' comments in good faith, (v) Adient shall defend such Tax Contest diligently and in good faith as if it were the only party in interest in connection with such Tax Contest, and (vi) Adient shall not settle, compromise or abandon any such Tax Contest without obtaining the prior written consent of Johnson Controls, which consent shall not be unreasonably withheld, conditioned or delayed; *provided* that, in the case of any Tax Contest with respect to any Electronics Entity, to the extent such Tax Contest involves a claim that could reasonably be expected to result in Electronics Business Taxes and Taxes that are not Electronics Business Taxes (an "Electronics Tax Contest"), (A) the Companies shall cooperate to separate such Electronics Tax Contest into two Tax Contests, one Tax Contest relating exclusively to Electronics

Business Taxes (over which Tax Contest Johnson Controls shall have exclusive control, including exclusive authority with respect to any settlement, subject to Section 9.02(b) and Section 9.02(d)) and the other Tax Contest relating to all other Taxes of any Electronics Entity (over which Tax Contest Adient shall have exclusive control, including exclusive authority with respect to any settlement, subject to this Section 9.02(e) (other than this proviso)) and (B) if it is not possible to separate such Tax Contest in the manner set forth in clause (A), the Controlling Party shall have the right to control such Tax Contest, *provided* that the foregoing provisions of this Section 9.02(e) (other than this proviso) shall apply to such Tax Contest (for this purpose, substituting the term "Controlling Party," for the term "Adient" and substituting the term "Non-Controlling Party" for the term "Johnson Controls"). For purposes of this Section 9.02(e), in the case of any Electronics Tax Contest, the Controlling Party shall be whichever of Adient or Johnson Controls would be reasonably expected to bear the greater Tax Liability in connection with such Electronics Tax Contest, and the Non-Controlling Party shall be whichever Company is not the Controlling Party with respect to such Electronics Tax Contest.

(f) *Separation Related Tax Contests.* Johnson Controls shall have exclusive control over any Separation Related Tax Contest, including exclusive authority with respect to any settlement of such Tax Contest, subject to the following provisions of this Section 9.02(f). In the event of any Separation Related Tax Contest as a result of which Adient could reasonably be expected to (x) become liable for any Separation Tax Losses or (y) not have Foreign Corporation Status as of immediately after the Distribution, (A) Johnson Controls shall keep Adient reasonably informed in a timely manner of all significant developments in respect of such Tax Contest and all significant actions taken or proposed to be taken by Johnson Controls with respect to such Tax Contest, (B) Johnson Controls shall timely provide Adient with copies of any written materials prepared, furnished or received in connection with such Tax Contest, (C) Johnson Controls shall consult with Adient reasonably in advance of taking any significant action in connection with such Tax Contest, and (D) Johnson Controls shall offer Adient a reasonable opportunity to comment before submitting any written materials prepared or furnished in connection with such Tax Contest. Notwithstanding anything in the preceding sentence to the contrary, the final determination of the positions taken, including with respect to settlement or other disposition, in any Separation Related Tax Contest shall be made in the sole discretion of Johnson Controls and shall be final and not subject to the dispute resolution provisions of Section 13 of this Agreement or Article VII of the Separation and Distribution Agreement.

(g) *Power of Attorney.*

(i) Each member of the Adient Group shall execute and deliver to Johnson Controls (or such member of the Johnson Controls Group as Johnson Controls shall designate) any power of attorney or other similar document reasonably requested by Johnson Controls (or such designee) in connection with any Tax Contest controlled by Johnson Controls that is described in this Section 9.

(ii) Each member of the Johnson Controls Group shall execute and deliver to Adient (or such member of the Adient Group as Adient shall designate) any power of attorney or other similar document reasonably requested by Adient (or such designee) in connection with any Tax Contest controlled by Adient that is described in this Section 9.

Section 10. Effective Date; Termination of Prior Intercompany Tax Allocation Agreements. This Agreement shall be effective as of the Effective Time. To the knowledge of the parties hereto, there are no prior intercompany Tax allocation agreements or arrangements solely between or among Johnson Controls and/or any of its Subsidiaries, on the one hand, and Adient and/or any of its Subsidiaries, on the other hand and no termination of any such arrangement or agreement, or any settlement of amounts owing in respect of any such arrangement or agreement should be required. To the extent that, contrary to the expectation of the parties, there is any such intercompany arrangement or agreement in place as of immediately prior to the Effective Time, (i) such arrangement or agreement shall be deemed terminated with effect as of the Effective Time, and (ii) amounts due under such agreements as of the date on which the Effective Time occurs shall be settled as promptly as practicable. Upon such settlement, no further payments by or to Johnson Controls or any of its Subsidiaries or by or to Adient or any of its Subsidiaries with respect to such agreements shall be made, and all other rights and obligations resulting from such agreements between the Companies and their Affiliates shall cease at such time. Any payments pursuant to such agreements shall be disregarded for purposes of computing amounts due under this Agreement.

Section 11. Survival of Obligations. The representations, warranties, covenants and agreements set forth in this Agreement shall be unconditional and absolute and shall remain in effect without limitation as to time.

Section 12. Treatment of Payments; Tax Gross-Up.

Section 12.01 *Treatment of Tax Indemnity and Tax Benefit Payments.* In the absence of any change in Tax treatment under the Code or other applicable Tax Law and except as otherwise agreed between the Companies, for all Income Tax purposes, the Companies agree to treat, and to cause their respective Affiliates to treat, (i) any indemnity payment required by this Agreement or by the Separation and Distribution Agreement, as applicable (in the case of each of clauses (A), (B) and (C), subject to clause (D)), (A) in the case of an indemnity payment attributable to the Distribution, a contribution by Johnson Controls to Adient or a distribution by Adient to Johnson Controls, as the case may be, occurring immediately prior to the Distribution (but only to the extent the payment does not relate to a Tax allocated to the payor in accordance with Section 1552 of the Code or the Treasury Regulations thereunder or Treasury Regulation Section 1.1502-33(d) (or under corresponding principles of other applicable Tax Laws)), (B) in the case of an indemnity payment attributable to an Old Johnson Controls Internal Distribution or Old Johnson Controls Internal Contribution, a contribution by the relevant Old Johnson Controls Internal Distributing to the relevant Old Johnson Controls Internal Controlled or a distribution by the relevant Old Johnson Controls Internal Controlled to the relevant Old Johnson Controls Internal Distributing, as the case may be, occurring immediately prior to the relevant Old Johnson Controls Internal Distribution, (C) in the case of an indemnity payment attributable to the Old Johnson Controls Jersey SpinCo Sale or the TSub Jersey SpinCo Sale or any sale of the Adient Assets or assumption of the Adient Liabilities pursuant to the Separation Transactions, an adjustment to the purchase price, or (D) in the case of an indemnity payment attributable to a transfer of Adient Assets or assumption of Adient Liabilities (other than pursuant to a sale), or in any other case described in clauses (A), (B) or (C) above to the extent appropriate, as payments of an assumed or retained liability; and (ii) any payment of interest or State Income Taxes by or to a

Tax Authority, as taxable or deductible, as the case may be, to the Company entitled under this Agreement to retain such payment or required under this Agreement to make such payment.

Section 12.02 *Tax Gross-Up*. If notwithstanding the manner in which payments described in clause (i) of Section 12.01 were reported, there is an adjustment to the Tax Liability of a Company as a result of its receipt of a payment pursuant to this Agreement or the Separation and Distribution Agreement, such payment shall be appropriately adjusted so that the amount of such payment, reduced by the amount of all Income Taxes payable with respect to the receipt thereof (but taking into account all correlative Tax Benefits resulting from the payment of such Income Taxes), shall equal the amount of the payment which the Company receiving such payment would otherwise be entitled to receive.

Section 12.03 *Interest*. Anything herein to the contrary notwithstanding, to the extent one Company (“Indemnitor”) makes a payment of interest to another Company (“Indemnitee”) under this Agreement with respect to the period from the date that the Indemnitee made a payment of Tax to a Tax Authority to the date that the Indemnitor reimbursed the Indemnitee for such Tax payment, the interest payment shall be treated as interest expense to the Indemnitor (deductible to the extent provided by Law) and as interest income by the Indemnitee (includible in income to the extent provided by Law). The amount of the payment shall not be adjusted to take into account any associated Tax Benefit to the Indemnitor or increase in Tax to the Indemnitee.

Section 13. Disagreements.

Section 13.01 *Dispute Resolution*. The Companies desire that collaboration will continue between them. Accordingly, they will try, and they will cause their respective Group members to try, to resolve in good faith all disagreements regarding their respective rights and obligations under this Agreement, including any amendments hereto. In furtherance thereof, in the event of any dispute or disagreement (other than a High-Level Dispute) (a “Tax Advisor Dispute”) between any member of the Johnson Controls Group and any member of the Adient Group as to the interpretation of any provision of this Agreement or the performance of obligations hereunder, the Tax departments of the Companies shall negotiate in good faith to resolve the Tax Advisor Dispute. If such good faith negotiations do not resolve the Tax Advisor Dispute, then the matter will be referred to a Tax Advisor acceptable to each of the Companies. The Tax Advisor may, in its discretion, obtain the services of any third-party appraiser, accounting firm or consultant that the Tax Advisor deems necessary to assist it in resolving such disagreement. The Tax Advisor shall furnish written notice to the Companies of its resolution of any such Tax Advisor Dispute as soon as practicable, but in any event no later than forty-five (45) days after its acceptance of the matter for resolution. Any such resolution by the Tax Advisor shall be consistent with the terms of this Agreement, and if so consistent, shall be conclusive and binding on the Companies. Following receipt of the Tax Advisor’s written notice to the Companies of its resolution of the Tax Advisor Dispute, the Companies shall each take or cause to be taken any action necessary to implement such resolution of the Tax Advisor. In accordance with Section 15, each Company shall pay its own fees and expenses (including the fees and expenses of its representatives) incurred in connection with the referral of the matter to the Tax Advisor. All fees and expenses of the Tax Advisor in connection with such referral shall be shared equally by the Companies. Any High-Level Dispute shall be resolved pursuant to the procedures set forth in Article VII of the Separation and Distribution Agreement.

Section 13.02 *Injunctive Relief*. Nothing in this Section 13 will prevent either Company from seeking injunctive relief if reasonably necessary to avoid irreparable harm. Notwithstanding anything to the contrary in this Agreement, the Separation and Distribution Agreement or any Ancillary Agreement, Johnson Controls and Adient are the only members of their respective Groups entitled to commence a dispute resolution procedure under this Agreement, and each of Johnson Controls and Adient will cause its respective Group members not to commence any dispute resolution procedure other than through such party as provided in this Section 13.

Section 14. Late Payments. Any amount owed by one party to another party under this Agreement which is not paid when due shall bear interest at the Prime Rate plus two percent (2%), compounded semiannually, from the due date of the payment to the date paid. To the extent interest required to be paid under this Section 14 duplicates interest required to be paid under any other provision of this Agreement, interest shall be computed at the higher of the interest rate provided under this Section 14 or the interest rate provided under such other provision.

Section 15. Expenses. Except as otherwise provided in this Agreement, each party and its Affiliates shall bear their own expenses incurred in connection with preparation of Tax Returns, Tax Contests, and other matters related to Taxes under the provisions of this Agreement.

Section 16. General Provisions.

Section 16.01 *Addresses and Notices*. All notices, requests, claims, demands or other communications under this Agreement shall be in writing, together with a copy by electronic mail (which shall not constitute notice), and shall be given or made (and shall be deemed to have been duly given or made upon acknowledgment of receipt) by delivery in person, by overnight courier service or by registered or certified mail (postage prepaid, return receipt requested) to the respective Companies at the following addresses (or at such other address for a Company as shall be specified in a notice given in accordance with this Section 16.01):

If to Johnson Controls:

Johnson Controls International plc
5757 North Green Bay Avenue
Milwaukee, Wisconsin 53209
Attention: General Counsel
Email: CO-General.Counsel@jci.com

If to Adient:

Adient Limited
833 East Michigan Street, Suite 1100
Milwaukee, Wisconsin 53202
Attention: General Counsel
Email: CO-General.Counsel@adient.com

A Company may, by notice to the other Company, change the address to which such notices are to be given.

Section 16.02 *Assignability*. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their successors and permitted assigns; *provided* that neither Company nor any such party thereto may assign its rights or delegate its obligations under this Agreement without the express prior written consent of the other Company hereto. Notwithstanding the foregoing, no such consent shall be required for the assignment of a party's rights and obligations under this Agreement and the Ancillary Agreements (except as may be otherwise provided in any such Ancillary Agreement) in whole (*i.e.*, the assignment of a party's rights and obligations under this Agreement and all Ancillary Agreements all at the same time) in connection with a change of control of a Company so long as the resulting, surviving or transferee Person assumes all the obligations of the relevant party thereto by operation of Law or pursuant to an agreement in form and substance reasonably satisfactory to the other Company. Nothing in this Section 16.02 is intended to, or shall be construed to, prohibit either Company or any member of its Group from being party to or undertaking a change of control.

Section 16.03 *Waiver*. Waiver by a Company of any default by the other Company of any provision of this Agreement shall not be deemed a waiver by the waiving Company of any subsequent or other default, nor shall it prejudice the rights of the other Company. No failure or delay by a Company in exercising any right, power or privilege under this Agreement shall operate as a waiver thereof, nor shall a single or partial exercise thereof prejudice any other or further exercise thereof or the exercise of any other right, power or privilege.

Section 16.04 *Severability*. If any provision of this Agreement or the application thereof to any Person or circumstance is determined by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions hereof, or the application of such provision to Persons or circumstances or in jurisdictions other than those as to which it has been held invalid or unenforceable, shall remain in full force and effect and shall in no way be affected, impaired or invalidated thereby. Upon such determination, the Companies shall negotiate in good faith in an effort to agree upon such a suitable and equitable provision to effect the original intent of the Companies.

Section 16.05 *Authority*. Johnson Controls represents on behalf of itself and each other member of the Johnson Controls Group, and Adient represents on behalf of itself and each other member of the Adient Group, as follows: (i) each such Person has the requisite corporate or other power and authority and has taken all corporate or other action necessary in order to execute, deliver and perform this Agreement and to consummate the transactions contemplated hereby; and (ii) this Agreement has been duly executed and delivered by it and constitutes a valid and binding agreement of it enforceable in accordance with the terms thereof.

Section 16.06 *Further Action*. The parties shall execute and deliver all documents, provide all information, and take or refrain from taking action as may be necessary or appropriate to achieve the purposes of this Agreement, including the execution and delivery to the other parties and their Affiliates and representatives of such powers of attorney or other authorizing documentation as is reasonably necessary or appropriate in connection with Tax Contests (or portions thereof) under the control of such other parties in accordance with Section 9.

Section 16.07 *Integration*. This Agreement, the Ancillary Agreements and the Exhibits, Schedules and appendices hereto and thereto contain the entire agreement between the Companies with respect to the subject matter hereof, supersede all previous agreements, negotiations, discussions, writings, understandings, commitments and conversations with respect to such subject matter, and there are no agreements or understandings between the Companies other than those set forth or referred to herein or therein. In the event of any inconsistency between this Agreement, the Separation and Distribution Agreement, any other agreements relating to the transactions contemplated by the Separation and Distribution Agreement, or the Tax Allocation Agreement, with respect to matters addressed herein, the provisions of this Agreement shall control.

Section 16.08 *Construction*. The language in all parts of this Agreement shall in all cases be construed according to its fair meaning and shall not be strictly construed for or against any party. The captions, titles and headings included in this Agreement are for convenience only, and do not affect this Agreement's construction or interpretation. Unless otherwise indicated, all "Section" references in this Agreement are to sections of this Agreement.

Section 16.09 *No Double Recovery*. No provision of this Agreement shall be construed to provide an indemnity or other recovery for any costs, damages, or other amounts for which the damaged party has been fully compensated under any other provision of this Agreement or under any other agreement or action at Law or equity. Unless expressly required in this Agreement, a party shall not be required to exhaust all remedies available under other agreements or at Law or equity before recovering under the remedies provided in this Agreement.

Section 16.10 *Currency*. All amounts payable pursuant to this Agreement shall be payable in U.S. dollars, based on the conversion rate used at the time that the obligation to pay arises in the financial reporting systems of the party receiving such payment.

Section 16.11 *Counterparts*. This Agreement may be executed in one or more counterparts, all of which shall be considered one and the same agreement, and shall become effective when one or more counterparts have been signed by each of the Companies and delivered to the other Company. Each Company acknowledges that it and each other Company is executing certain of the Ancillary Agreements by facsimile, stamp or mechanical signature, and that delivery of an executed counterpart of a signature page to this Agreement (whether executed by manual, stamp or mechanical signature) by facsimile or by email in portable document format (.pdf) shall be effective as delivery of such executed counterpart of this Agreement. Each Company expressly adopts and confirms each such facsimile, stamp or mechanical signature (regardless of whether delivered in person, by mail, by courier, by facsimile or by email in portable document format (.pdf)) made in its respective name as if it were a manual signature delivered in person, agrees that it will not assert that any such signature or delivery is not adequate to bind such Company to the same extent as if it were signed manually and delivered in person and agrees that, at the reasonable request of the other Company at any time, it will as promptly as reasonably practicable cause this Agreement to be manually executed (such execution to be as of the date of the initial date thereof) and delivered in person, by mail or by courier.

Section 16.12 *Governing Law*. This Agreement (and any claims or disputes arising out of or related hereto or to the transactions contemplated hereby or to the inducement of any party to enter herein, whether for breach of contract, tortious conduct or otherwise and whether predi-

cated on common Law, statute or otherwise) shall be governed by and construed and interpreted in accordance with the Laws of the State of New York irrespective of the choice of laws principles of the State of New York including all matters of validity, construction, effect, enforceability, performance and remedies.

Section 16.13 *Jurisdiction*. If any dispute arises out of or in connection with this Agreement, except as expressly contemplated by another provision of this Agreement, the parties irrevocably (and the parties will cause each other member of their respective Group to irrevocably) (a) consent and submit to the exclusive jurisdiction of any federal court sitting in the Borough of Manhattan in The City of New York (or, only if such court lacks subject matter jurisdiction, in any New York State court sitting in the Borough of Manhattan in The City of New York), (b) waive any claims of forum non conveniens, and agree to submit to the jurisdiction of such courts, as provided in New York General Obligations Law § 5-1402, (c) agree that service of any process, summons, notice or document by United States registered mail to each Company's respective address set forth in Section 16.01 shall be effective service of process for any litigation brought against it in any such court or for the taking of any other acts as may be necessary or appropriate in order to effectuate any judgment of said courts and (d) WAIVE TO THE FULLEST EXTENT PERMITTED BY LAW ANY RIGHT TO TRIAL OR ADJUDICATION BY JURY.

Section 16.14 *Amendment*. No provisions of this Agreement shall be deemed waived, amended, supplemented or modified by a Company, unless such waiver, amendment, supplement or modification is in writing and signed by the authorized representative of the Company against whom it is sought to enforce such waiver, amendment, supplement or modification.

Section 16.15 *Adient Subsidiaries*. If, at any time, Adient acquires or creates one or more subsidiaries that are includable in the Adient Group, they shall be subject to this Agreement and all references to the Adient Group herein shall thereafter include a reference to such subsidiaries.

Section 16.16 *Successors*. This Agreement shall be binding on and inure to the benefit of any successor by merger, acquisition of assets, or otherwise, to any of the parties hereto (including, but not limited to, any successor of Johnson Controls or Adient succeeding to the Tax attributes of either under Section 381 of the Code), to the same extent as if such successor had been an original party to this Agreement.

Section 16.17 *Injunctions*. Subject to the provisions of Section 13, the parties acknowledge that irreparable damage would occur in the event that any of the provisions of this Agreement were not performed in accordance with its specific terms or were otherwise breached. The parties hereto shall be entitled to an injunction or injunctions to prevent breaches of the provisions of this Agreement and to enforce specifically the terms and provisions hereof in any court having jurisdiction, such remedy being in addition to any other remedy to which they may be entitled at Law or in equity.

IN WITNESS WHEREOF, each party has caused this Agreement to be executed on its behalf by a duly authorized officer on the date first set forth above.

JOHNSON CONTROLS INTERNATIONAL PLC

By: /s/ Brian J. Stief
Name: Brian J. Stief
Title: Executive Vice President and Chief Financial Officer

ADIENT LIMITED

By: /s/ Cathleen A. Ebacher
Name: Cathleen A. Ebacher
Title: Vice President, General Counsel and Secretary

[Signature Page to Tax Matters Agreement]

DEED OF INDEMNITY

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

RECITALS

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

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

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

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

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

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

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

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

Section 1. Definitions. As used in this Deed:

(a) The "Act" shall mean the Irish Companies Act 2014 as amended from time to time.

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

(c) "Associated Company" shall mean a company formed under the Act, or any predecessor to the Act, that is a subsidiary, under the Act, of Adient.

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

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

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

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

ii. individuals who, as of the date of this Deed, constitute the Board (the "Incumbent Board") cease for any reason to constitute at least a majority of the Board; provided, that any individual becoming a director of the Board after the date of this Deed whose election, or nomination for election by Adient's shareholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board shall be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of either an actual or

threatened election contest, a resolution proposed under Section 178 of the Act, or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board;

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

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

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

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

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

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

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

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

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

(m) “Expenses” shall include all reasonable fees of attorneys, solicitors, barristers and other counsel, retainers, court costs, transcript costs, fees of experts and other professionals, witness fees, travel expenses, duplicating costs, printing and binding costs, telephone charges, postage, delivery service fees, any federal, state, local or foreign taxes imposed on Indemnitee as a result of the actual or deemed receipt of any payments under this Deed, ERISA excise taxes and penalties, and all other disbursements or expenses of the types customarily incurred in connection with prosecuting, defending, claiming, preparing to prosecute or defend, investigating, being or preparing to be a witness in, or otherwise participating in, a Proceeding. Expenses also shall include Expenses incurred in connection with any appeal resulting from any Proceeding, including without limitation the premium, security for, and other costs relating to any cost bond, supersedeas bond, or other appeal bond or its equivalent. Expenses, however, shall not include amounts paid in settlement by Indemnitee or the amount of Judgments.

(n) “Fines” shall mean any fine imposed in Criminal Proceedings, or any sum or fine payable to any regulatory authority regardless of whether such authority has a statutory footing or not, by way of a penalty in respect of non-compliance with any requirement of a regulatory nature however so arising.

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

(p) “Judgment” shall mean any ruling of any civil or administrative court in any jurisdiction that directs the Indemnitee to pay a fixed sum to the other party whether for costs, damages or other monies.

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

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

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

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

Section 2. Indemnity in Third-Party Proceedings. Adient shall indemnify Indemnitee in accordance with the provisions of this Section 2 if Indemnitee is, or is threatened to be made, a party to or a participant in any Proceeding, other than a Proceeding by or in the right of Adient or an Associated Company, to procure a judgment in its favor, by reason of Indemnitee’s Corporate Status (“Third Party Proceedings”). Pursuant to this Section 2, Indemnitee shall be indemnified to the fullest extent permitted by applicable law, including the Act, against all Expenses, Judgments and amounts paid in settlement (including all interest, assessments and other charges paid or payable in connection with or in respect of such Expenses, Judgments, and amounts paid

in settlement) actually and reasonably incurred by Indemnitee or on Indemnitee's behalf in connection with such Third Party Proceeding or any claim, issue or matter therein, if Indemnitee acted in good faith and in a manner Indemnitee reasonably believed to be in or not opposed to the best interests of Adient. The parties hereto intend that this Deed (a) shall provide to the fullest extent permitted by law, including the Act, for indemnification in excess of that expressly permitted by statute, including, without limitation, any indemnification provided by the Adient Articles, a vote of Adient's shareholders, disinterested directors or applicable law, including the Act and (b) shall not be deemed a substitute for, nor to diminish or abrogate any rights of Indemnitee under any insurance maintained by Adient. Nothing in this Section 2 or this Deed shall indemnify an Indemnitee in respect of any liability incurred by the Indemnitee to the extent prohibited by the Act, including the payment of Fines, Judgments against Indemnitee or Prohibited Expense Payments.

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

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

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

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

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

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

(b) for (i) an accounting of profits made from the purchase and sale (or sale and purchase) by Indemnitee of securities of Adient within the meaning of Section 16(b) of the Exchange Act or similar provisions of state statutory law or common law, (ii) any reimbursement of Adient by Indemnitee of any bonus or other incentive-based or equity-based compensation or of any profits realized by Indemnitee from the sale of securities of Adient, as required in each case under the Exchange Act (including any such reimbursements that arise from an accounting restatement of Adient pursuant to Section 304 of the Sarbanes-Oxley Act of 2002 (the "Sarbanes-Oxley Act"), or Section 904 of the Dodd-Frank Wall Street Reform and Consumer Protection Act, or the payment to Adient of profits arising from the purchase and sale by Indemnitee of securities in violation of Section 306 of the Sarbanes-Oxley Act) or (iii) any reimbursement of Adient by Indemnitee of any compensation pursuant to any compensation recoupment or clawback policy adopted by the Board or the compensation committee of the Board, including but not limited to any such policy adopted to comply with stock exchange listing requirements implementing Section 10D of the Exchange Act; or

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

(d) in respect of any Fines; or

(e) in respect of any Prohibited Expense Payment.

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

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

(a) Indemnitee shall notify Adient in writing of any matter with respect to which Indemnitee intends to seek indemnification or an advance under this Deed, of Expenses hereunder as soon as reasonably practicable following the receipt by Indemnitee of written notice thereof. The written notification to Adient shall include a description of the nature of the Proceeding or Criminal Proceeding and the facts underlying the Proceeding or Criminal Proceeding. To obtain indemnification under this Deed, Indemnitee shall submit to Adient a written request, including therein or therewith such documentation and information as is reasonably available to Indemnitee and is reasonably necessary to determine whether and to what extent Indemnitee is entitled to indemnification following the final disposition of such Proceeding. The omission by Indemnitee to notify Adient hereunder will not relieve Adient from any liability which it may have to Indemnitee hereunder or otherwise than under this Deed except to the extent that such delay materially and adversely affects Adient's ability to participate in the defense of such Proceeding or Criminal Proceeding, and any delay in so notifying Adient shall not constitute a waiver by Indemnitee of any rights under this Deed. The Secretary of Adient shall, promptly upon receipt of such a request for indemnification, advise the Board in writing that Indemnitee has requested indemnification.

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

(c) Prior to making a written request for indemnification or an advance pursuant to Section 8(a), Indemnitee shall (i) seek such indemnification or advance of Expenses,

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

Section 9. Procedure Upon Application for Indemnification.

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

(b) If the determination of entitlement to indemnification is to be made by Independent Counsel pursuant to Section 9(a), the Independent Counsel shall be selected as provided in this Section 9(b). If a Change in Control shall not have occurred, the Independent Counsel shall be selected by the Board, and Adient shall give written notice to Indemnitee advising Indemnitee of the identity of the Independent Counsel so selected. If a Change in Control shall have occurred, the Independent Counsel shall be selected by Indemnitee (unless Indemnitee shall request that such selection be made by the Board, in which event the preceding

sentence shall apply), and Indemnitee shall give written notice to Adient advising it of the identity of the Independent Counsel so selected. In either event, Indemnitee or Adient, as the case may be, may, within ten (10) days after such written notice of selection shall have been given, deliver to Adient or to Indemnitee, as the case may be, a written objection to such selection; provided, that such objection may be asserted only on the ground that the Independent Counsel so selected does not meet the requirements of "Independent Counsel" as defined in Section 1, and the objection shall set forth with particularity the factual basis of such assertion. Absent a proper and timely objection, the person so selected shall act as Independent Counsel. If such written objection is so made and substantiated, the Independent Counsel so selected may not serve as Independent Counsel unless and until such objection is withdrawn or the Irish Court has determined that such objection is without merit. If, within twenty (20) days after the later of submission by Indemnitee of a written request for indemnification pursuant to Section 8(a) and the final disposition of the Proceeding, no Independent Counsel shall have been selected and not objected to, either Adient or Indemnitee may petition the Irish Court for resolution of any objection which shall have been made by Adient or Indemnitee to the other's selection of Independent Counsel and/or for the appointment as Independent Counsel of a person selected by such court or by such other person as such court shall designate, and the person with respect to whom all objections are so resolved or the person so appointed shall act as Independent Counsel under Section 9(a). Upon the due commencement of any judicial proceeding or arbitration pursuant to Section 11(a), Independent Counsel shall be discharged and relieved of any further responsibility in such capacity (subject to the applicable standards of professional conduct then prevailing).

Section 10. Presumptions and Effect of Certain Proceedings.

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

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

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

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

Section 11. Remedies of Indemnitee.

(a) Subject to Section 11(e), if (i) a determination is made pursuant to Section 9 of this Deed that Indemnitee is not entitled to indemnification under this Deed, (ii) an advance of Expenses is not timely made pursuant to Section 3 of this Deed, (iii) no determination of entitlement to indemnification shall have been made pursuant to Section 9(a) of this Deed within ninety (90) days after receipt by Adient of a request for indemnification (after Indemnitee has exhausted the procedures set forth in Section 8(c)), (iv) payment of indemnification is not made pursuant to Section 4, 5 or 6 within ten (10) days after receipt by Adient of a written request therefor (after Indemnitee has exhausted the procedures set forth in Section 8(c)), or (v) payment of indemnification pursuant to Section 2 is not made within ten (10) days after a determination has been made that Indemnitee is entitled to indemnification, or (vi) if Adient or any other person takes or threatens to take any action to declare this Deed void or unenforceable, or institutes any litigation or other action or Proceeding designed to deny, or to recover from, the Indemnitee the benefits provided or intended to be provided to the Indemnitee hereunder, Indemnitee shall be entitled to an adjudication by the Irish Court of Indemnitee's entitlement to such indemnification or advancement of Expenses. Alternatively, Indemnitee, at Indemnitee's option, may seek an award in arbitration to be conducted by a single arbitrator pursuant to the Commercial Arbitration Rules of the American Arbitration Association. Indemnitee shall commence such proceeding seeking an adjudication or an award in arbitration within 180 days following the date on which Indemnitee first has the right to commence such proceeding pursuant to this Section 11(a). Adient shall not oppose Indemnitee's right to seek any such adjudication or award in arbitration.

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

Adient shall have the burden of proving Indemnitee is not entitled to indemnification or an advance of Expenses, as the case may be.

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

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

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

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

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

(b) To the extent that Adient maintains an insurance policy or policies providing liability insurance for directors, officers, secretaries, employees, or agents of any Enterprise, Indemnitee shall be covered by such policy or policies in accordance with its or their terms to the maximum extent of the coverage available for any such director, officer, secretary,

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

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

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

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

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

Indemnitee who has ceased to be an Official of Adient or of any other Enterprise, and shall inure to the benefit of Indemnitee and Indemnitee's spouse, assigns, heirs, devisees, executors and administrators and other legal representatives.

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

Section 15. Enforcement.

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

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

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

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

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

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

(b) If to Adient, to:

Adient plc
833 East Michigan Street, Suite 1100
Milwaukee, Wisconsin 53202
Attn: General Counsel
Email: CO-General.Counsel@adient.com

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

Section 19. Applicable Law and Consent to Jurisdiction. This Deed is to be governed by and construed in accordance with Irish law. Any matter, claim or dispute arising out of or in connection with this Deed, whether contractual or non-contractual, is to be governed by and determined in accordance with Irish law. Except with respect to any arbitration commenced by Indemnitee pursuant to Section 11(a), Adient and Indemnitee hereby irrevocably and unconditionally (i) agree that the courts of Ireland (the "Irish Court") are to have exclusive jurisdiction to settle any dispute arising out of or in connection with this Deed, and any action or proceeding arising out of or in connection with this Deed shall be brought only in the Irish Court and not in any court in any other country, (ii) consent to submit to the exclusive jurisdiction of the Irish Court for purposes of any action or proceeding arising out of or in connection with this Deed and (iii) waive, and agree not to plead or to make, any claim that any such action or proceeding brought in the Irish Court has been brought in an improper or inconvenient forum.

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

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

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

[Remainder of page intentionally left blank]

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

GIVEN under the common seal of
ADIENT PLC
and **DELIVERED** as a **DEED**:

Duly Authorised Signatory

Executed as a deed by _____)
in the presence of: _____) (Signature of individual)

(Address of Indemnitee)

Witness's signature:

Witness's name (print):

Witness's occupation:

Witness's address:

[Signature Page to Deed of Indemnity]

M-32826968-2

INDEMNIFICATION AGREEMENT

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

RECITALS

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

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

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

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

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

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

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

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

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

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

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

Section 1. Definitions. As used in this Agreement:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(l) “Michigan Act” shall mean the Michigan Limited Liability Company Act, as amended, supplemented or restated from time to time, and any successor to such statute.

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

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

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

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

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

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

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

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

Section 6. Additional Indemnification.

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

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

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

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

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

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

(b) for (i) an accounting of profits made from the purchase and sale (or sale and purchase) by Indemnitee of securities of Adient within the meaning of Section 16(b) of the Exchange Act or similar provisions of state statutory law or common law, (ii) any reimbursement of Adient by the Indemnitee of any bonus or other incentive-based or equity-based compensation

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

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

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

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

(a) Indemnitee shall notify Adient and the Company in writing of any matter with respect to which Indemnitee intends to seek indemnification or advancement of Expenses

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

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

(c) Prior to making a written request for indemnification pursuant to Section 9(a) or making a request for advancement of Expenses pursuant to Section 8, Indemnitee shall (i) seek such indemnification or advancement of such Expenses, as applicable, under any applicable insurance policy and (ii) request that Adient consider in its discretion whether to make such indemnification or advancement of such Expenses, as applicable. Upon any such request by Indemnitee of Adient, it is expected that Adient will consider whether to make such indemnification or advancement of such Expenses, as applicable, based on the facts and circumstances related to the request. Adient may require, as a condition to making any indemnification or advancement of Expenses, as applicable, that Indemnitee enter into an agreement providing for such indemnification or advancement of such Expenses, as applicable, to be made subject to substantially the same terms and conditions applicable to an indemnification or advancement of Expenses, as applicable, by the Company under this

Agreement (including conditioning any advancement of Expenses upon delivery to Adient of an undertaking of the type described in Section 8). If indemnification or advancement of Expenses (other than judgments, fines and amounts paid in settlement), as applicable, is not received pursuant to an insurance policy, or from Adient, within five (5) business days of the later of Indemnitee's request of the insurer and Indemnitee's request of Adient pursuant to the first sentence of this Section 9(c), Indemnitee may make written demand on the Company for indemnification pursuant to Section 9(a) or make a request for advancement of Expenses pursuant to Section 8, as applicable.

Section 10. Procedure Upon Application for Indemnification.

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

(b) If the determination of entitlement to indemnification is to be made by Independent Counsel pursuant to Section 10(a), the Independent Counsel shall be selected as provided in this Section 10(b). If a Change in Control shall not have occurred, the Independent Counsel shall be selected by the Board, and the Company shall give written notice to Indemnitee advising Indemnitee of the identity of the Independent Counsel so selected. If a Change in Control shall have occurred, the Independent Counsel shall be selected by Indemnitee (unless Indemnitee shall request that such selection be made by the Board, in which event the preceding sentence shall apply), and Indemnitee shall give written notice to Adient and the Company advising it of the identity of the Independent Counsel so selected. In either event, Indemnitee or the Company, as the case may be, may, within ten (10) days after such written notice of selection shall have been given, deliver to Adient and the Company or to Indemnitee, as the case may be, a

written objection to such selection; provided, that such objection may be asserted only on the ground that the Independent Counsel so selected does not meet the requirements of "Independent Counsel" as defined in Section 1, and the objection shall set forth with particularity the factual basis of such assertion. Absent a proper and timely objection, the person so selected shall act as Independent Counsel. If such written objection is so made and substantiated, the Independent Counsel so selected may not serve as Independent Counsel unless and until such objection is withdrawn or the Michigan Court has determined that such objection is without merit. If, within twenty (20) days after the later of submission by Indemnitee of a written request for indemnification pursuant to Section 9(a) and the final disposition of the Proceeding, no Independent Counsel shall have been selected and not objected to, either the Company or Indemnitee may petition the Michigan Court for resolution of any objection which shall have been made by the Company or Indemnitee to the other's selection of Independent Counsel and/or for the appointment as Independent Counsel of a person selected by such court or by such other person as such court shall designate, and the person with respect to whom all objections are so resolved or the person so appointed shall act as Independent Counsel under Section 10(a). Upon the due commencement of any judicial proceeding or arbitration pursuant to Section 12(a), Independent Counsel shall be discharged and relieved of any further responsibility in such capacity (subject to the applicable standards of professional conduct then prevailing).

Section 11. Presumptions and Effect of Certain Proceedings.

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

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

(c) Indemnitee shall be deemed to have acted in good faith if Indemnitee's action is based on the records or books of account of any Enterprise, including financial statements, or on information supplied to Indemnitee by the directors, officers or other Officials of such Enterprise in the course of their duties, or on the advice of legal counsel for such Enterprise or on information or records given or reports made to such Enterprise by an

independent certified public accountant or by an appraiser, financial advisor or other expert selected with reasonable care by or on behalf of such Enterprise as to matters Indemnatee reasonably believes are within such Person's professional or expert competence. The provisions of this Section 11(c) shall not be deemed to be exclusive or to limit in any way the other circumstances in which the Indemnatee may be deemed to have met the applicable standard of conduct set forth in this Agreement.

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

Section 12. Remedies of Indemnatee.

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

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

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

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

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

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

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

hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other right or remedy.

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

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

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

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

Section 14. Duration of Agreement; Successors and Assigns. All agreements and obligations of the Company contained in this Agreement shall continue for so long as Indemnitee shall be subject to, or involved in, any proceeding for which indemnification is provided pursuant to this Agreement. Notwithstanding the foregoing, no legal action shall be brought and no cause of action shall be asserted by or on behalf of Adient, the Company or any of their subsidiaries against Indemnitee, Indemnitee's spouse, heirs, executors, or personal or legal representatives after the expiration of two (2) years from the date of accrual of such cause of action, or such longer period as may be required by the laws of Michigan under the

circumstances. Any claim or cause of action of Adient, the Company or any of their subsidiaries shall be extinguished and deemed released unless asserted by the timely filing and notice of a legal action within such period; provided, that if any shorter period of limitations is otherwise applicable to any such cause of action, the shorter period shall govern. The indemnification and advancement of expenses rights provided by or granted pursuant to this Agreement shall be binding upon and be enforceable by the parties hereto and their respective successors and assigns (including any direct or indirect successor by purchase, merger, consolidation or otherwise to all or substantially all of the business or assets of the Company), shall continue as to an Indemnitee who has ceased to be an Official of Adient, the Company or of any other Enterprise, and shall inure to the benefit of Indemnitee and Indemnitee's spouse, assigns, heirs, devisees, executors and administrators and other legal representatives.

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

Section 16. Enforcement.

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

(b) This Agreement constitutes the entire agreement between the parties hereto with respect to the subject matter hereof and supersedes all prior agreements and understandings, oral, written and implied, between the parties hereto with respect to the subject matter hereof; provided, that this Agreement is a supplement to and in furtherance of the Adient

Articles, the Adient Deed of Indemnity, the Operating Agreement, any insurance maintained by Adient or the Company and applicable law, and shall not be deemed a substitute therefor, nor to diminish or abrogate any rights of Indemnitee thereunder.

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

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

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

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

(b) If to the Company to:

Adient US LLC
833 East Michigan Street, Suite 1100
Milwaukee, Wisconsin 53202
Attn: General Counsel
Email: CO-General.Counsel@adient.com

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

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

transaction(s) giving cause to such Proceeding; and/or (ii) the relative fault of Adient and the Company (and their respective directors, officers, employees and agents), on the one hand, and Indemnitee, on the other hand, in connection with such event(s) and/or transaction(s).

Section 21. Applicable Law and Consent to Jurisdiction. This Agreement and the legal relations among the parties shall be governed by, and construed and enforced in accordance with, the laws of the State of Michigan, without regard to its conflict of laws rules. Except with respect to any arbitration commenced by Indemnitee pursuant to Section 12(a), the Company and Indemnitee hereby irrevocably and unconditionally (i) agree that any action or proceeding arising out of or in connection with this Agreement shall be brought only in the Circuit Court in the County of Wayne, Michigan) (the "Michigan Court"), and not in any other state or federal court in the United States of America or any court in any other country, (ii) consent to submit to the exclusive jurisdiction of the Michigan Court for purposes of any action or proceeding arising out of or in connection with this Agreement, (iii) appoint, to the extent such party is not otherwise subject to service of process in the State of Michigan, irrevocably The Corporation Trust Company, 30600 Telegraph Road – Suite 2345, Bingham Farms, Michigan 48025 as its agent in the State of Michigan as such party's agent for acceptance of legal process in connection with any such action or proceeding against such party with the same legal force and validity as if served upon such party personally within the State of Michigan, (iv) waive any objection to the laying of venue of any such action or proceeding in the Michigan Court, and (v) waive, and agree not to plead or to make, any claim that any such action or proceeding brought in the Michigan Court has been brought in an improper or inconvenient forum.

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

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

[Remainder of page intentionally left blank]

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

ADIENT US LLC

INDEMNITEE

By: _____
Name:
Office:

By: _____
Name:
Address: _____

[Signature Page to Indemnification Agreement]

ADIENT PLC
RESTRICTED SHARES OR RESTRICTED SHARE UNIT AWARD

Grant - Terms for Restricted Shares and Restricted Share Units

Participant Name:	
Grant Date:	
Number of Restricted Shares:	
Number of Restricted Share Units:	
Restriction Period:	
Units Settled in Cash (check box if applies; see Section 3(b)):	<input type="checkbox"/>
Dividend Equivalents Settled in Cash (check box if applies):	<input type="checkbox"/>
Dividends or Dividend Equivalents Paid Currently (check box if applies):	<input type="checkbox"/>

Adient plc has adopted the 2016 Omnibus Incentive Plan to permit awards of restricted shares or restricted share units to be made to certain key employees of the Company or any Affiliate. The Company desires to provide incentives and potential rewards for future performance by the employee by providing the Participant with a means to acquire or to increase his or her proprietary interest in the Company's success.

Definitions. Capitalized terms used in this Award have the following meanings:

- (a) "Award" means this grant of Restricted Shares and/or Restricted Share Units.
- (b) "Award Notice" means an Award notification (if any) delivered to the Participant in connection with this Award.
- (c) "Company" means Adient plc or any successor thereto.
- (d) "Inimical Conduct" means any of the following as determined by the Administrator in its sole discretion: (i) any act or omission that is inimical to the best interests of the Company or any Affiliate as determined by the Administrator, (ii) violation of any employment, non-compete, confidentiality or other agreement in effect with the Company or any Affiliate, or the Company's or an Affiliate's code of ethics, as then in effect, (iii) conduct rising to the level of gross negligence or willful misconduct in the course of employment with the Company or an Affiliate, (iv) commission of an act of dishonesty or disloyalty involving the Company or an Affiliate, or taking any action which damages or negatively reflects on the reputation of the Company or an Affiliate, (v) failure to comply with applicable laws relating to trade secrets, confidential information or unfair competition or a violation of any other federal, state or local law in connection with the Participant's employment or service, or (vi) breach of any fiduciary duty to the Company or an Affiliate.
- (e) "Participant" means the individual selected to receive this Award.
- (f) "Plan" means the Adient plc 2016 Omnibus Incentive Plan, as may be amended from time to time.
- (g) "Restriction Period" means the length of time indicated above or in any Award Notice during which the Participant cannot sell, transfer, pledge, assign or otherwise encumber the Restricted Shares or Restricted Share Units granted under this Award.
- (h) "Restricted Shares" means Shares that are subject to a risk of forfeiture and the Restriction Period.
- (i) "Restricted Share Unit" means the right to receive a payment, in cash or Shares, equal to the Fair Market Value of one Share, that is subject to a risk of forfeiture and the Restriction Period.
- (j) "Share" means an ordinary share of the Company.

Other capitalized terms used in this Award have the meanings given in the Plan.

The parties agree as follows:

1. **Grant of Award.** The Company hereby grants to the Participant an award of Restricted Shares or Restricted Share Units, as specified above or in any Award Notice, on the date and with respect to the number of Shares or Units specified above or in any Award Notice. The Award is subject to the terms and conditions set forth herein and in the Plan, a copy of which has been delivered to the Participant, and which is made a part of this Award.

2. **Restricted Shares.** If the Award is in the form of Restricted Shares, the Shares are subject to the following terms:

- a. Restriction Period. The Company will hold the Shares in escrow or via an independent trust or nominee for the Restriction Period. During this period, the Shares shall be subject to forfeiture as provided in Section 4.
- b. Removal of Restrictions. Subject to any applicable deferral election under the Adient US LLC Executive Deferred Compensation Plan (or any successor plan) and to Section 4 below, Shares that have not been forfeited shall become available to the Participant after the last day of the Restriction Period upon payment in full of all taxes due with respect to such Shares.
- c. Voting Rights. During the Restriction Period, the Participant may exercise full voting rights with respect to the Shares.
- d. Dividends and Other Distributions. Any cash dividends or other distributions paid or delivered with respect to Restricted Shares for which the record date occurs on or before the last day of the Restriction Period will be credited to a bookkeeping account for the benefit of the Participant unless it is indicated above or in any Award Notice that such cash dividends or other distributions shall be paid currently. To the extent such account is credited, it will be converted into and settled in additional Shares issued under the Plan at the end of the applicable Restriction Period unless it is indicated above or in any Award Notice that the account will be paid to the Participant in cash, in which case it will be paid in cash at the end of the applicable Restriction Period. Prior to the end of the Restriction Period, any account credited pursuant to this paragraph will be subject to the same terms and conditions (including risk of forfeiture) as the Restricted Shares to which the dividends or other distributions relate.

3. **Restricted Share Units.** If the Award is in the form of Restricted Share Units, the Restricted Share Units are subject to the following terms:

- a. Restriction Period. During the Restriction Period, the Restricted Share Units shall be subject to forfeiture as provided in Section 4.
- b. Settlement of Restricted Share Units. Subject to any applicable deferral election under the Adient US LLC Executive Deferred Compensation Plan (or any successor plan thereto) and to Section 4 below, the Restricted Share Units shall be settled by payment of one Share per Restricted Share Unit unless it is indicated above or in any Award Notice that the Restricted Share Units will be settled through payment of cash, in which case the Restricted Share Units will be settled through payment of cash equal to the Fair Market Value of one Share per Restricted Share Unit, in each case as soon as practicable after the last day of the Restriction Period and upon payment in full of all taxes due with respect to such Restricted Share Units. Notwithstanding

the foregoing, if this Award provides that it will be settled in cash, but the Company has satisfied all registration, qualification or other legal requirements necessary to permit the settlement of the Restricted Share Units in Shares in the Participant's jurisdiction without adverse legal, tax, financial or accounting consequences to the Company or its Affiliates, then such Award will instead be settled in Shares and the Participant will have no right to receive cash. Notwithstanding the foregoing, if the Participant is a specified employee within the meaning of Code Section 409A and the Restriction Period lapses due to a termination of employment (other than for death), then the vested Restricted Share Units will be settled as soon as practicable six months after the Participant's termination to the extent required to comply with Code Section 409A.

- c. Dividend Equivalent Units. Any cash dividends or other distributions paid or delivered with respect to the Shares for which the record date occurs on or before the last day of the Restriction Period will result in a credit to a bookkeeping account for the benefit of the Participant unless it is indicated above or in any Award Notice that such cash dividends or other distributions shall result in the current payment of a dividend equivalent. Any such credit or dividend equivalent will be equal to the dividends or other distributions that would have been paid with respect to the Shares subject to the Restricted Share Units had such Shares been outstanding. To the extent a bookkeeping account is credited pursuant to this paragraph, it will be converted into and settled in additional Shares issued under the Plan at the end of the applicable Restriction Period unless it is indicated above or in any Award Notice that the account will be paid to the Participant in cash, in which case it will be paid in cash at the end of the applicable Restriction Period. Prior to the end of the Restriction Period, any account credited pursuant to this paragraph will be subject to the same terms and conditions (including risk of forfeiture) as the Restricted Share Units to which the dividends or other distributions relate.

4. Termination of Employment – Risk of Forfeiture.

- a. Retirement. If the Participant's employment with the Company and its Affiliates terminates after the first anniversary of the Grant Date due to Retirement, and at a time when the Participant's employment could not have been terminated for Cause, then the Participant shall become vested in (and the Restriction Period shall lapse with respect to) a prorated portion of the total number of Restricted Shares or Restricted Share Units subject to this Award based on the number of days of the Participant's employment during the Restricted Period prior to Retirement compared to the total number of days in the Restricted Period. Any Restricted Shares or Restricted Share Units subject to this Award that do not become vested under this paragraph as a result of the Retirement shall automatically be forfeited and returned to the Company as of the date of the Retirement. If the Participant engages in Inimical Conduct after his or her Retirement, as determined by the Administrator, any vested Restricted Share Units that have not yet been settled shall automatically be forfeited as of the date of the Administrator's determination.
- b. Death. If the Participant's employment with the Company and its Affiliates terminates because of death at a time when the Participant could not have been terminated for Cause, then, effective as of the date the Company determines the Participant's employment terminated due to death (provided such determination is made no more than 75 days after the date of death), any remaining Restriction Period shall automatically lapse. If the Participant dies after Retirement while this Award is still subject to the Restriction Period, then, effective as of the date of the Participant's

death (provided the Company receives notice of the Participant's death within 75 days), any remaining Restriction Period shall automatically lapse as of the date of death. The Company shall have no liability to any person for any taxes, penalties or interest incurred by any person due to the Company not receiving notice of the Participant's death within 75 days.

- c. **Disability.** If the Participant's employment with the Company and its Affiliates terminates because of Disability at a time when the Participant could not have been terminated for Cause, then the Participant shall become vested in (and any remaining Restriction Period shall automatically lapse with respect to) the Restricted Shares or Restricted Share Units subject to this Award as of the date such employment terminates.
- d. **Other Termination.** If the Participant's employment terminates for any reason not described above, then any Restricted Shares or any Restricted Share Units (and all deferred dividends paid or credited thereon) still subject to the Restriction Period as of the date of such termination of employment shall automatically be forfeited and returned to the Company. In the event the Participant's employment terminates due to the Participant's involuntary termination of employment by the Company or an Affiliate for other than Cause, the Administrator may waive the automatic forfeiture of any or all such Restricted Shares or Restricted Share Units (and all deferred dividends or other distribution paid or credited thereon) and may add such new restrictions to such Restricted Shares or Restricted Share Units as it deems appropriate. The Company may suspend payment or delivery of Shares (without liability for interest thereon) pending the Administrator's determination of whether the Participant's employment was or should have been terminated for Cause or whether the Participant has engaged in Inimical Conduct.

5. **Withholding.** The Participant agrees to remit to the Company any foreign, U.S. federal, state and/or local taxes (including the Participant's FICA obligation) required by law to be withheld with respect to the issuance of Shares under this Award, the vesting of this Award or the payment of cash under this Award. Unless the Company otherwise determines, the Company will satisfy any withholding obligations in connection with this Award by withholding from cash or Shares otherwise payable or issuable under this Award in the amount needed to satisfy any withholding obligations; provided that, in the case of Shares, the amount withheld may not exceed the Participant's minimum statutory tax withholding obligations associated with the transaction to the extent needed for the Company and its Affiliates to avoid an accounting charge until Accounting Standards Update 2016-09 applies to the Company, after which time the amount withheld may not exceed the total maximum statutory tax rates associated with the transaction. Alternatively, the Company may require the Participant to pay to the Company, in cash, promptly on demand, amounts sufficient to satisfy such tax obligations or make other arrangements satisfactory to the Company regarding the payment to the Company of the aggregate amount of any such tax obligations, or the Company may withhold from cash or other property, payable or issuable to the Participant or from Shares no longer subject to restrictions in the amount needed to satisfy any withholding obligations.

6. **No Claim for Forfeiture.** Neither the Award nor any benefit accruing to the Participant from the Award will be considered to be part of the Participant's normal or expected compensation or salary for any purposes, including, but not limited to, calculating any severance, resignation, termination, redundancy, dismissal, end-of-service payments, bonuses, long-service awards, pension or retirement or welfare benefits or similar payments. In no event may the Award or any benefit accruing to the Participant from the Award be considered as compensation for, or relating in any way to, past services for the Company or any Affiliate. In consideration of the Award, no claim or entitlement to compensation or damages shall arise from forfeiture of the Award resulting from

termination of the Participant's employment by the Company or any Affiliate (for any reason whatsoever and whether or not in breach of local labor laws) and the Participant irrevocably releases the Company and its Affiliates from any such claim that may arise. If, notwithstanding the foregoing, any such claim is found by a court of competent jurisdiction to have arisen, then, by accepting the grant, the Participant shall have been deemed irrevocably to have waived any entitlement to pursue such claim.

7. **Electronic Delivery.** The Company or its Affiliates may, in its or their sole discretion, decide to deliver any documents related to current or future participation in the Plan or related to this Award by electronic means. The Participant hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company. The Participant hereby agrees that all on-line acknowledgements shall have the same force and effect as a written signature.

8. **Securities Compliance.** The Company may place a legend or legends upon the certificates for Shares issued under the Plan and may issue "stop transfer" instructions to its transfer agent in respect of such Shares as it determines to be necessary or appropriate to (a) prevent a violation of, or to obtain an exemption from, the registration requirements of the Securities Act of 1933, as amended, applicable state securities laws or other legal requirements, or (b) implement the provisions of the Plan, this Award or any other agreement between the Company and the Participant with respect to such Shares.

9. **Successors.** All obligations of the Company under this Award shall be binding on any successor to the Company. The terms of this Award and the Plan shall be binding upon and inure to the benefit of the Participant, and his or her heirs, executors, administrators or legal representatives.

10. **Legal Compliance.** The granting of this Award and the issuance of Shares under this Award shall be subject to all applicable laws, rules, and regulations and to such approvals by any governmental agencies or national securities exchanges as may be required.

11. **Governing Law; Arbitration.** This Award and the rights and obligations hereunder shall be governed by and construed in accordance with, except to the extent preempted by other applicable laws (a) with respect to the corporate law requirements applicable to the Company, the validity and authorization of the issuance of Shares under the Plan and similar matters, the internal laws of Ireland (without reference to conflict of law principles thereof) and (b) with respect to all other matters relating to the Plan and Awards, the internal laws of the State of New York (without reference to conflict of law principles thereof). Arbitration will be conducted, to the extent applicable, per the provisions in the Plan.

12. **Data Privacy and Sharing.** As a condition of the granting of the Award, the Participant acknowledges and agrees that it is necessary for some of the Participant's personal identifiable information to be provided to certain employees of the Company, the third party data processor that administers the Plan and the Company's designated third party broker in the United States. These transfers will be made pursuant to a contract that requires the processor to provide adequate levels of protection for data privacy and security interests in accordance with the EU Data Privacy Directive 95/46 EC and the implementing legislation of the Participant's home country. By accepting the Award, the Participant acknowledges having been informed of the processing of the Participant's personal identifiable information described in the preceding paragraph and consents to the Company collecting and transferring to the Company's Total Rewards Department or Shareholder Services Department, and its independent benefit plan administrator and third party broker, the Participant's personal data that are necessary to administer the Award and the Plan. The Participant understands that his or her personal information may be transferred, processed and stored outside

of the Participant's home country in a country that may not have the same data protection laws as his or her home country, for the purposes mentioned in this Award.

This Award, including any Award Notice delivered to the Participant and any other documents expressly referenced in this Award contain all of the provisions applicable to the Award and no other statements, documents or practices may modify, waive or alter such provisions unless expressly set forth in writing, signed by an authorized officer of the Company and delivered to the Participant.

The Company has caused this Award to be executed by one of its authorized officers as of the date of grant.

ADIENT PLC

[Placeholder for signature]

Neil E. Marchuk
Executive Vice President - Human Resources

**ADIENT PLC
PERFORMANCE UNIT AWARD**

Grant - Terms for Performance Units

Participant Name:	
Grant Date:	
Number of Performance Units:	
Performance Period:	
Performance Goals:	
Units Settled in Cash (check box if applies):	<input type="checkbox"/>
Dividend Equivalents Settled in Cash (check box if applies):	<input type="checkbox"/>

Adient plc has adopted the 2016 Omnibus Incentive Plan to permit awards of performance units to be made to certain key employees of the Company or any Affiliate. The Company desires to provide incentives and potential rewards for future performance by the employee by providing the Participant with a means to acquire or to increase his or her proprietary interest in the Company's success.

Definitions. Capitalized terms used in this Award have the following meanings:

- (a) "Award" means this grant of Performance Units.
- (b) "Award Notice" means an Award notification (if any) delivered to the Participant in connection with this Award.
- (c) "Company" means Adient plc or any successor thereto.
- (d) "Inimical Conduct" means any of the following as determined by the Administrator in its sole discretion: (i) any act or omission that is inimical to the best interests of the Company or any Affiliate as determined by the Administrator, (ii) violation of any employment, non-compete, confidentiality or other agreement in effect with the Company or any Affiliate, or the Company's or an Affiliate's code of ethics, as then in effect, (iii) conduct rising to the level of gross negligence or willful misconduct in the course of employment with the Company or an Affiliate, (iv) commission of an act of dishonesty or disloyalty involving the Company or an Affiliate, or taking any action which damages or negatively reflects on the reputation of the Company or an Affiliate, (v) failure to comply with applicable laws relating to trade secrets, confidential information or unfair competition or a violation of any other federal, state or local law in connection with the Participant's employment or service, or (vi) breach of any fiduciary duty to the Company or an Affiliate.
- (e) "Participant" means the individual selected to receive this Award.
- (f) "Performance Unit" or "Unit" means the right to receive a payment, in cash or Shares, equal to the Fair Market Value of one Share, to the extent the Performance Goals specified above, or in any Award Notice or Summary of Terms and Conditions delivered to the Participant, are achieved.
- (g) "Plan" means the Adient plc 2016 Omnibus Incentive Plan, as may be amended from time to time.
- (h) "Share" means an ordinary share of the Company.

Other capitalized terms used in this Award have the meanings given in the Plan.

The parties agree as follows:

1. **Grant of Award.** The Company hereby grants to the Participant an award of Performance Units on the date and with respect to the number of Units specified above or in any Award Notice. The Award is subject to the terms and conditions set forth herein and in the Plan, a copy of which has been delivered to the Participant, and which is made a part of this Award. [In addition, for purposes of qualifying the Award as performance-based compensation under Section 162(m) of the Code, the Award is contingent on shareholder approval of the material terms of the performance goals under the Plan].
2. **Units Earned.** At the end of the performance period indicated above or in any Award Notice, the Participant shall earn the number of Units indicated above or in any Award Notice to the extent the Performance Goals set forth above or in any Award Notice or Summary of Terms and Conditions delivered to the Participant.
3. **Dividend Equivalent Units.** Any cash dividends or other distributions paid or delivered with respect to the Shares for which the record date occurs on or before the settlement of the Performance Units under Section 4 below will result in a credit to a bookkeeping account for the benefit of the Participant. The credit will be equal to the dividends or other distributions that would have been paid with respect to the Shares subject to the Performance Units had such Shares been outstanding. The account will be converted into and settled in additional Shares issued under the Plan at the same time as the Performance Units are settled under Section 4 below unless it is indicated above or in any Award Notice that the account will be paid to the Participant in cash at such time. Such account will be subject to the same terms and conditions (including Performance Goals and risk of forfeiture) as the Performance Units to which the dividends or other distributions relate.
4. **Settlement of Units.** Subject to any applicable deferral election under the Adient US LLC Executive Deferred Compensation Plan (or any successor plan) and to Section 7 below, the Units that have been earned at the end of the performance period shall be settled by payment of one Share per whole Unit unless it is indicated above or in any Award Notice that the Units will be settled through payment of cash, in which case the Units that have been earned will be settled through payment of cash equal to the Fair Market Value of one Share per whole Unit, in each case within 90 days following the end of the performance period and upon payment in full of all taxes due with respect to such Units. Notwithstanding the foregoing, if this Award provides that the Units will be settled in cash, but the Company has satisfied all registration, qualification or other legal requirements necessary to permit the settlement of the Units in Shares in the Participant's jurisdiction without adverse legal, tax, financial or accounting consequences to the Company or its Affiliates, then the Units will instead be settled in Shares and the Participant will have no right to receive cash.
5. **Alienation of Award.** The Participant (or beneficiary) shall not have any right to assign, transfer, sell, pledge or otherwise encumber this Award.
6. **No Voting Rights.** The Participant shall not have any voting rights with respect to the number of Shares underlying the Units until such Shares have been earned and issued.
7. **Termination of Employment – Risk of Forfeiture.**
 - a. **Retirement, Death or Disability.** If, prior to the settlement of the Units, the Participant's employment with the Company and its Affiliates terminates due to Retirement on or after the last day of the calendar year following the calendar year in which the Award of Units is made, or due to death or Disability, in each case at a time when the Participant's employment could

not have been terminated for Cause, then the Participant shall be eligible to earn a number of Units at the end of the performance period based on actual performance but prorated based on the number of days of employment during the performance period.

Notwithstanding the foregoing, if the Participant engages in Inimical Conduct, as determined by the Administrator, the Participant's right to receive any Units shall automatically be forfeited as of the date of the Administrator's determination.

- b. Other Termination. If the Participant's employment terminates for any reason not described above prior to the settlement of the Units, then this Award shall automatically be forfeited in its entirety immediately upon such termination of employment. The Company may suspend payment or delivery of Shares (without liability for interest thereon) pending the Committee's determination of whether the Participant's employment was or should have been terminated for Cause or whether the Participant has engaged in Inimical Conduct.

8. **Withholding.** The Participant agrees to remit to the Company any foreign, U.S. federal, state and/or local taxes (including the Participant's FICA obligation) required by law to be withheld with respect to the Units or the issuance of Shares under this Award. Unless the Company otherwise determines, the Company will satisfy any withholding obligations in connection with this Award by withholding from cash or Shares otherwise payable or issuable under this Award in the amount needed to satisfy any withholding obligations; provided that, in the case of Shares, the amount withheld may not exceed the Participant's minimum statutory tax withholding obligations associated with the transaction to the extent needed for the Company and its Affiliates to avoid an accounting charge until Accounting Standards Update 2016-09 applies to the Company, after which time the amount withheld may not exceed the total maximum statutory tax rates associated with the transaction. Alternatively, the Company may require the Participant to pay to the Company, in cash, promptly on demand, amounts sufficient to satisfy such tax obligations or make other arrangements satisfactory to the Company regarding the payment to the Company of the aggregate amount of any such tax obligations, or the Company may withhold from cash or other property payable or issuable to the Participant or from Shares no longer subject to restrictions in the amount needed to satisfy any withholding obligations.

9. **No Claim for Forfeiture.** Neither the Award nor any benefit accruing to the Participant from the Award will be considered to be part of the Participant's normal or expected compensation or salary for any purposes, including, but not limited to, calculating any severance, resignation, termination, redundancy, dismissal, end-of-service payments, bonuses, long-service awards, pension or retirement or welfare benefits or similar payments. Notwithstanding anything to the contrary in this Award, in no event may the Award or any benefit accruing to the Participant from the Award be considered as compensation for, or relating in any way to, past services for the Company or any Affiliate, nor shall the Participant have at any time a legally binding right to compensation under this Award unless and until the Committee approves, in its discretion, the number of Units earned at the completion of the performance period. In consideration of the Award, no claim or entitlement to compensation or damages shall arise from forfeiture of the Award resulting from termination of the Participant's employment by the Company or any Affiliate (for any reason whatsoever and whether or not in breach of local labor laws) and the Participant irrevocably releases the Company and its Affiliates from any such claim that may arise. If, notwithstanding the foregoing, any such claim is found by a court of competent jurisdiction to have arisen, then, by accepting the grant, the Participant shall have been deemed irrevocably to have waived any entitlement to pursue such claim.

10. **Electronic Delivery.** The Company or its Affiliates may, in its or their sole discretion, decide to deliver any documents related to current or future participation in the Plan or related to this Award by electronic means. The Participant hereby consents to receive such documents by electronic delivery

and agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company. The Participant hereby agrees that all on-line acknowledgements shall have the same force and effect as a written signature.

11. Securities Compliance. The Company may place a legend or legends upon the certificates for Shares issued under the Plan and may issue "stop transfer" instructions to its transfer agent in respect of such Shares as it determines to be necessary or appropriate to (a) prevent a violation of, or to obtain an exemption from, the registration requirements of the Securities Act of 1933, as amended, applicable state securities laws or other legal requirements, or (b) implement the provisions of the Plan, this Award or any other agreement between the Company and the Participant with respect to such Shares.

12. Successors. All obligations of the Company under this Award shall be binding on any successor to the Company. The terms of this Award and the Plan shall be binding upon and inure to the benefit of the Participant and his or her heirs, executors, administrators or legal representatives.

13. Legal Compliance. The granting of this Award and the issuance of Shares under this Award shall be subject to all applicable laws, rules, and regulations and to such approvals by any governmental agencies or national securities exchanges as may be required.

14. Governing Law; Arbitration. This Award and the rights and obligations hereunder shall be governed by and construed in accordance with, except to the extent preempted by other applicable laws (a) with respect to the corporate law requirements applicable to the Company, the validity and authorization of the issuance of Shares under the Plan and similar matters, the internal laws of Ireland (without reference to conflict of law principles thereof) and (b) with respect to all other matters relating to the Plan and Awards, the internal laws of the State of New York (without reference to conflict of law principles thereof). Arbitration will be conducted, to the extent applicable, per the provisions in the Plan.

15. Data Privacy and Sharing. As a condition of the granting of the Award, the Participant acknowledges and agrees that it is necessary for some of the Participant's personal identifiable information to be provided to certain employees of the Company, the third party data processor that administers the Plan and the Company's designated third party broker in the United States. These transfers will be made pursuant to a contract that requires the processor to provide adequate levels of protection for data privacy and security interests in accordance with the EU Data Privacy Directive 95/46 EC and the implementing legislation of the Participant's home country. By accepting the Award, the Participant acknowledges having been informed of the processing of the Participant's personal identifiable information described in the preceding paragraph and consents to the Company collecting and transferring to the Company's Total Rewards Department or Shareholder Services Department, and its independent benefit plan administrator and third party broker, the Participant's personal data that are necessary to administer the Award and the Plan. The Participant understands that his or her personal information may be transferred, processed and stored outside of the Participant's home country in a country that may not have the same data protection laws as his or her home country, for the purposes mentioned in this Award.

This Award, including the Summary of Terms and Conditions and any Award Notice delivered to the Participant, and any other documents expressly referenced in this Award contain all of the provisions applicable to the Award and no other statements, documents or practices may modify, waive or alter such provisions unless expressly set forth in writing, signed by an authorized officer of the Company and delivered to the Participant.

The Company has caused this Award to be executed by one of its authorized officers as of the date of grant.

ADIENT PLC

[Placeholder for signature]

Neil E. Marchuk
Executive Vice President - Human Resources

**ADIENT US LLC
RETIREMENT RESTORATION PLAN**

As Amended and Restated Effective November 7, 2016

**ARTICLE 1.
PURPOSE AND DURATION**

Section 1.1. Purpose. The purpose of this Retirement Restoration Plan is to (a) provide retirement benefits to certain participants in the Company's savings plans, including those whose benefits under said plans are limited by reason of Code Section 401(a)(17), and/or by reason of the election of such employees to defer income or reduce compensation pursuant to this Plan or to defer annual incentive payments pursuant to the Adient US LLC Executive Deferred Compensation Plan, and (b) govern the treatment of certain liabilities transferred from the Johnson Controls Retirement Restoration Plan to this Plan with respect to those Company employees who had account balances or deferral elections in effect under such plan immediately prior to the Effective Date.

This Plan is completely separate from the tax-qualified plans maintained by the Company and is not funded or qualified for special tax treatment under the Code. The Plan is intended to be an unfunded plan covering a select group of management and highly compensated employees for purposes of ERISA.

Section 1.2. Duration of the Plan. The Plan is effective on the Effective Date. The Plan shall remain in effect until terminated pursuant to Article 8.

**ARTICLE 2.
DEFINITIONS AND CONSTRUCTION**

Section 2.1. Definitions. Wherever used in the Plan, the following terms shall have the meanings set forth below and, where the meaning is intended, the initial letter of the word is capitalized:

(a) "Account" means the record keeping account or accounts maintained to record the interest of each Participant under the Plan. An Account is established for record keeping purposes only and not to reflect the physical segregation of assets on the Participant's behalf, and may consist of such subaccounts or balances as the Administrator may determine to be necessary or appropriate. Effective on the Effective Date, each Participant shall have a beginning Account balance equal to the balance credited to a Participant under the Prior Plan as of immediately prior to the Effective Date.

(b) "Administrator" means the Employee Benefits Policy Committee of Adient plc.

(c) "Affiliate" means each entity that is required to be included in the Company's controlled group of corporations within the meaning of Code Section 414(b), or that is under common control with the Company within the meaning of Code Section 414(c);

provided that for purposes of determining when a Participant has incurred a Separation from Service, the phrase “at least 50 percent” shall be used in place of “at least 80 percent” in each place that phrase appears in the regulations issued thereunder.

(d) “Allocation Period” means such period of time (for example, the calendar year or a payroll period) for which an allocation of employer contributions is made under the Savings Plan.

(e) “Annual Incentive Plan” means the Adient plc Annual Incentive Performance Plan as from time to time amended and in effect and any successor to such plan maintained by the Company. In addition, with respect to calendar year 2016, the term “Annual Incentive Plan” shall include the Johnson Controls International plc Annual Incentive Plan for those Participants who were covered under the Prior Plan immediately prior to the Spin Date.

(f) “Beneficiary” means the person(s) or entity(ies) entitled to receive the vested balance of the Participant’s Account following the Participant’s death, as determined pursuant to Section 6.2 hereof.

(g) “Board” means the Board of Directors of Adient plc.

(h) “Code” means the Internal Revenue Code of 1986, as interpreted by regulations and rulings issued pursuant thereto, all as amended and in effect from time to time. Any reference to a specific provision of the Code shall be deemed to include reference to any successor provision thereto.

(i) “Committee” means the Compensation Committee of the Board.

(j) “Company” means Adient US LLC and its successors as provided in Article 13.

(k) “Effective Date” means October 31, 2016.

(l) “ERISA” means the Employee Retirement Income Security Act of 1974, as interpreted by regulations and rulings issued pursuant thereto, all as amended and in effect from time to time. Any reference to a specific provision of ERISA shall be deemed to include reference to any successor provision thereto.

(m) “Exchange Act” means the Securities Exchange Act of 1934, as interpreted by regulations and rules issued pursuant thereto, all as amended and in effect from time to time. Any reference to a specific provision of the Exchange Act shall be deemed to include reference to any successor provision thereto.

(n) “Fair Market Value” means with respect to a Share, except as otherwise provided herein, the closing sales price on the New York Stock Exchange (or such other national securities exchange that is the primary exchange on which the Shares are listed) as of 4:00 p.m. EST on the date in question (or the immediately preceding trading day if the date in question is not a trading day), and with respect to any other property, such value as is determined by the Administrator.

(o) "Investment Options" means the Share Unit Account and any other options made available by the Administrator, which shall be used for the purpose of measuring hypothetical investment experience attributable to a Participant's Account.

(p) "Participant" means an employee of the Company or an Affiliate who is eligible to participate in the Savings Plan and has been selected by the Committee to participate in the Plan. At the time of selecting an employee for participation herein, the Committee shall specify whether such individual is to participate in Appendix A or Appendix B. "Participant" shall also mean an employee who participated in the Prior Plan as of immediately prior to the Effective Date and who is employed by the Company or one of its Affiliates on the Effective Date. The Committee shall limit the foregoing group of eligible employees to a select group of management and highly compensated employees, as determined by the Committee in accordance with ERISA. Where the context so requires, a Participant also means a former employee entitled to receive a benefit hereunder.

(q) "Prior Plan" means the Johnson Controls International plc Retirement Restoration Plan, as in effect immediately prior to the Effective Date.

(r) "Savings Plan" means the Adient US LLC Savings and Investment (401k) Plan, a defined contribution plan, and any successor to such plan maintained by the Company.

(s) "Separation from Service" means a Participant's cessation of service for the Company and all Affiliates within the meaning of Code Section 409A, including the following rules:

- (1) If a Participant takes a leave of absence from the Company or an Affiliate for purposes of military leave, sick leave or other bona fide leave of absence, the Participant's employment will be deemed to continue for the first six (6) months of the leave of absence, or if longer, for so long as the Participant's right to reemployment is provided by either by statute or by contract; *provided* that if the leave of absence is due to the Participant's medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of six (6) months or more, and such impairment causes the Participant to be unable to perform the duties of his or her position with the Company or an Affiliate or a substantially similar position of employment, then the leave period may be extended for up to a total of twenty-nine (29) months. If the period of the leave exceeds the time periods set forth above and the Participant's right to reemployment is not provided by either statute or contract, the Participant will be considered to have incurred a Separation from Service on the first day following the end of the time periods set forth above.
- (2) A Participant will be presumed to have incurred a Separation from Service when the level of bona fide services performed by the Participant for the Company and its Affiliates permanently decreases to a level that equal to twenty percent (20%) or less of the average level of services performed by

the Participant for the Company and its Affiliates during the immediately preceding thirty-six (36) month period (or such lesser period of service).

- (3) The Participant will be presumed not to have incurred a Separation from Service while the Participant continues to provide bona fide services to the Company or an Affiliate in any capacity (whether as an employee or independent contractor) at a level that at least fifty percent (50%) of the average level of services performed by the Participant for the Company and its Affiliates during the immediately preceding 36 month period (or such lesser period of service).

(t) "Share" means an ordinary share of Adient plc, and where the context so requires, an ordinary share of Johnson Controls International plc.

(u) "Share Unit Account" means the portion of the Participant's Account that is deemed invested in Shares.

(v) "Share Units" means the hypothetical Shares that are credited to the Share Unit Accounts in accordance with Section 3.3.

(w) "Spouse" means the person to whom a Participant is lawfully married as recognized under U.S. federal law.

(x) "Valuation Date" means each day when the United States financial markets are open for business, as of which the Administrator will determine the value of each Account and will make allocations to Accounts.

Section 2.2. Construction. Wherever any words are used in the masculine, they shall be construed as though they were used in the feminine in all cases where they would so apply; and wherever any words are used in the singular or the plural, they shall be construed as though they were used in the plural or the singular, as the case may be, in all cases where they would so apply. Titles of articles and sections are for general information only, and the Plan is not to be construed by reference to such items.

Section 2.3. Severability. In the event any provision of the Plan is held illegal or invalid for any reason, the illegality or invalidity shall not affect the remaining parts of the Plan, and the Plan shall be construed and enforced as if the illegal or invalid provision had not been included.

ARTICLE 3. **ADMINISTRATION**

Section 3.1. General. The Committee shall have overall discretionary authority with respect to administration of the Plan, *provided* that the Administrator shall have discretionary authority and responsibility for the general operation and daily administration of the Plan and to decide claims and appeals as specified herein. If at any time the Committee shall not be in existence, then the administrative functions of the Committee shall be assumed by the

Board (with the assistance of the Administrator), and any references herein to the Committee shall be deemed to include references to the Board.

Section 3.2. Authority and Responsibility. In addition to the authority specifically provided herein, the Committee and the Administrator shall have the discretionary authority to take any action or make any determination deemed necessary for the proper administration of the Plan with regard to the respective duties of each, including but not limited to the power and authority to: (a) prescribe rules and regulations for the administration of the Plan; (b) prescribe forms (including electronic forms) for use with respect to the Plan; (c) interpret and apply all of the Plan's provisions, reconcile inconsistencies or supply omissions in the Plan's terms; (d) make appropriate determinations, including factual determinations, and calculations; and (e) prepare all reports required by law. Any action taken by the Committee shall be controlling over any contrary action of the Administrator. The Committee and the Administrator may delegate their ministerial duties to third parties and to the extent of such delegation, references to the Committee or Administrator hereunder shall mean such delegates, if any.

Section 3.3. Decisions Binding. The Committee's and the Administrator's determinations shall be final and binding on all parties with an interest hereunder, unless determined by a court to be arbitrary and capricious.

Section 3.4. Procedures for Administration. The Committee's determinations must be made by not less than a majority of its members present at the meeting (in person or otherwise) at which a quorum is present, or by written majority consent, which sets forth the action, is signed by the members of the Committee and filed with the minutes for proceedings of the Committee. A majority of the entire Committee shall constitute a quorum for the transaction of business. Service on the Committee shall constitute service as a director of the Company so that the Committee members shall be entitled to indemnification, limitation of liability and reimbursement of expenses with respect to their Committee services to the same extent that they are entitled under the Company's limited liability company agreement (or equivalent governing documents), and the laws of the State of Michigan and any other applicable laws for their services as directors of the Company. The Administrator's determinations shall be made in accordance with procedures it establishes.

Section 3.5. Restrictions to Comply with Applicable Law. All transactions under the Plan are intended to comply with all applicable conditions of Rule 16b-3 under the Exchange Act. The Committee and the Administrator shall administer the Plan so that transactions under the Plan will be exempt from or comply with Section 16 of the Exchange Act, and shall have the right to restrict or rescind any transaction, or impose other rules and requirements, to the extent it deems necessary or desirable for such exemption or compliance to be met.

Section 3.6. Administrative Expenses. Costs of establishing and administering the Plan will be paid by the Company and its participating Affiliates.

Section 3.7. Accelerated Vesting. Notwithstanding anything to the contrary herein, if a Participant's employment with the Company or any of its Affiliates terminates (including as a result of the Participant's employer ceasing to be an Affiliate) in connection with

a sale transaction affecting such employer, then the Participant shall become fully vested in his or her benefits hereunder, unless otherwise determined by the Committee (with respect to Participants who are officers of Adient plc) or by an executive officer of the Company (with respect to Participants who are not officers of Adient plc) prior to the date of such termination of employment. In addition, the Committee (with respect to Participants who are officers of Adient plc) and an executive officer of the Company (with respect to Participants who are not officers of Adient plc) shall have the discretion to vest any Participant in his or her benefits hereunder, in whole or in part, upon the Participant's termination of employment from the Company and its Affiliates in any other circumstances.

ARTICLE 4.
SAVINGS PLAN SUPPLEMENT AND HYPOTHETICAL INVESTMENT OPTIONS

Section 4.1. Eligibility for and Amount of Benefits. Participants shall be eligible for benefits in accordance with the terms of the applicable Appendix.

Section 4.2. Investment Election. Amounts credited to a Participant's Account shall reflect the investment experience of the Investment Options selected by the Participant. The Participant may make an initial investment election at the time of enrollment in the Plan.

The investment elections in effect for a Participant under the Prior Plan, if any, as of immediately prior to the Effective Date, shall apply to the Participant's Account hereunder on the Effective Date, without action by the Participant; *provided* that (a) a Participant's investment election with respect to an Investment Option that is not offered under the Savings Plan on the Effective Date shall be automatically changed to the default fund specified for the Savings Plan, and (b) a Participant's election with respect to Share Units will be automatically cancelled on the Effective Date, and such investment election shall be automatically changed to the default fund specified for the Savings Plan. A Participant must affirmatively elect, after the Effective Date, to allocate contributions into, or re-allocate his or her Account into, Share Units as they exist thereafter.

A Participant may also elect to reallocate the balance in his or her Account, and may elect to allocate any future deferrals, among the various Investment Options from time to time. Such investment elections shall remain in effect until changed by the Participant. All investment elections shall become effective as soon as practicable after receipt of such election, and must be made in the form and manner and within such time periods as the Administrator may prescribe in order to be effective. In the absence of an effective election, the Participant's Account shall be deemed invested in the default fund specified for the Savings Plan. Deferrals will be deemed invested in an Investment Option as of the date on which the deferrals are allocated under the Plan as described in the Appendices.

On each Valuation Date, the Administrator or its delegate shall credit the deemed investment experience with respect to the selected Investment Options to each Participant's Account.

Notwithstanding anything herein to the contrary, the Company retains the right to allocate actual amounts hereunder without regard to a Participant's request.

Section 4.3. Valuation of Share Unit Account. When any amounts are to be allocated to a Share Unit Account (whether in the form of deferrals or amounts that are deemed transferred from another Investment Option), such amount shall be converted to whole and fractional Share Units, by dividing the amount to be allocated by the Fair Market Value of a Share on the effective date of such allocation. If any dividends or other distributions are paid on Shares while a Participant has Share Units credited to his or her Account, such Participant shall be credited with a dividend award equal to the amount of the cash dividend paid or Fair Market Value of other property distributed on one Share, multiplied by the number of Share Units credited to his or her Share Unit Account on the date the dividend is declared. The dividend award shall be converted into additional Share Units as provided above using the Fair Market Value of a Share on the date the dividend is paid or distributed. Any other provision of this Plan to the contrary notwithstanding, if a dividend is declared on Shares in the form of a right or rights to purchase shares of capital stock of the Company or any entity acquiring the Company, no additional Share Units shall be credited to the Participant's Share Unit Account with respect to such dividend, but each Share Unit credited to a Participant's Share Unit Account at the time such dividend is paid, and each Share Unit thereafter credited to the Participant's Share Unit Account at a time when such rights are attached to Shares, shall thereafter be valued as of any point in time on the basis of the aggregate of the then Fair Market Value of one Share plus the then Fair Market Value of such right or rights then attached to one Share.

With respect to Share Units credited as part of the opening balance of a Participant's Account hereunder on the Effective Date, such Share Units shall be credited as a combination of Johnson Controls International plc ordinary shares and Adient plc ordinary shares, in accordance with the Employee Matters Agreement by and between Johnson Controls, Inc. and Adient plc. Thereafter, the Share Units relating to Johnson Controls International plc ordinary shares shall be allocated to a separate subaccount, which shall be subject to the terms and conditions of this Plan (including the right to receive additional Share Units with respect to Johnson Controls International plc ordinary shares whenever a dividend is declared on Johnson Controls International plc ordinary shares), except that a Participant may only elect to re-allocate out of the subaccount relating to Johnson Controls International plc ordinary shares.

In the event of any merger, share exchange, reorganization, consolidation, recapitalization, stock dividend, stock split or other change in corporate structure of Adient plc (or, if applicable, Johnson Controls International plc) affecting Shares, the Committee may make appropriate equitable adjustments with respect to the Share Units credited to the Share Unit Account of each Participant, including without limitation, adjusting the date as of which such units are valued and/or distributed, as the Committee determines is necessary or desirable to prevent the dilution or enlargement of the benefits intended to be provided under the Plan.

Section 4.4. Securities Law Restrictions. Notwithstanding anything to the contrary herein, all elections under this Article by a Participant who is subject to Section 16 of the Exchange Act are subject to review by the Administrator prior to implementation. The Administrator may restrict additional transactions, rescind transactions, or impose other rules and procedures, to the extent deemed desirable by the Administrator in order to comply with the Exchange Act, including, without limitation, application of the review and approval provisions of this Section 4.4 to Participants who are not subject to Section 16 of the Exchange Act.

Section 4.5. No Shareholder Rights With Respect to Share Units. Participants shall have no rights as a stockholder pertaining to Share Units credited to their Accounts.

Section 4.6. Accounts are For Record Keeping Purposes Only. The Accounts and the record keeping procedures described herein serve solely as a device for determining the amount of benefits accumulated by a Participant under the Plan, and shall not constitute or imply an obligation on the part of the Company or any Affiliate to fund such benefits.

Section 4.7. Payment of Benefits. Upon a Participant's Separation from Service for any reason, the Participant shall be entitled to payment of the vested balance of the Participant's Account in cash in the manner specified in the applicable Appendix.

Section 4.8. Death Benefit.

(a) In the event of the Participant's death prior to receiving all payments due under this Article 4, the vested balance of the Participant's Account shall be paid to the Participant's Beneficiary in a cash lump sum in the first calendar quarter of the year or the third calendar quarter of the year, whichever first occurs after the Participant's death. Notwithstanding the foregoing, if the Administrator cannot make payment at such time because the Administrator has not received all information needed to authorize such payment (such as a copy of the Participant's death certificate), then the Administrator shall make payment to the Beneficiary as soon as practicable after it has received all information necessary to make such payment, *provided* that payment in all events must be made by December 31 of the year following the year of the Participant's death in order to avoid additional taxes under Code Section 409A.

(b) Each Participant may designate a Beneficiary in such form and manner and within such time periods as the Administrator may prescribe. Notwithstanding the foregoing, the beneficiary designation in effect under the Prior Plan on the date prior to the Effective Date shall automatically apply for purposes of this Plan on the Effective Date. A Participant can change his or her beneficiary designation at any time, *provided* that each beneficiary designation shall revoke the most recent designation, and the last designation received by the Administrator (or its delegate) while the Participant was alive shall be given effect. If a Participant designates a Beneficiary without providing in the designation that the beneficiary must be living at the time of each distribution, the designation shall vest in the Beneficiary all of the distribution whether payable before or after the Beneficiary's death, and any distributions remaining upon the Beneficiary's death shall be made to the Beneficiary's estate. In the event there is no valid beneficiary designation in effect at the time of the Participant's death, or in the event the Participant's designated Beneficiary does not survive the Participant, or in the event that the beneficiary designation provides that the Beneficiary must be living at the time of each distribution and such designated Beneficiary does not survive to a distribution date, the Participant's estate will be deemed the Beneficiary and will be entitled to receive payment. If a Participant designates his or her Spouse as a Beneficiary, such beneficiary designation automatically shall become null and void on the date of the Participant's divorce or legal separation from such Spouse, *provided* the Administrator has notice of such divorce or legal separation prior to payment.

ARTICLE 5.
ADDITIONAL PAYMENT PROVISIONS

Section 5.1. Acceleration of Payment. Notwithstanding the foregoing,

(a) If an amount deferred under this Plan is required to be included in income under Code Section 409A prior to the date such amount is actually distributed, a Participant shall receive a distribution, in a lump sum within ninety (90) days after the date the Plan fails to meet the requirements of Code Section 409A, of the amount required to be included in the Participant's income as a result of such failure.

(b) If an amount under the Plan is required to be immediately distributed in a lump sum under a domestic relations order within the meaning of Code Section 414(p)(1)(B), it may be distributed according to the terms of such order, *provided* the Participant holds the Committee and the Administrator harmless with respect to such distribution. The Plan shall not distribute amounts required to be distributed under a domestic relations order other than in the limited circumstance specifically stated herein.

Section 5.2. Delay in Payment. Notwithstanding the foregoing,

(a) If a distribution required under the terms of this Plan would jeopardize the ability of the Company or of an Affiliate to continue as a going concern, the Company or the Affiliate shall not be required to make such distribution. Rather, the distribution shall be delayed until the first date that making the distribution does not jeopardize the ability of the Company or of an Affiliate to continue as a going concern. Any distribution delayed under this provision shall be treated as made on the date specified under the terms of this Plan.

(b) If a distribution will violate the terms of Section 16(b) of the Exchange Act or other U.S. federal securities laws, or any other applicable law, then the distribution shall be delayed until the earliest date on which making the distribution will not violate such law.

ARTICLE 6.
NON-ALIENATION OF PAYMENTS

Except as specifically provided herein, benefits payable under the Plan shall not be subject in any manner to alienation, sale, transfer, assignment, pledge, attachment, garnishment or encumbrance of any kind. Any attempt to alienate, sell, transfer, assign, pledge or otherwise encumber any such benefit payment, whether currently or thereafter payable, shall not be recognized by the Administrator or the Company. Any benefit payment due hereunder shall not in any manner be liable for or subject to the debts or liabilities of any Participant or other person entitled thereto. If any such person shall attempt to alienate, sell, transfer, assign, pledge or encumber any benefit payments to be made to that person under the Plan or any part thereof, or if by reason of such person's bankruptcy or other event happening at any time, such payments would devolve upon anyone else or would not be enjoyed by such person, then the Administrator, in its discretion, may terminate such person's interest in any such benefit payment, and hold or apply it to or for the benefit of that person, the spouse, children or other dependents thereof, or any of them, in such manner as the Administrator deems proper.

ARTICLE 7.
LIMITATION OF RIGHTS

Section 7.1. No Right to Employment. Participation in this Plan, or any modifications thereof, or the payments of any benefits hereunder, shall not be construed as giving to any person any right to be retained in the service of the Company or any Affiliate, limiting in any way the right of the Company or any Affiliate to terminate such person's employment at any time, evidencing any agreement or understanding that the Company or any Affiliate will employ such person in any particular position or at any particular rate of compensation or guaranteeing such person any right to receive any other form or amount of remuneration from the Company or any Affiliate.

Section 7.2. No Right to Benefits.

(a) Unsecured Claim. The right of a Participant, his or her Spouse or his or her Beneficiary to receive a distribution hereunder shall be an unsecured claim, and neither the Participant, his or her Spouse nor any Beneficiary shall have any rights in or against any amount credited to his or her Account or any other specific assets of the Company or an Affiliate. The right of a Participant or beneficiary to the payment of benefits under this Plan shall not be assigned, encumbered, or transferred, except as permitted under Section 4.8. The rights of a Participant hereunder are exercisable during the Participant's lifetime only by him or her or his or her guardian or legal representative.

(b) Contractual Obligation. The Company or an Affiliate may authorize the creation of a trust or other arrangements to assist it in meeting the obligations created under the Plan, subject to the restrictions on such funding such trust or arrangement imposed by Code Section 409A(b)(2) or (3). However, any liability to any person with respect to the Plan shall be based solely upon any contractual obligations that may be created pursuant to the Plan. No obligation of the Company or an Affiliate shall be deemed to be secured by any pledge of, or other encumbrance on, any property of the Company or any Affiliate. Nothing contained in this Plan and no action taken pursuant to its terms shall create or be construed to create a trust of any kind, or a fiduciary relationship between the Company or an Affiliate and any Participant, Spouse or Beneficiary, or any other person.

ARTICLE 8.
AMENDMENT OR TERMINATION

Section 8.1. Amendment. The Committee may at any time amend the Plan, including but not limited to modifying the terms and conditions applicable to (or otherwise eliminating) deferrals to be made on or after the amendment date to the extent not prohibited by Code Section 409A; *provided, however*, that no amendment may reduce or eliminate any vested Account balance accrued under Article 4 to the date of such amendment (except as such Account balance may be reduced as a result of investment losses allocable to such account) without a Participant's consent except as otherwise specifically provided herein; and *provided further* that the Board must approve any amendment that is required to be approved by the Board by any applicable law or the listing requirements of the national securities exchange upon which the ordinary shares of Adient plc are then traded. In addition, the Administrator may at any time

amend the Plan to make administrative or ministerial changes or changes necessary to comply with applicable law.

Section 8.2. Termination. The Committee may terminate the Plan in accordance with the following provisions. Upon termination of the Plan, any deferral elections then in effect shall be cancelled to the extent permitted by Code Section 409A. Upon termination of the Plan, the Committee may authorize the payment of all vested Account balances under the Plan in a single lump sum payment without regard to any distribution election then in effect, only in the following circumstances:

- (1) The Plan is terminated within twelve (12) months of a corporate dissolution taxed under Code Section 331, or with the approval of a bankruptcy court pursuant to 11 U.S.C. Section 503(b)(1)(A). In such event, the single lump sum payment must be distributed by the latest of: (A) the last day of the calendar year in which the Plan termination occurs, (B) the first calendar year in which the amount is no longer subject to a substantial risk of forfeiture, or (C) the first calendar year in which payment is administratively practicable.
- (2) The Plan is terminated at any other time, *provided* that such termination does not occur proximate to a downturn in the financial health of the Company or an Affiliate, and all other plans required to be aggregated with this Plan under Code Section 409A are also terminated and liquidated. In such event, the single sum payment shall be paid no earlier than twelve (12) months (and no later than twenty-four (24) months) after the date of the Plan's termination. Notwithstanding the foregoing, any payment that would otherwise be paid during the twelve (12)-month period beginning on the Plan termination date pursuant to the terms of the Plan shall be paid in accordance with such terms. In addition, the Company or any Affiliate shall be prohibited from adopting a similar arrangement within three (3) years following the date of the Plan's termination.

Section 8.3. Modification of Savings Plan. Nothing herein shall be construed in any way to limit the right of the Company to amend or modify the Savings Plan.

ARTICLE 9.
SPECIAL RULES APPLICABLE IN THE EVENT OF A
CHANGE OF CONTROL

Section 9.1. Acceleration of Payments. Notwithstanding any other provision of this Plan, each Participant (or any Spouse or Beneficiary thereof entitled to receive payments hereunder), including Participants (or Spouses or Beneficiaries) receiving installment payments under the Plan, shall receive a lump sum payment in cash of all amounts accumulated in such Participant's Account within ninety (90) days following a Change of Control.

In determining the amount accumulated in a Participant's Share Unit Account related to Shares of Adient plc, each Share Unit shall have a value equal to the higher of (a) the highest reported sales price, regular way, of such a Share on the Composite Tape for New York Stock Exchange Listed Stocks (or such other national securities exchange that is the primary exchange on which the Shares are listed) during the sixty-day period prior to the date of the Change of Control and (b) if the Change of Control is the result of a transaction or series of transactions described in Section 9.2(a), the highest price per Share paid in such transaction or series of transactions.

Section 9.2. Definition of a Change of Control. A Change of Control means any of the following events, *provided* that each such event would constitute a change of control within the meaning of Code Section 409A:

(a) The acquisition by any Person (as defined below) of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of thirty-five percent (35%) or more of either (1) the then-outstanding Shares of Adient plc (the "Outstanding Adient Ordinary Shares") or (2) the combined voting power of the then-outstanding voting securities of Adient plc entitled to vote generally in the election of directors (the "Outstanding Adient Voting Securities"); *provided, however*, that the following acquisitions shall not constitute a Change of Control: (A) any acquisition directly from Adient plc, (B) any acquisition by Adient plc, (C) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by Adient plc or any Affiliate or (D) any acquisition by any corporation pursuant to a transaction that complies with subsections (c)(1)-(3);

(b) Any time at which individuals who, as of the Effective Date, constitute the Board (the "Incumbent Board") cease for any reason to constitute at least a majority of the Board; *provided, however*, that any individual becoming a director subsequent to the date hereof whose election, or nomination for election by Adient plc's shareholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board shall be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board;

(c) Consummation of a reorganization, merger, statutory share exchange or consolidation or similar corporate transaction, whether by way of scheme of arrangement or otherwise, involving Adient plc or any of its subsidiaries, a sale or other disposition of all or substantially all of the assets of Adient plc, or the acquisition of assets or shares of another entity by Adient plc or any of its subsidiaries (each, a "Business Combination"), in each case unless, following such Business Combination, (1) all or substantially all of the individuals and entities that were the beneficial owners of the Outstanding Adient Ordinary Shares and the Outstanding Adient Voting Securities immediately prior to such Business Combination beneficially own, directly or indirectly, more than fifty percent (50%) of the then-outstanding common or ordinary shares and the combined voting power of the then outstanding voting securities entitled to vote generally in the election of

directors, as the case may be, of the corporation resulting from such Business Combination (including, without limitation, a corporation that, as a result of such transaction, owns Adient plc or all or substantially all of Adient plc's assets either directly or through one or more subsidiaries) in substantially the same proportions as their ownership immediately prior to such Business Combination of the Outstanding Adient Ordinary Shares and the Outstanding Adient Voting Securities, as the case may be, (2) no Person (excluding any corporation resulting from such Business Combination or any employee benefit plan (or related trust) of Adient plc or an Affiliate or such corporation resulting from such Business Combination) beneficially owns, directly or indirectly, thirty-five percent (35%) or more of, respectively, the then-outstanding shares of common or ordinary shares of the corporation resulting from such Business Combination or the combined voting power of the then-outstanding voting securities of such corporation, except to the extent that such ownership existed prior to the Business Combination, and (3) at least a majority of the members of the board of directors of the corporation resulting from such Business Combination were members of the Incumbent Board at the time of the execution of the initial agreement or of the action of the Board providing for such Business Combination; or

(d) Approval by the shareholders of Adient plc of a complete liquidation or dissolution of Adient plc.

For purposes hereof, the term "Person" means any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Exchange Act).

Section 9.3. Maximum Payment Limitations.

(a) Limit on Payments. Except as provided in subsection (b) below, if any portion of the payments or benefits described in this Plan or under any other agreement with or plan of the Company or an Affiliate (in the aggregate, "Total Payments"), would constitute an "excess parachute payment", then the Total Payments to be made to the Participant shall be reduced such that the value of the aggregate Total Payments that the Participant is entitled to receive shall be one dollar (\$1) less than the maximum amount which the Participant may receive without becoming subject to the tax imposed by Section 4999 of the Code or which the Company may pay without loss of deduction under Section 280G(a) of the Code. The terms "excess parachute payment" and "parachute payment" shall have the meanings assigned to them in Section 280G of the Code, and such "parachute payments" shall be valued as provided therein. Present value shall be calculated in accordance with Section 280G(d)(4) of the Code. Within forty (40) days following delivery of notice by the Company to the Participant of its belief that there is a payment or benefit due the Participant which will result in an excess parachute payment, the Participant and the Company, at the Company's expense, shall obtain the opinion (which need not be unqualified) of nationally recognized tax counsel selected by the Company's independent auditors and acceptable to the Participant in his or her sole discretion (which may be regular outside counsel to the Company), which opinion sets forth (1) the amount of the Base Period Income, (2) the amount and present value of Total Payments and (3) the amount and present value of any excess parachute payments determined without regard to the limitations of this Section. As used in this Section, the term "Base Period Income" means an amount equal to the Participant's "annualized includible compensation for the base period" as defined in Section

280G(d)(1) of the Code. For purposes of such opinion, the value of any noncash benefits or any deferred payment or benefit shall be determined by the Company's independent auditors in accordance with the principles of Sections 280G(d)(3) and (4) of the Code, which determination shall be evidenced in a certificate of such auditors addressed to the Company and the Participant. Such opinion shall be addressed to the Company and the Participant and shall be binding upon the Company and the Participant. If such opinion determines that there would be an excess parachute payment, the payments hereunder that are includible in Total Payments or any other payment or benefit determined by such counsel to be includible in Total Payments shall be reduced or eliminated as specified by the Participant in writing delivered to the Company within thirty days of his or her receipt of such opinion or, if the Participant fails to so notify the Company, then as the Company shall reasonably determine, so that under the bases of calculations set forth in such opinion there will be no excess parachute payment. If such legal counsel so requests in connection with the opinion required by this Section, the Participant and the Company shall obtain, at the Company's expense, and the legal counsel may rely on in providing the opinion, the advice of a firm of recognized executive compensation consultants as to the reasonableness of any item of compensation to be received by the Participant. If the provisions of Sections 280G and 4999 of the Code are repealed without succession, then this Section shall be of no further force or effect.

(b) Employment Contract Governs. The provisions of subsection (a) above shall not apply to a Participant whose employment is governed by an employment contract that provides for Total Payments in excess of the limitation described in subsection (a) above.

ARTICLE 10. **ERISA PROVISIONS**

Section 10.1. Claims Procedures.

(a) Initial Claim. If a Participant, Spouse or Beneficiary (the "claimant") believes that he or she is entitled to a benefit under the Plan that is not provided, the claimant or his or her legal representative shall file a written claim for such benefit with the Administrator within ninety (90) days of the date the payment that is in dispute should have been made. The Administrator shall review the claim and render a decision within ninety (90) days following the receipt of the claim; *provided* that the Administrator may determine that an additional ninety (90) day extension is necessary due to circumstances beyond the Administrator's control, in which event the Administrator shall notify the claimant prior to the end of the initial period that an extension is needed, the reason therefore, and the date by which the Administrator expects to render a decision. If the claimant's claim is denied in whole or part, the Administrator shall provide written notice to the claimant of such denial. The written notice shall include the specific reason(s) for the denial; reference to specific Plan provisions upon which the denial is based; a description of any additional material or information necessary for the claimant to perfect the claim and an explanation of why such material or information is necessary; and a description of the Plan's review procedures (as set forth in subsection (b)) and the time limits applicable to such procedures, including a statement of the claimant's right to bring a civil action under section 502(a) of ERISA following an adverse determination upon review.

(b) **Request for Appeal.** The claimant has the right to appeal the Administrator's decision by filing a written appeal to the Administrator within sixty (60) days after the claimant's receipt of the Administrator's decision, although to avoid penalties under Code Section 409A, the claimant's appeal must be filed within one hundred eighty (180) days of the date payment could have been timely made in accordance with the terms of the Plan and pursuant to Regulations promulgated under Code Section 409A. The claimant will have the opportunity, upon request and free of charge, to have reasonable access to and copies of all documents, records and other information relevant to the claimant's appeal. The claimant may submit written comments, documents, records and other information relating to his or her claim with the appeal. The Administrator will review all comments, documents, records and other information submitted by the claimant relating to the claim, regardless of whether such information was submitted or considered in the initial claim determination. The Administrator shall make a determination on the appeal within sixty (60) days after receiving the claimant's written appeal; *provided* that the Administrator may determine that an additional sixty (60)-day extension is necessary due to circumstances beyond the Administrator's control, in which event the Administrator shall notify the claimant prior to the end of the initial period that an extension is needed, the reason therefor and the date by which the Administrator expects to render a decision. If the claimant's appeal is denied in whole or part, the Administrator shall provide written notice to the claimant of such denial. The written notice shall include the specific reason(s) for the denial; reference to specific Plan provisions upon which the denial is based; a statement that the claimant is entitled to receive, upon request and free of charge, reasonable access to and copies of all documents, records, and other information relevant to the claimant's claim; and a statement of the claimant's right to bring a civil action under section 502(a) of ERISA. If the claimant does not receive a written decision within the time period(s) described above, the appeal shall be deemed denied on the last day of such period(s).

Section 10.2. ERISA Fiduciary. For purposes of ERISA, the Committee shall be considered the named fiduciary under the Plan and the plan administrator, except with respect to claims and appeals, for which the Administrator shall be considered the named fiduciary.

ARTICLE II. **TAX WITHHOLDING**

The Company or any Affiliate shall have the right to deduct from any deferral or payment made hereunder, or from any other amount due a Participant, the amount of cash sufficient to satisfy the Company's or Affiliate's foreign, federal, state or local income tax withholding obligations with respect to such deferral (or vesting thereof) or payment. In addition, if prior to the date of distribution of any amount hereunder, the Federal Insurance Contributions Act (FICA) tax imposed under Code Sections 3101, 3121(a) and 3121(v)(2), where applicable, becomes due, the Company may distribute from the Participant's Account balance the amount needed to pay the Participant's portion of such tax, plus an amount equal to the withholding taxes due under federal, state or local law resulting from the payment of such FICA tax, and an additional amount to pay the additional income tax at source on wages attributable to the pyramiding of the Code Section 3401 wages and taxes, but no greater than the aggregate of the FICA amount and the income tax withholding related to such FICA tax amount.

ARTICLE 12.
OFFSET

The Company or any Affiliate shall have the right to offset from any amount payable hereunder (at the time such amount would have otherwise been paid) any amount that the Participant owes to the Company or any Affiliate without the consent of the Participant (or his or her Spouse or Beneficiary, in the event of the Participant's death).

ARTICLE 13.
SUCCESSORS

All obligations of the Company or any Affiliate under the Plan shall be binding on any successor to the Company or such Affiliate, whether the existence of such successor is the result of a direct or indirect purchase, merger, consolidation or otherwise, of all or substantially all of the business and/or assets of the Company or such Affiliate.

ARTICLE 14.
DISPUTE RESOLUTION

Section 14.1. Governing Law. This Plan is intended to be a plan of deferred compensation maintained for a select group of management or highly compensated employees as that term is used in ERISA, and shall be interpreted so as to comply with the applicable requirements thereof. In all other respects, the Plan is to be construed and its validity determined according to the laws of the State of New York, without reference to conflict of law principles thereof, to the extent such laws are not preempted by federal law.

Section 14.2. Limitation on Actions. Any action or other legal proceeding under ERISA with respect to the Plan may be brought only after the claims and appeals procedures of Article 10 are exhausted and only within the period ending on the earlier of (a) one year after the date the claimant receives notice of a denial or deemed denial upon appeal under Section 10.1(b), or (b) the expiration of the applicable statute of limitations period under applicable federal law. Any action or other legal proceeding not adjudicated under ERISA must be arbitrated in accordance with the provisions of Section 14.3.

Section 14.3. Arbitration.

(a) **Application.** Notwithstanding any employee agreement in effect between a Participant and the Company or any Affiliate, if a Participant, Spouse or Beneficiary brings a claim that relates to benefits under this Plan that is not covered under ERISA, and regardless of the basis of the claim (including but not limited to, actions under Title VII, wrongful discharge, breach of employment agreement, etc.), such claim shall be settled by final binding arbitration in accordance with the rules of the American Arbitration Association ("AAA") and judgment upon the award rendered by the arbitrator may be entered in any court having jurisdiction thereof.

(b) **Initiation of Action.** Arbitration must be initiated by serving or mailing a written notice of the complaint to the other party. Normally, such written notice should be provided to the other party within one year (365 days) after the day the complaining party first knew or should have known of the events giving rise to the complaint. However, this time frame

may be extended if the applicable statute of limitation provides for a longer period of time. If the complaint is not properly submitted within the appropriate time frame, all rights and claims that the complaining party has or may have against the other party shall be waived and void. Any notice sent to the Company shall be delivered to:

Office of General Counsel
Adient US LLC
833 East Michigan Street, Suite 1100
Milwaukee, WI 53202

The notice must identify and describe the nature of all complaints asserted and the facts upon which such complaints are based. Notice will be deemed given according to the date of any postmark or the date of time of any personal delivery.

(c) Compliance with Personnel Policies. Before proceeding to arbitration on a complaint, the Participant, Spouse or beneficiary must initiate and participate in any complaint resolution procedure identified in the Company's or Affiliate's personnel policies. If the claimant has not initiated the complaint resolution procedure before initiating arbitration on a complaint, the initiation of the arbitration shall be deemed to begin the complaint resolution procedure. No arbitration hearing shall be held on a complaint until any applicable Company or Affiliate complaint resolution procedure has been completed.

(d) Rules of Arbitration. All arbitration will be conducted by a single arbitrator according to the Employment Dispute Arbitration Rules of the AAA. The arbitrator will have authority to award any remedy or relief that a court of competent jurisdiction could order or grant including, without limitation, specific performance of any obligation created under policy, the awarding of punitive damages, the issuance of any injunction, costs and attorney's fees to the extent permitted by law, or the imposition of sanctions for abuse of the arbitration process. The arbitrator's award must be rendered in a writing that sets forth the essential findings and conclusions on which the arbitrator's award is based.

(e) Representation and Costs. Each party may be represented in the arbitration by an attorney or other representative selected by the party. The Company or Affiliate shall be responsible for its own costs, the AAA filing fee and all other fees, costs and expenses of the arbitrator and AAA for administering the arbitration. The claimant shall be responsible for his or her attorney's or representative's fees, if any. However, if any party prevails on a statutory claim which allows the prevailing party costs and/or attorneys' fees, the arbitrator may award costs and reasonable attorneys' fees as provided by such statute.

(f) Discovery; Location; Rules of Evidence. Discovery will be allowed to the same extent afforded under the Federal Rules of Civil Procedure. Arbitration will be held at a location selected by the Company. AAA rules notwithstanding, the admissibility of evidence offered at the arbitration shall be determined by the arbitrator who shall be the judge of its materiality and relevance. Legal rules of evidence will not be controlling, and the standard for admissibility of evidence will generally be whether it is the type of information that responsible people rely upon in making important decisions.

(g) Confidentiality. The existence, content or results of any arbitration may not be disclosed by a party or arbitrator without the prior written consent of both parties. Witnesses who are not a party to the arbitration shall be excluded from the hearing except to testify.

APPENDIX A

1. Eligibility. This Appendix A covers Participants whom the Committee has selected to be covered hereunder. A Participant shall commence participation hereunder on the date such individual is selected by the Committee for participation in this Appendix A or on the date such individual becomes employed in a position that has been previously approved for participation hereunder by the Committee.

2. Savings Plan Supplement.

(a) Before-Tax Contributions Allocation. For each calendar year, each Participant may elect that, in the event the Participant's ability to make Before-Tax Matched Contributions under the Savings Plan is expected to be limited by reason of Sections 401(k), 402(g) or 415 of the Code and/or the limit on considered compensation under Section 401(a)(17) of the Code, then the difference between the amount of Before-Tax Matched Contributions that the Participant could have made under the Savings Plan for any calendar year (assuming the Participant elected the maximum amount of Before-Tax Matched Contributions for the calendar year and did not change his or her election during the calendar year) and the amount that would have been contributed as Before-Tax Matched Contributions but for such limits shall be credited, as of December 31 of such year or such other dates as may be specified by the Administrator, to the Participant's Account. A Participant's election shall be made prior to the first day of the calendar year to which it relates, and shall be irrevocable as of the first day of such year.

Notwithstanding the foregoing:

- (i) if an employee is newly hired during the calendar year into a position covered by this Appendix A, he or she may elect, within the first thirty (30) days after being hired, whether to defer his or her compensation for the remainder of the calendar year. If such election is made, it shall apply to base salary earned starting with the first pay period after the election is filed with the Company, and shall apply to pro-rated bonus compensation determined in accordance with Code Section 409A; and
- (ii) if an employee is newly promoted during the calendar year into a position covered by this Appendix A, he or she may not make an election for the remainder of the calendar year of such promotion. Such an individual will be eligible to make his or her first deferral election for the following calendar year in accordance with the first paragraph of this subsection (a).

A Participant's election shall be effective only for the calendar year (or remainder of the calendar year) to which the election relates, and shall not carry over from year to year. An election under this subsection (a) shall constitute an election by the Participant to reduce the Participant's compensation by the amount determined under this

subsection. The Participant's election shall be made in the form and manner and within such timeframes as the Administrator may prescribe.

A Participant's election as in effect on the date prior to the Effective Date under Appendix A of the Prior Plan shall automatically apply hereunder for the remainder of 2016.

(b) Matching Contributions Allocation. Each Allocation Period, a Participant's Account shall also be credited with an amount equal to the difference between the amount of Matching Contributions actually credited to the Participant's Savings Plan account for such period and the amount of Matching Contributions that would have been so credited if the amount determined under subsection (a) had actually been contributed to the Savings Plan (determined without regard to the limitations imposed by Sections 401(m) and 415 of the Code), but only with respect to the period the Participant is covered by this Plan (and the Prior Plan with respect to 2016); *provided* the Participant has met the eligibility requirements to receive a Matching Contribution under the Savings Plan for such period. The Matching Contributions credited hereunder shall be allocated to the Participant's Account at the same time as Matching Contributions are allocated under the Savings Plan, and shall be subject to the same vesting requirements as are imposed on matching contributions under the Savings Plan, except that vesting will not be accelerated as a result of the Participant's death while employed.

(c) Retirement Income Allocation. Each Allocation Period, a Participant's Account shall be credited with an amount equal to the difference between the amount of Retirement Income Contributions actually credited to the Participant's Savings Plan account for such Allocation Period and the amount of Retirement Income Contributions that would have been so credited if the limit on considered compensation under Section 401(a)(17) of the Code did not apply; *provided* the Participant has met the eligibility requirements to receive a Retirement Income Contribution under the Savings Plan for such Allocation Period. The Retirement Income Contributions credited hereunder shall be allocated to the Participant's Account at the same time as Retirement Income Contributions are allocated under the Savings Plan, and shall be subject to the same vesting requirements as are imposed on Retirement Income Contributions under the Savings Plan, except that vesting will not be accelerated as a result of the Participant's death while employed.

(d) Modification of Compensation. Notwithstanding the foregoing, when determining a Participant's compensation for purposes of subsections (a), (b) and (c), the only bonus that may be included is the amount a Participant receives (or would receive but for a deferral election) under the Annual Incentive Plan. For purposes of calculating the amount of the Retirement Income Contributions for calendar year 2016 under subsection (c), base salary and Annual Incentive Plan compensation shall include such amounts that were paid during 2016 prior to the Effective Date while the Participant was employed with Johnson Controls, Inc. or any successor thereto or affiliate thereof.

(e) Distribution Election.

- (1) If a Participant was previously participating under Appendix B, then the portion of the Participant's Account that is credited under Appendix B (as adjusted for earnings or losses thereon) shall be paid in a lump sum.
- (2) The amounts deferred hereunder in the first year of participation (as adjusted for earnings and losses thereon), if any, shall be paid in a lump sum.
- (3) With respect to amounts deferred after the first year of participation, a Participant may make a distribution election specifying whether distributions shall be made in a single lump sum or in annual installments of from two (2) to ten (10) years. Such election must be submitted by the deadline established by the Administrator, which cannot be later than December 31 of the prior year, and shall be made in such form and manner as the Administrator may prescribe. Such election shall be irrevocable. If no valid election is in effect, distribution shall be made in ten (10) annual installments.
- (4) With respect to any Participant on the Effective Date who was a participant in the Prior Plan immediately prior to the Effective Date, (i) the distribution elections applicable to such individual's account under the Prior Plan will continue to apply to the Participant's sub-account established with respect to the 2016 calendar year, and (ii) the Participant shall be permitted to make a different distribution election with respect to amounts deferred in 2017 and later, consistent with paragraph (3) above.

(f) Manner of Distribution. The Participant's Account (or any sub-account established to reflect a different form of distribution) shall be paid in cash in the following manner:

- (1) Lump Sum. If payment is to be made in a lump sum,
 - (A) for those Participants whose Separation from Service occurs from January 1 through June 30 of a year, payment shall be made in the first calendar quarter of the following year, and
 - (B) for those Participants whose Separation from Service occurs from July 1 through December 31 of a year, payment shall be made in the third calendar quarter of the following year.

The lump sum payment shall equal the vested balance of the Participant's Account (or sub-account, if applicable) as of the Valuation Date immediately preceding the distribution date.

- (2) Installments. If payment is to be made in annual installments, the first annual payment shall be made:
- (A) for those Participants whose Separation from Service occurs from January 1 through June 30 of a year, in the first calendar quarter of the following year, and
 - (B) for those Participants whose Separation from Service occurs during the period from July 1 through December 31 of a year, in the third calendar quarter of the following year.

The amount of the first annual payment shall equal the value of 1/10th (or 1/9th, 1/8th, 1/7th, etc. depending on the number of installments elected) of the vested balance of the Participant's Account (or sub-account, if applicable) as of the Valuation Date immediately preceding the distribution date. All subsequent annual payments shall be made on or around the anniversary of the initial payment date of each subsequent calendar year, and shall be equal the value of 1/9th (or 1/8th, 1/7th, 1/6th, etc. depending on the number of installments elected) of the vested balance of the Participant's Account (or sub-account) as of the Valuation Date immediately preceding the distribution date. The final annual installment payment shall equal the then remaining vested balance of such Account as of the Valuation Date preceding such final payment date.

Notwithstanding the foregoing, if the vested balance of a Participant's entire Account as of the Valuation Date immediately preceding a distribution date is \$50,000 or less, then the entire vested balance of the Participant's Account shall be paid in a single lump sum on such distribution date.

APPENDIX B

1. Eligibility. This Appendix B covers Participants whom the Committee has selected to be covered hereunder and whose Retirement Income Contribution under the Savings Plan is limited by reason of the application of Code Section 401(a)(17).
2. Participation Date. A Participant shall commence participation hereunder on the later of the date such individual is selected by the Committee for participation in this Appendix B (or the date such Participant becomes employed in a position that has been previously approved for participation hereunder by the Committee) and the date the Participant's compensation first exceeds the Code Section 401(a)(17) limit. For this purpose, the only bonus that may be included in compensation is the amount a Participant receives (or would receive but for a deferral election) under the Annual Incentive Plan for the calendar year.
3. Vesting. The Account established under this Appendix B shall be subject to the same vesting requirements as are imposed on Retirement Income Contributions under the Savings Plan, except that vesting will not be accelerated as a result of the Participant's death while employed.
4. Retirement Income Allocation. Each Allocation Period, a Participant's Account shall be credited with an amount equal to the difference between the amount of Retirement Income Contributions actually credited to the Participant's account under the Savings Plan for such Allocation Period and the amount of Retirement Income Contributions that would have been so credited if the limit on considered compensation under Section 401(a)(17) of the Code did not apply and by including all amounts of cash compensation which the Participant would have received under the Annual Incentive Plan for such period but for a deferral election; *provided* the Participant has met the eligibility requirements to receive a Retirement Income Contribution under the Savings Plan for such period. The Retirement Income Contributions will be allocated to a Participant's Account at the same time as Retirement Income Contributions are allocated under the Savings Plan.
5. Manner of Distribution. Amounts credited under this Appendix B (plus earnings thereon) shall be paid in a cash lump sum as follows: (a) for those Participants whose Separation from Service occurs from January 1 through June 30 of a year, payment shall be made in the first calendar quarter of the following year, and (b) for those Participants whose Separation from Service occurs from July 1 through December 31 of a year, payment shall be made in the third calendar quarter of the following year.

The lump sum payment shall equal the vested balance of the Participant's Account as of the Valuation Date immediately preceding the distribution date.

**ADIANT PLC
EXECUTIVE INCENTIVE COMPENSATION
RECOUPMENT POLICY**

1. Scope of this Document. This policy applies to all performance incentives awarded on or after October 31, 2016 (the "Effective Date") to all persons ("Covered Recipients") who, at the time of such award, are Section 16(b) officers of Adiant plc (the "Company") elected by the Board of Directors of the Company (the "Board"). Any performance incentives awarded prior to the Effective Date are not subject to this policy, but remain subject to the Company's ability to recover amounts pursuant to applicable legal or equitable remedies under state and federal law.

For purposes hereof, "performance incentive" means:

- (a) Any compensation payable in cash tied to performance metrics that is intended to serve as incentive for performance to occur over a period of a year or more; and
- (b) Any performance units granted under the Company's 2016 Omnibus Incentive Plan (or any successor plan thereto), whether settled in cash, the Company's ordinary shares ("Shares") or a combination thereof.

A performance incentive is "awarded" on the date the Company grants the award, not on the date the award amount is ultimately determined or paid.

While in effect, this policy overrides any contrary provisions of any compensation plans or arrangements that the Company adopted or implemented before the Effective Date and any such plans or arrangements subsequently adopted or implemented, as well as any contrary provisions in any award agreements under such plans or arrangements.

The Company may recoup incentive compensation hereunder regardless of whether the Covered Recipient who received the compensation that is subject to recoupment is still employed by the Company or an affiliate on the date reimbursement or other payment is required.

2. Recoupment of Incentive Compensation. All performance incentives awarded after the Effective Date are subject to recoupment hereunder. The Compensation Committee of the Board (the "Committee") will, unless prohibited by applicable law, require reimbursement from any Covered Recipient of (a) an amount equal to the amount of any overpayment of any such incentive paid to such Covered Recipient or (b) any excess number of Shares delivered to such Covered Recipient (or the fair market value of such excess number of Shares), with respect to a performance period if the following conditions are met:
- The payment or the delivery of Shares was predicated upon the achievement of certain financial results with respect to the applicable performance period that were subsequently the subject of a material restatement other than a restatement due to changes in accounting policy;
 - In the Committee's view the Covered Recipient engaged in conduct that caused or partially caused the need for the restatement; and

- A lower payment would have been made, or fewer Shares delivered, to the Covered Recipient based upon the restated financial results.

The amount required to be reimbursed shall be, in the case of a performance incentive payable in cash, the excess of the gross incentive payment made over the gross payment that would have been made if the original payment had been determined based on the restated financial results or, in the case of a performance incentive payable in Shares, the excess number of Shares delivered over the number of Shares that would have been delivered if the original number had been determined based on the restated financial results (or a cash amount equal to the fair market value of such excess number of Shares at the time of the reimbursement).

Unless prohibited by applicable law, the Company will also be entitled to, and the Committee will seek, payment by the Covered Recipient of (i) a reasonable rate of interest on any incentive that becomes subject to reimbursement hereunder and (ii) the costs of collection.

Following any accounting restatement that the Company is required to prepare due to its material noncompliance, as a result of misconduct, with any financial reporting requirement under the securities laws, the Company will also seek to recover any compensation received by its Chief Executive Officer and Chief Financial Officer that is required to be reimbursed under Section 304 of the Sarbanes-Oxley Act of 2002.

The Company will determine, in its sole discretion, the method for obtaining reimbursement and other payment from the Covered Recipient, which, subject to compliance with applicable law, may include, but is not limited to: (i) by offsetting the amount from any compensation owed by the Company or any subsidiary to the Covered Recipient (including without limitation amounts payable under a deferred compensation plan at such time as is permitted by Section 409A of the Internal Revenue Code of 1986, as amended), (ii) by reducing or eliminating future salary increases, cash incentive awards or equity awards, or (iii) by requiring the Covered Recipient to pay the amount or deliver an amount of Shares to the Company upon its written demand for such payment or delivery of Shares.

3. Administration. The Committee will have sole discretion in making all determinations hereunder, including whether the conduct of a Covered Recipient has caused or partially caused the need for a restatement.
4. Binding on Successors. This policy shall be binding upon and enforceable against the Covered Recipients and their heirs, executors, administrators and legal representatives.
5. Amendment. The Committee and the Board, in their discretion, may modify or amend, in whole or in part, any or all of the provisions of this policy, and may suspend any provision hereof from time to time.
6. Governing Law. This policy, and all rights and obligations hereunder, shall be governed by, except to the extent preempted by other applicable laws (a) with respect to the corporate law requirements of the Company and similar matters, the internal laws of Ireland (without reference to conflict of law principles thereof) and (b) with respect to all other matters arising hereunder, the internal laws of the State of New York (without reference to conflict of law principles thereof).

* * *

ADIENT FLEXIBLE PERQUISITES PROGRAM
Effective October 1, 2016

The Flexible Perquisite Program is designed for employees in bands E0, E1 and E2 (referred to herein as participants) as part of their compensation.

Flexible Perquisites Allowance

An amount equal to 5% of the participant's gross base salary for the pay period will be added to the participant's paycheck each pay period. The intent is that the participant use this amount to cover private club dues, personal tax preparation or other financial planning expenses, and other personal expenses that are not reimbursable under the company's business expense reimbursement policy. Unless requested by the company, the participant need not submit proof to the company regarding how the 5% allowance is spent. For participants subject to U.S. taxation, this amount is considered compensation to the participant, will be reported on the participant's Form W-2 and withholding taxes will apply. For participants subject to taxation outside the U.S., the 5% amount will be reportable compensation and taxes will be withheld to the extent required by applicable tax rules.

Upon termination of employment for any reason, the participant's final paycheck will include this 5% amount with respect to base salary earned through the last day of employment, and no further amounts hereunder will be due or payable.

Corporate Aircraft

Corporate aircraft usage for personal flights for the following eligible participants is permitted if it does not conflict with the availability of corporate aircraft for business purposes, subject to the following limits:

<u>Eligible Executives</u>	<u>Maximum Use Per Calendar Year</u>
E0 (CEO)	Unlimited
Direct reports of CEO	Subject to approval by CEO

Personal usage of the plane is limited to trips on which the eligible participant and his/her guests are on the flight. All personal trips require advance approval by the CEO. Exceptions such as a spouse flying alone also must be pre-approved by the CEO.

Upon termination of employment for any reason, the participant will not be permitted to use the corporate aircraft, even if a personal flight previously has been scheduled and approved.

It is the responsibility of the Aviation Department to report personal aircraft usage under this program to the Total Rewards Department promptly during the calendar year in which it occurs. For participants subject to U.S. taxation, imputed income (determined according to Internal Revenue Service rules) for the value of the flight is considered compensation to the participant, will be reported on the participant's Form W-2 and withholding taxes will apply. For participants subject to taxation outside the U.S., the value of the flight will be reportable as compensation and taxes will be withheld to the extent required by applicable tax rules.

Executive Physical

Participants are encouraged to obtain a physical each year. The company will reimburse the participant for the cost of the physical, capped at \$3,000 per calendar year. The participant must provide a copy of the physician's bill to the Vice President – Total Rewards in order to obtain reimbursement. This benefit will be reportable as taxable compensation and taxes will be withheld to the extent required by applicable tax rules.

Upon termination of employment for any reason, this benefit will cease. If a participant has incurred expenses for a physical that was performed before the date of termination of employment, and if such expenses have not

yet been reimbursed as of the date of such termination, then such expenses will be reimbursed up to the maximum described above.

Car Leasing

All participants are eligible for a company-provided car through the separate car leasing policy. Please refer to that policy for details.

Effect of Program Amounts on Other Plans

Any payments made under the program, or any program benefit treated as compensation pursuant to applicable tax rules, will not be counted for purposes of any bonus calculation and is not considered "pensionable earnings."

Changes to Program

The Compensation Committee of the Board of Directors reserves the right to modify or terminate this program at any time.

**ADIANT PLC
COMPENSATION SUMMARY AND OWNERSHIP GUIDELINES FOR NON-EMPLOYEE
DIRECTORS**

Compensation for non-employee members of the Board of Directors (the "Board") of Adiant plc (the "Company"), effective as of October 1, 2016, consists of the payment of:

(i) a retainer at the annual rate of USD \$290,000 to each non-employee director in the form of USD \$145,000 in cash (the "Cash Retainer Amount") and USD \$145,000 in ordinary shares of the Company (the "Share Retainer Amount"),

(ii) a Committee Chair fee at the annual rate of USD \$10,000 in cash to each non-employee chair and successor chair for the Audit, Corporate Governance, and Compensation Committees of the Board (the "Committee Chair Fee"), and

(iii) a Lead Director fee at the annual rate of USD \$30,000 in cash to a non-employee lead director and successor lead director (the "Lead Director Fee"), provided that the non-employee lead director shall not also receive a Committee Chair Fee as described above.

Payment of the Share Retainer Amount. Beginning with the Company's annual shareholders meeting in 2017, the Company will issue ordinary shares for the Share Retainer Amount on (or as soon as practicable following) the date of each annual shareholders meeting to each non-employee director then in office, subject to the following:

- If a director is retiring from the Board as of the date of such annual shareholders meeting, then the director will not be entitled to receive any ordinary shares for the Share Retainer Amount.

If as of the date of such annual shareholders meeting a director has announced his or her intention to retire from the Board prior to the next annual shareholders meeting, then, rather than receiving the full Share Retainer Amount, the director will receive ordinary shares with an aggregate value of (x) the number of days between the annual shareholders meeting and the intended effective date of the director's retirement divided by (y) 365, multiplied by the Share Retainer Amount, representing payment for the period of the director's service from the annual shareholders meeting until the intended effective date of the director's retirement.

- If a director is appointed as a director between annual shareholders meetings, then, in addition to the ordinary shares for the full Share Retainer Amount paid at the first annual shareholders meeting following the director's appointment, the director will be entitled to receive additional ordinary shares upon the effective date of the director's appointment with an aggregate value equal to (x) the number of days in the period from the effective date of the director's appointment or election to the Board through the such first annual shareholders meeting divided by (y) 365, multiplied by the Share Retainer Amount, representing payment for the period of the director's service from the director's appointment as a director until such annual shareholders meeting.

The ordinary shares shall be issued under the Adiant plc 2016 Director Share Plan, as in effect from time to time.

Payment of the Cash Retainer Amount and the Committee Chair Fee or Lead Director Fee. The Company will pay the Cash Retainer Amount and the Committee Chair Fee or Lead Director Fee in the form of a quarterly payment in arrears for a quarter, as soon as practicable after the last day of such quarter, to each director in office on the last day of such quarter.

If a director served in the relevant position for the entire quarter, then the quarterly cash payment shall equal USD \$36,250 for the Cash Retainer Amount, USD \$2,500 for the Committee Chair Fee and USD \$7,500 for the Lead Director Fee, as applicable.

If a director is either elected or appointed to the Board or is appointed as a Committee Chair (or successor to a Committee Chair) or Lead Director (or successor to a Lead Director) at any time during the fiscal year after the first business day of a quarter, then such director will receive at the regularly scheduled payment date for the quarter in which such election or appointment is effective, a prorated amount of the Cash Retainer Amount and/or any Committee Chair Fee or Lead Director Fee with such amount to be determined in the manner set forth below, as applicable:

- Cash Retainer Amount: The non-employee director shall receive a cash amount equal to (x) the number of days from the effective date of the appointment or election to the last day of the quarter divided by (y) 90, multiplied by USD \$36,250; and
- Committee Chair or Lead Director Fee: The non-employee director shall receive a cash amount equal to (x) the number of days from the effective date of the appointment or election to the last day of the quarter divided by (y) 90, multiplied by USD \$2,500 for a Committee Chair or USD \$7,500 for the Lead Director.

The Company will not pay any fees for attendance at meetings of the Board or any committee.

The Company will also reimburse non-employee directors for any reasonable expenses related to their service on the Board.

Ownership of Company Ordinary Shares. All non-employee directors are required to hold an amount of Company ordinary shares equal to five times the Cash Retainer Amount within five years of being elected or appointed to the Board.

Subsidiaries of Adient plc*

Name of Entity	Jurisdiction of Formation	Economic Interest (if not 100%)
Adient Global Holding Ltd	United States	
Adient Mexico SRL	Mexico	
Avanzar Interior Tech Ltd	United States	
Beijing JC Automotive Components Co. Ltd.	China	51.0%
Bridgewater LLC	United States	
Changchun FAWAY - Johnson Controls Automotive Systems Co., Ltd.	China	50.0%
Chongqing Yanfeng Johnson Controls Automotive Components Co., Ltd.	China	25.0%
Ensamble de Interiores Automotrices, S. de R.L.	Mexico	
Guangzhou GACC-Johnson Controls Automotive Interior Systems Co. Ltd	China	25.0%
Hoover Universal, Inc.	United States	
JC Siemianowice Spolka Z Organizacjona Odpowiedzialnoscia Sp. z o.o.	Poland	
Johnson Controls & Summit Interiors Ltd.	Thailand	57.0%
Johnson Controls (Mezolak) Kft	Hungary	
Johnson Controls AE Hungary Kft.	Hungary	
Johnson Controls Automotive (Thailand) Company, Limited	Thailand	
Johnson Controls Automotive Canada LP	Canada	
Johnson Controls Automotive Components Ltd. & Co. KG	Germany	
Johnson Controls Automotive Interiors China Co., Ltd.	China	30.0%
Johnson Controls Automotive Interiors GmbH	Germany	
Johnson Controls Automotive Japan GK	Japan	
Johnson Controls Automotive Seating (M) Sdn Bhd	Malaysia	67.0%
Johnson Controls Automotive Solingen-Merscheid GmbH	Germany	
Johnson Controls Automotive Systems KK	Japan	
Johnson Controls Automotriz Mexico SrL de CV	Mexico	
Johnson Controls GmbH	Germany	
Johnson Controls Interiors, LLC	United States	
Johnson Controls Properties UK, Ltd.	United Kingdom	
Johnson Controls Roth SAS	France	
Johnson Controls Schwalbach GmbH	Germany	
Johnson Controls Services GmbH	Germany	
Keiper LLC	United States	
Recaro Japan Co. Ltd	Japan	
Recaro North America Inc	United States	
Shanghai Johnson Controls Yanfeng Seating Mechanism Co., Ltd.	China	50.0%
Shanghai Yanfeng Johnson Controls Seating Co. Ltd.	China	50.0%
Technotrim, Inc.	United States	51.0%

* Pursuant to Item 601(b)(21)(ii) of Regulation S-K, the names of other subsidiaries of Adient plc are omitted because, considered in the aggregate, they would not constitute a significant subsidiary as of the end of the year covered by this report.

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statement on Form S-8 (Registration No. 333-214320) of the combined financial statements of the automotive seating and interiors business of Johnson Controls International plc of our report dated November 29, 2016 relating to the combined financial statements, financial statement schedule and the effectiveness of internal control over financial reporting, which appears in this Form 10-K.

/s/ PricewaterhouseCoopers LLP

Detroit, Michigan

November 29, 2016

Certification

I, R. Bruce McDonald, certify that:

1. I have reviewed this annual report on Form 10-K of Adient plc;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;
4. The Registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and
5. The Registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize, and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

Date: 11/29/2016

By: /s/ R. Bruce McDonald

R. Bruce McDonald
Chief Executive Officer

Certification

I, Jeffrey M. Stafeil, certify that:

1. I have reviewed this annual report on Form 10-K of Adient plc;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;
4. The Registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and
5. The Registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize, and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

Date: 11/29/2016

By: /s/ Jeffrey M. Stafeil

Jeffrey M. Stafeil
Executive Vice President and Chief Financial Officer

CERTIFICATIONS OF CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER

PURSUANT TO

18 U.S.C. SECTION 1350,

AS ADOPTED PURSUANT TO

SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, R. Bruce McDonald , certify, as of the date hereof, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Annual Report of Adient plc on Form 10-K for the fiscal year ended September 30, 2016 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that information contained in such Form 10-K fairly presents, in all material respects, the financial condition and results of operations of Adient plc.

Date: 11/29/2016

By: /s/ R. Bruce McDonald

R. Bruce McDonald
Chief Executive Officer

I, Jeffrey M. Stafeil , certify, as of the date hereof, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Annual Report of Adient plc on Form 10-K for the fiscal year ended September 30, 2016 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that information contained in such Form 10-K fairly presents, in all material respects, the financial condition and results of operations of Adient plc.

Date: 11/29/2016

By: /s/ Jeffrey M. Stafeil

Jeffrey M. Stafeil
Executive Vice President and Chief Financial Officer

A signed original of this written statement required by Section 906 has been provided to Adient plc and will be retained by Adient plc and furnished to the Securities and Exchange Commission or its staff upon request.