CREATING THE CONNECTIONS THAT COUNT

2013 ANNUAL REPORT

EVERY CONNECTION COUNTS

TE Connectivity is a technology leader that designs and manufactures the electronic connectors, components and systems inside the products that are changing the world—making them smarter, safer, greener and more connected.

$13.3B
IN SALES

$1.5B
FREE CASH FLOW*

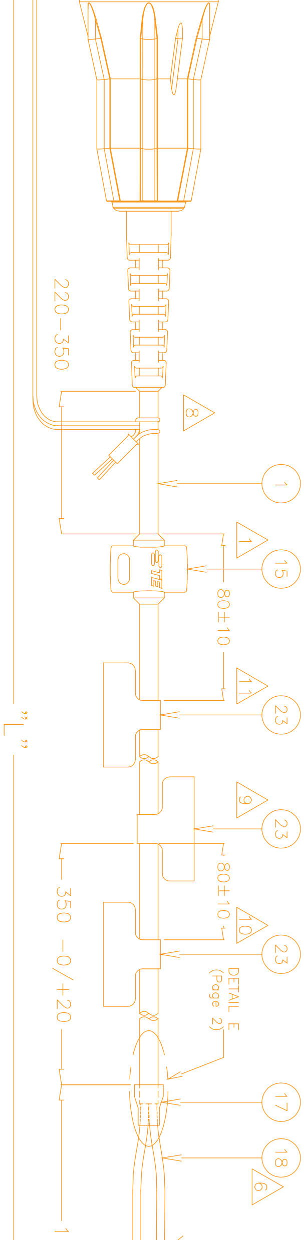
14.2%
ADJUSTED OPERATING MARGIN*

ABOUT OUR COVER DESIGN
This year's annual report cover features TE Connectivity engineers who reflect the engineering spirit of our company. These individuals were featured in our new advertising campaign. To learn more about the campaign, please visit www.everyconnectioncounts.com.

*See Non-GAAP Measures
All figures FY13 unless otherwise noted

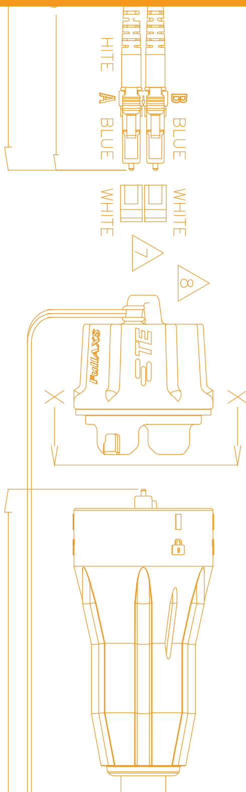
UNMATCHED CONNECTIVITY PORTFOLIO

TE offers the broadest range of products to address just about every connectivity challenge our customers face.



MESSAGE TO OUR STAKEHOLDERS

TOM LYNCH | CHAIRMAN & CEO



It is an exciting time for TE Connectivity. The world's need for more efficient and greener energy and information anytime, anywhere continues to grow rapidly. This demand requires more electronics, more connections and more TE products than ever. As the leading supplier of electronic connections, we are in a great position to capitalize on these technology trends.

In fiscal 2013, TE led the industry with $13.3 billion in revenue and delivered adjusted earnings per share of $3.23, up 13 percent from the prior year and a new record for the company. We generated over $1.5 billion of free cash flow, another record for the company. Importantly, we exceeded 15 percent adjusted operating margin in the fourth quarter at an annualized revenue rate of less than $14 billion.

IN A WORLD WHERE EVERYTHING IS CONNECTED EVERY CONNECTION COUNTS

The strong financial performance during the fiscal year resulted in strong returns for our shareholders. During the fiscal year our stock price increased over 50 percent, better than twice the rate of the S&P 500. We raised our dividend by 19 percent and returned $1.2 billion in capital to our shareholders in the form of dividends and share repurchases.

2013 WAS A VERY GOOD YEAR FOR TE

Our strategy has been focused on the following key pillars, each of which is geared toward providing an extraordinary experience for our customers. Our consistent application of this strategy is paying off as we continue to:

- **Focus on connectivity solutions for highly engineered applications:** Since 2007, we divested approximately 20 percent of our portfolio and made strategic acquisitions to strengthen our position in harsh environment applications. We are now the leader in fiber optic and harsh environment connectivity, have increased revenue by 60 percent in the commercial aerospace market and have doubled our revenue in the industrial transportation market.

- **Increase our investment in research, development and engineering (RD&E):** We have nearly 7,000 engineers deployed close to our customers around the world and we have invested approximately $700 million, or about five percent of revenue, in RD&E in fiscal 2013. Our intention is to maintain our leadership position in both product breadth and depth by increasing our investment in RD&E and continuing our commitment to innovation leadership. For the past three years we have been recognized as one of the world's leading innovators based on the number and quality of our patents.

- **Become a lean company:** In 2008, we began a company rollout of lean, which we call the TE Operating Advantage (TEOA). TEOA is now well embedded in the company and has resulted in significant improvements in workplace safety, customer service and margins.

- **Invest aggressively and for the long-term in emerging markets:** We are especially strong across the globe in our Transportation Solutions segment and have solid businesses in the Industrial Solutions and Network Solutions segments. In the past year, our Consumer Solutions segment relocated its base to China in order to strengthen our position in this industry. Across our segments, we have 2,300 engineers in emerging markets and now have strong design capabilities in all our key high-growth markets.

- **Reshape our manufacturing and supply chain footprint and reduce our fixed costs:** In 2013, we invested significantly in restructuring to continue to balance our footprint with future demand. These actions are substantially complete and, as a result, we are a much more efficient company.

Looking ahead, I am bullish about the prospects for TE in fiscal 2014 and beyond. Our leadership position at the heart of the rapid growth of electronics should enable us to achieve organic sales growth of five to seven percent over the long-term. The significant operational improvements we have made should enable us to deliver consistent double-digit earnings growth and continue to generate free cash flow in excess of 10 percent of sales. Our financial strength enables us to continue to increase our investments in technology, make strategic acquisitions and consistently return capital to our shareholders.

In closing, I would like to thank our employees around the world for their continued commitment to our customers, the communities we serve, and for making TE an even better company. I look forward to a strong fiscal 2014 and thank you for your continued support.

Tom Lynch

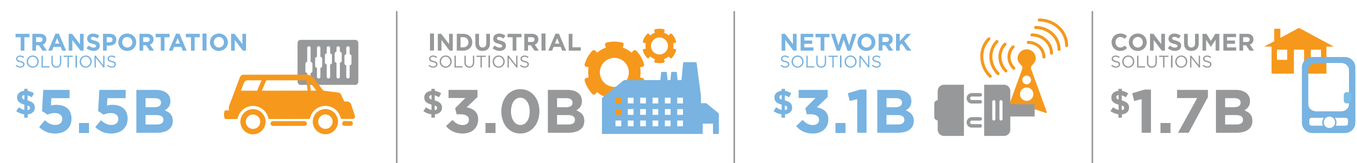
Chairman and Chief Executive Officer

January 7, 2014

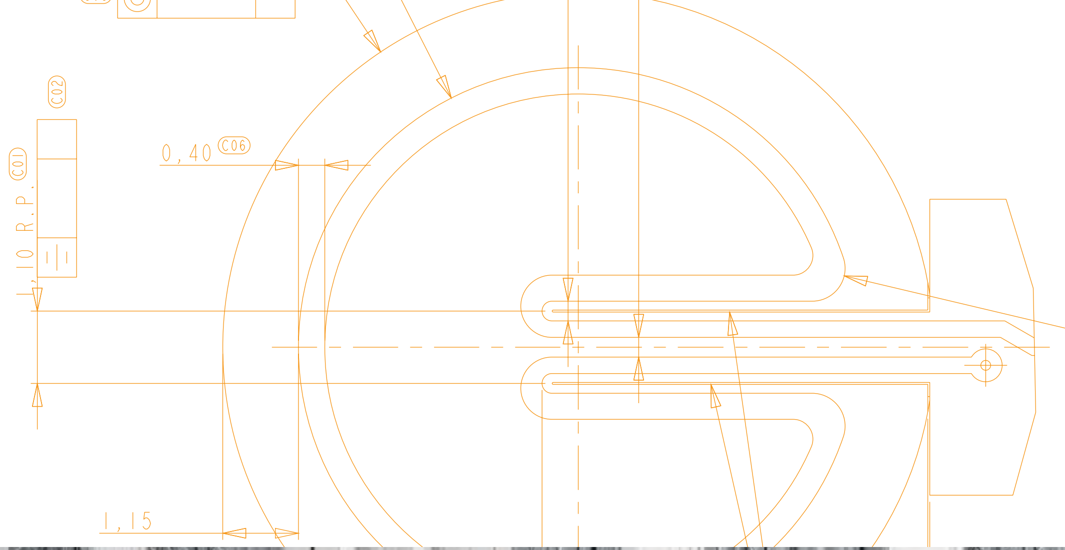
See Non-GAAP Measures for adjusted earnings per share, free cash flow, adjusted operating margin, and organic sales growth descriptions and reconciliations.

TE SEGMENTS

TE operates through four reporting segments aligned to our strategy and vertical markets.



FY13 Sales



TE LEADERSHIP TEAM

(seated l to r)

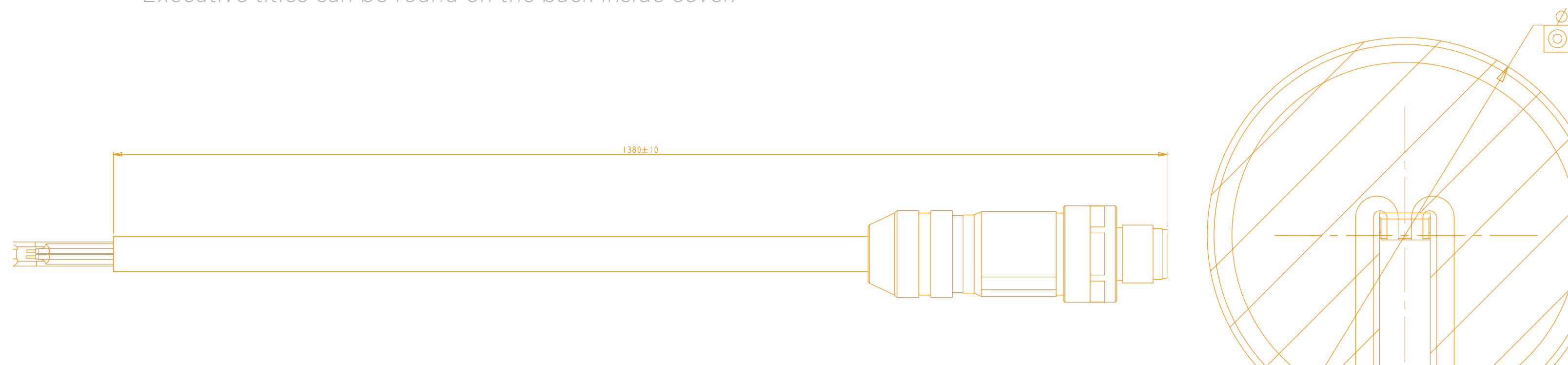
Bob Hau, Jane Leipold, James O'Toole, Tom Lynch, Steve Merkt, Rob Shaddock

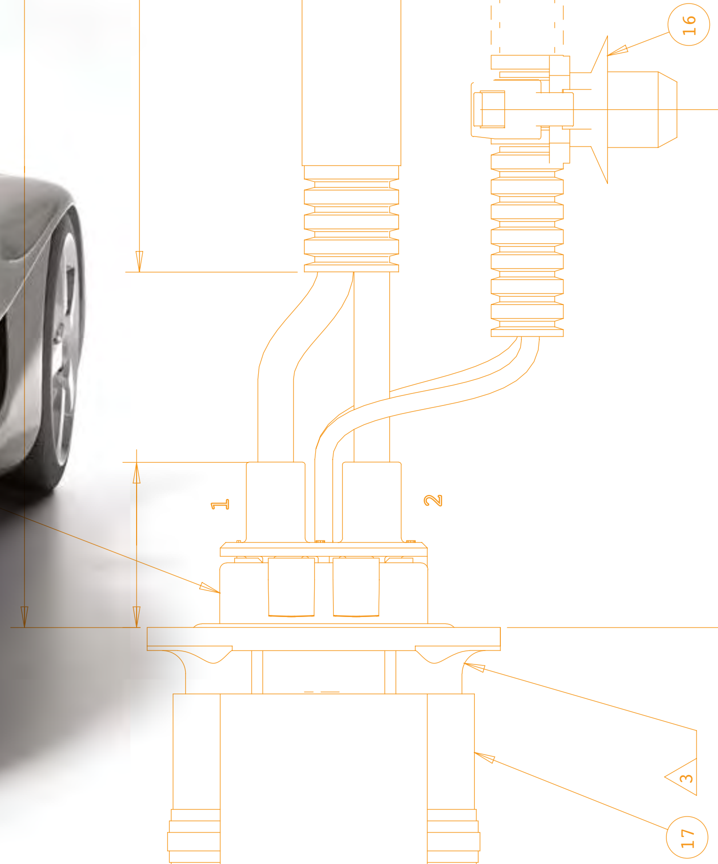
(standing l to r)

Joe Donahue, Amy Shah, Brad Gambill, Terrence Curtin, Joe Eckroth, John Jenkins, Joan Wainwright

Not present: Minoru Okamoto

Executive titles can be found on the back inside cover.





TRANSPORTATION SOLUTIONS

SAFE, GREEN AND CONNECTED

$5.5B

FY13 SALES

TOP AUTOMOTIVE CONNECTOR SUPPLIER IN ALL MAJOR AUTOMOTIVE MARKETS

#1

SALES BY MARKET:
- China
- North America
- Korea
- Japan
- EMEA
- South America

40%

TE Market Share in Connectors

$17B

Automotive Market

6–8%

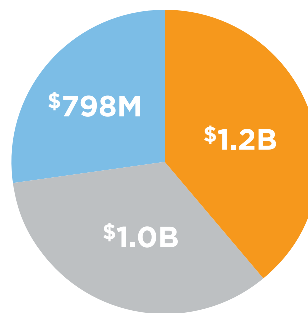
TE Long-Term Growth Rate

INDUSTRIAL SOLUTIONS

PERFORMING IN THE HARSHEST ENVIRONMENTS

$3.0B

FY13 SALES



SALES BY BUSINESS UNIT:

- Industrial Equipment
- Aerospace, Defense, Oil & Gas
- Energy

9%

TE Market Share

$35B

Industrial Market

4–6%

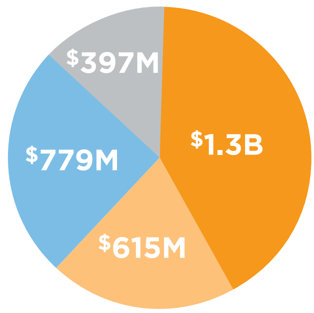
TE Long-Term Growth Rate

NETWORK SOLUTIONS

INFORMATION ANYWHERE, ANYTIME

$3.1B

FY13 SALES



SALES BY BUSINESS UNIT:

- Telecom Networks
- Enterprise Networks
- Data Communications
- Subsea Communications

13%

TE Market Share

$23B

Networks Market

4–7%

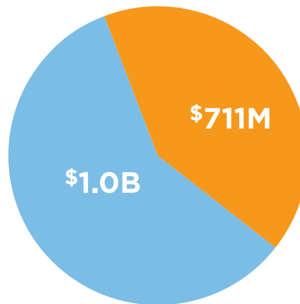
TE Long-Term Growth Rate

CONSUMER SOLUTIONS

LIFE, ALWAYS CONNECTED

$1.7B

FY13 SALES



SALES BY BUSINESS UNIT:

- Appliances
- Consumer Devices

9%

TE Market Share

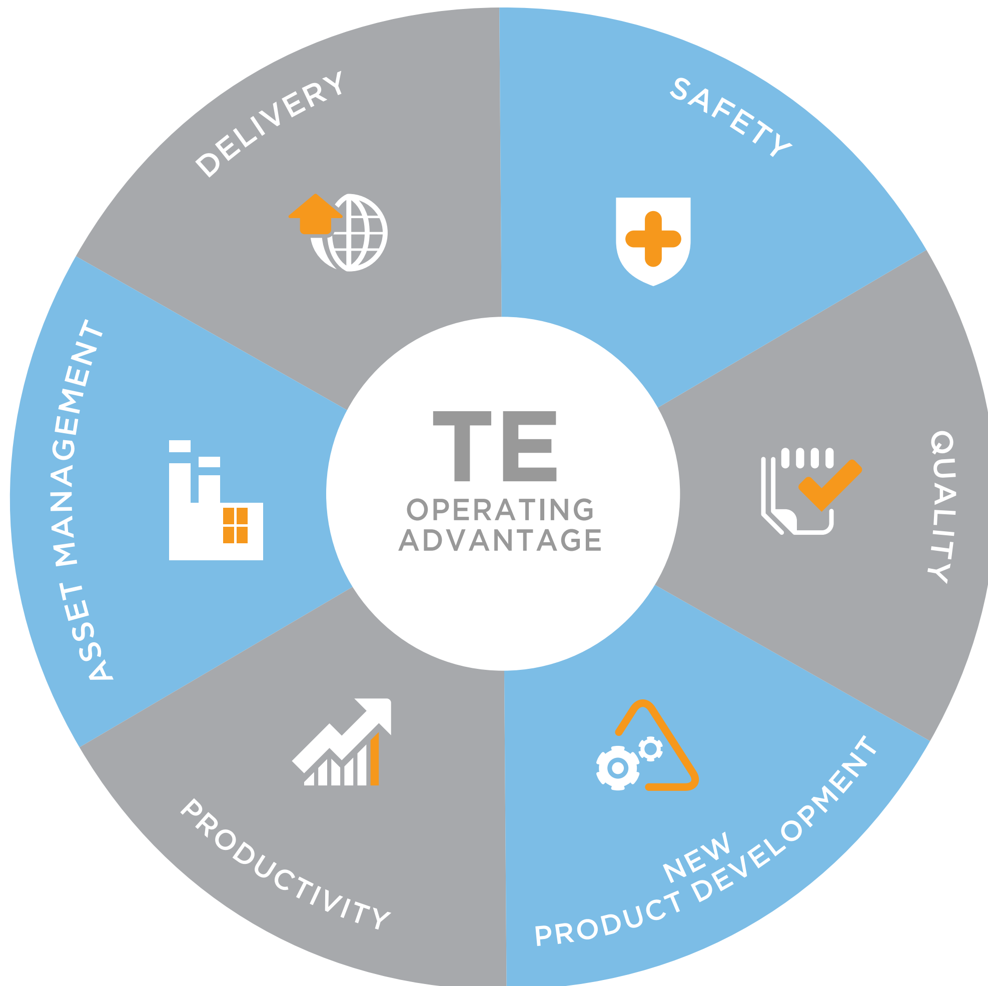
$19B

Consumer Market

3–5%

TE Long-Term Growth Rate

DRIVING OPERATIONAL EXCELLENCE



“EMPLOYEE OWNERSHIP OF PROCESS IMPROVEMENTS AT ALL LEVELS IS DELIVERING BREAKTHROUGH PERFORMANCE.”

David Carter, Manager of TE’s Braintree, UK operations
which achieved “Star Level 5” status in 2013, the company’s highest level of performance

TE Operating Advantage (TEOA) began in 2008 with a goal of accelerating and improving our supply chain, product development processes and manufacturing operations. In just five years, TEOA is now the companywide philosophy and operating management system that is helping us achieve significantly higher customer satisfaction, greater employee engagement and improved operating and financial results.

Embedding TEOA into our daily work — across all functions and around the globe — and integrating it into what we do is the key to driving higher levels of performance.

TEOA empowers our employees and helps our teams deliver exceptional results for our customers and shareholders.

13,000

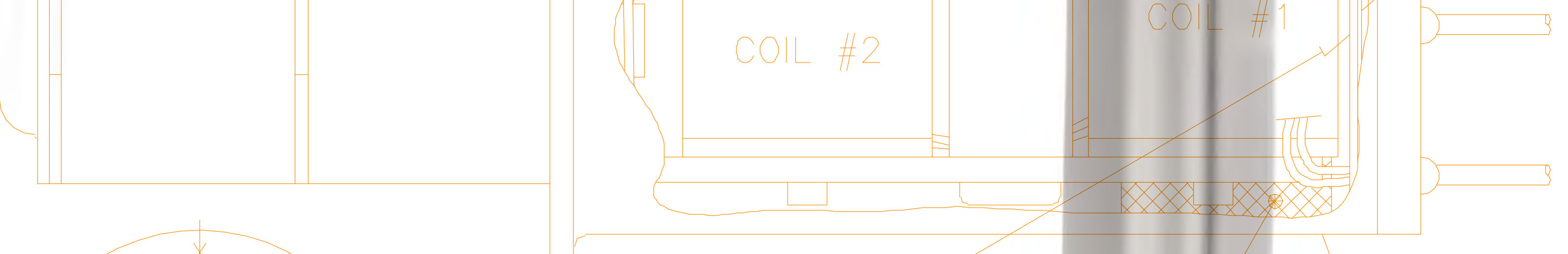
EMPLOYEES TRAINED ON TEOA

2X

IMPROVEMENT IN CUSTOMER SATISFACTION IN 5 YEARS
(AS MEASURED BY NET PROMOTER SCORE SURVEY)

90%

ON-TIME DELIVERY



INNOVATION THROUGH ENGINEERING

2013 THOMSON REUTERS
TOP 100
GLOBAL INNOVATORS

TE's nearly 7,000 engineers understand our customers' businesses and create the products, systems and solutions that enable their success. Our market breadth helps us apply breakthroughs in one industry to solve similar challenges in another. From new materials and techniques to new manufacturing processes, we are leading innovation in our industry.

For the third consecutive year, Thomson Reuters recognized TE as a Top 100 Global Innovator. This distinction recognizes our commitment to innovation.

7,000
ENGINEERS AROUND THE GLOBE

18,000+
PATENTS GRANTED OR PENDING

24%
OF SALES FROM NEW PRODUCTS INTRODUCED OVER THE LAST THREE FISCAL YEARS

$675M
INVESTED IN R&D AND ENGINEERING

TE designs, manufactures and delivers products, systems and solutions in over 150 countries. This global reach enables us to work closely with our customers and identify and act on local needs quickly. By leveraging our global scale, we can deliver the highest levels of quality, innovation and service at a local level.

AMERICAS

10 DESIGN CENTERS

38 MANUFACTURING SITES

2,375 ENGINEERS

CHINA

3 DESIGN CENTERS

16 MANUFACTURING SITES

1,880 ENGINEERS

ASIA* (EXCLUDING CHINA)

3 DESIGN CENTERS

12 MANUFACTURING SITES

950 ENGINEERS

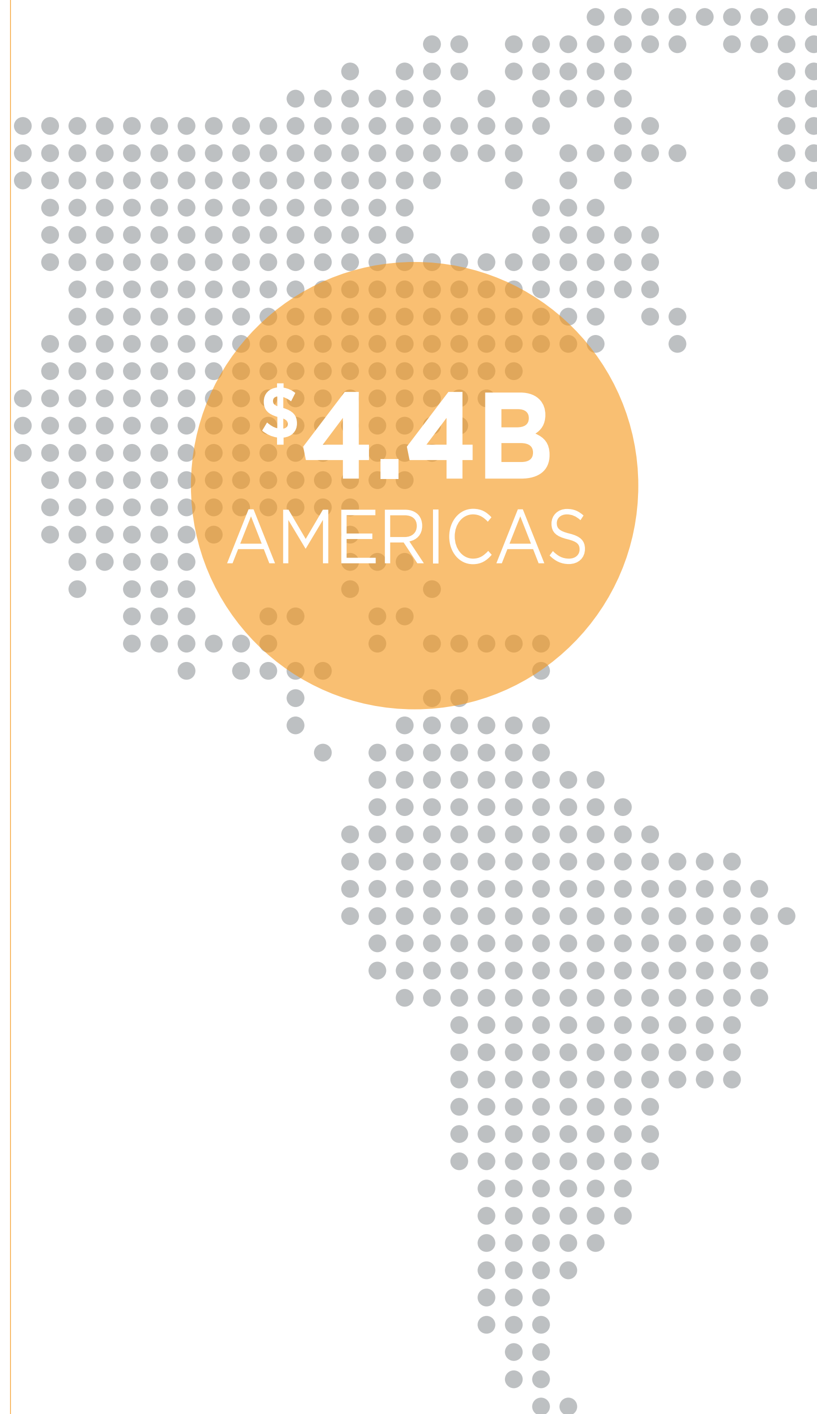
EUROPE, MIDDLE EAST, AFRICA (EMEA)

5 DESIGN CENTERS

33 MANUFACTURING SITES

1,700 ENGINEERS

*INCLUDING INDIA



LOCAL PRESENCE SUPPORTED BY GLOBAL SCALE

$2.2B
CHINA

$2.3B
ASIA*
(excluding China)

$13.3B
SALES WORLDWIDE

SUPPORTING OUR COMMUNITIES

Our communities, customers, suppliers, employees and businesses are all connected. TE is committed to being a responsible steward of the environment and helping our communities become stronger.

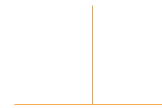
HELPING COMMUNITIES

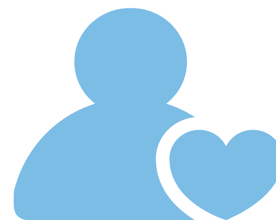
In 2013, TE responded to major disasters around the globe, including Hurricane Sandy in the United States and the earthquake in China's Sichuan province. TE employees in India gave to Oxfam India to help the estimated 100,000 people affected by the floods in the Uttarakhand region. And in the Czech Republic, employees helped their neighbors rebuild after the devastating floods by donating pumps, generators and other much-needed goods.

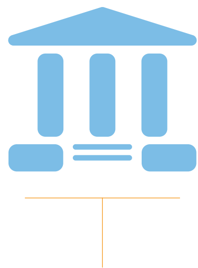
We support our communities through our global giving program and employee volunteerism. It is our desire to achieve a positive impact in the communities where TE does business.

1,500

CHARITABLE ORGANIZATIONS







CORPORATE SOCIAL RESPONSIBILITY

TE's active corporate social responsibility program emphasizes employee volunteerism. Skills-based volunteering is one unique way that TE's law department participates in these social responsibility efforts. Our lawyers and our legal support staff are making a meaningful impact by using their legal skills and services to assist business owners, non-profit organization leaders and first responders who are serving our communities. TE was recognized by two organizations in 2013 for our pro bono work. The Association of Corporate Counsel (ACC) presented TE with the 2013 ACC Corporate Pro Bono Award for outstanding achievement and the Philadelphia Bar Association awarded TE with its 2013 Pro Bono Award.

MEMBER OF
Dow Jones
Sustainability Indices
In Collaboration with RobecoSAM

DOW JONES SUSTAINABILITY INDICES MEMBER 2012/2013

The Dow Jones Sustainability Indices are the first global sustainability benchmarks that track the financial performance of the world's leading companies in terms of economic, environmental and social criteria. Being environmentally and socially responsible has always been important to TE. This acknowledgement is a testament to the success of our efforts.

OUR CORE VALUES

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

INTEGRITY

We must demand of ourselves and of each other the highest standards of individual and corporate integrity. We safeguard company assets. We comply with all laws and company policies. We are dedicated to diversity, fair treatment, mutual respect and trust.

ACCOUNTABILITY

We honor the commitments we make and take personal responsibility for all actions and results. We create an operating discipline of continuous improvement that is an integral part of our culture.

TEAMWORK

We foster an environment that encourages innovation, creativity, excellence and results through teamwork. We practice leadership that teaches, inspires and promotes full participation and career development. We encourage open and effective communication and interaction.

INNOVATION

We recognize that innovation is the foundation of our business. We challenge ourselves to develop new and improved ideas for all that we do. We encourage, expect and value creativity, openness to change and fresh approaches.

NON-GAAP MEASURES

"Organic Sales Growth," "Adjusted Operating Margin," "Adjusted Operating Income," "Adjusted Earnings Per Share," and "Free Cash Flow" (FCF) are non-GAAP measures and should not be considered replacements for GAAP* results. (*U.S. Generally Accepted Accounting Principles)

"Organic Sales Growth" is a useful measure used by us to measure the underlying results and trends in the business. The difference between reported net sales growth (the most comparable GAAP measure) and Organic Sales Growth (the non-GAAP measure) consists of the impact from foreign currency exchange rates and acquisitions and divestitures, if any. Organic Sales Growth is a useful measure of our performance because it excludes items that: i) are not completely under management's control, such as the impact of changes in foreign currency exchange rates; or ii) do not reflect the underlying growth of the company, such as acquisition and divestiture activity. The limitation of this measure is that it excludes items that have an impact on our sales. This limitation is best addressed by using Organic Sales Growth in combination with the GAAP results.

We present operating margin before special items including charges or income related to legal settlements and reserves, restructuring and other charges, acquisition related charges, impairment charges and other income or charges, if any ("Adjusted Operating Margin"). We present Adjusted Operating Margin before special items to give investors a perspective on the underlying business results. It also is a significant component in our incentive compensation plans. This measure should be considered in conjunction with operating margin calculated using our GAAP results in order to understand the amounts, character and impact of adjustments to operating margin.

We present operating income before special items including charges or income related to legal settlements and reserves, restructuring and other charges, acquisition related charges, impairment charges and other income or charges, if any ("Adjusted Operating Income"). We utilize Adjusted Operating Income to assess segment-level core operating performance and to provide insight to management in evaluating segment operating plan execution and underlying market conditions. It also is a significant component in our incentive compensation plans. Adjusted Operating Income is a useful measure for investors because it provides insight into our underlying operating results, trends and the comparability of these results between periods. The difference between Adjusted Operating Income and operating income (the most comparable GAAP measure) consists of the impact of charges or income related to legal settlements and reserves, restructuring and other charges, acquisition related charges, impairment charges and other income or charges, if any, that may mask the underlying operating results and/or business trends. The limitation of this measure is that it excludes the financial impact of items that would otherwise either increase or decrease our reported operating income. This limitation is best addressed by using Adjusted Operating Income in combination with operating income (the most comparable GAAP measure) in order to better understand the amounts, character and impact of any increase or decrease on reported results.

We present diluted earnings per share from continuing operations attributable to TE Connectivity Ltd. before special items, including charges or income related to legal settlements and reserves, restructuring and other charges, acquisition related charges, impairment charges, tax sharing income related to certain proposed adjustments to prior period tax returns and other tax items, certain significant special tax items, other income or charges, if any, and, if applicable, related tax effects ("Adjusted Earnings Per Share"). We present Adjusted Earnings Per Share because we believe that it is appropriate for investors to consider results excluding these items in addition to results in accordance with GAAP. We believe such a measure provides a picture of our results that is more comparable among periods since it excludes the impact of special items, which may recur, but tend to be irregular as to timing, thereby making comparisons between periods more difficult. It also is a significant component in our incentive compensation plans. The limitation of this measure is that it excludes the financial impact of items that would otherwise either increase or decrease our reported results. This limitation is best addressed by using Adjusted Earnings Per Share in combination with diluted earnings per share from continuing operations attributable to TE Connectivity Ltd. (the most comparable GAAP measure) in order to better understand the amounts, character and impact of any increase or decrease on reported results.

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

FCF is defined as net cash provided by continuing operating activities excluding voluntary pension contributions and the cash impact of special items, if any, minus net capital expenditures. Net capital expenditures consist of capital expenditures less proceeds from the sale of property, plant and equipment. They are subtracted because they represent long-term commitments. Voluntary pension contributions are excluded from the GAAP measure because this activity is driven by economic financing decisions rather than operating activity. Certain special items, including net payments related to pre-separation tax matters, also are considered by management in evaluating free cash flow. We believe investors should also consider these items in evaluating our free cash flow. We forecast our cash flow results excluding any voluntary pension contributions because we have not yet made a determination about the amount and timing of any such future contributions. In addition, our forecast excludes the cash impact of special items because we cannot predict the amount and timing of such items.

FCF as presented herein may not be comparable to similarly-titled measures reported by other companies. The primary limitation of this measure is that it excludes items that have an impact on our GAAP cash flow. Also, it subtracts certain cash items that are ultimately within management's and the Board of Directors' discretion to direct and may imply that there is less or more cash available for our programs than the most comparable GAAP measure indicates. This limitation is best addressed by using FCF in combination with the GAAP cash flow results. It should not be inferred that the entire free cash flow amount is available for future discretionary expenditures, as our definition of free cash flow does not consider certain non-discretionary expenditures, such as debt payments. In addition, we may have other discretionary expenditures, such as discretionary dividends, share repurchases and business acquisitions, that are not considered in the calculation of free cash flow.

Because we do not predict the amount and timing of special items that might occur in the future, and our forecasts are developed at a level of detail different than that used to prepare GAAP-based financial measures, we do not provide reconciliations to GAAP of our forward-looking financial measures.

RECONCILIATION OF NON-GAAP FINANCIAL MEASURES TO GAAP FINANCIAL MEASURES

US$ IN MILLIONS, EXCEPT PER SHARE DATA

FISCAL YEAR 2013

		ADJUSTMENTS			
	U.S. GAAP	Acquisition-Related Charges	Restructuring and Other Charges, Net	Tax Items (1)	Adjusted (Non-GAAP) (2)
Operating Income	$ 1,556	$ 14	$ 311	$ -	$ 1,881
Operating Margin	11.7%				14.2%
Diluted Earnings per Share from Continuing Operations Attributable to TE Connectivity Ltd.	$ 3.02	$ 0.02	$ 0.52	$ (0.33)	$ 3.23

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

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

FISCAL YEAR 2012

		ADJUSTMENTS			
	U.S. GAAP	Acquisition-Related Charges (1)	Restructuring and Other Charges, Net	Tax Items (2)	Adjusted (Non-GAAP) (3)
Diluted Earnings per Share from Continuing Operations Attributable to TE Connectivity Ltd.	$ 2.70	$ 0.21	$ 0.19	$ (0.25)	$ 2.86

(1) Includes $75 million of non-cash amortization associated with fair value adjustments primarily related to acquired inventories and customer order backlog recorded in cost of sales, $27 million of acquisition and integration costs, and $14 million of restructuring charges.

(2) Includes other income adjustment related to reimbursements by Tyco International and Covidien in connection with pre-separation tax matters. Also includes income tax expense adjustments related to income tax benefits recognized in connection with a reduction in the valuation allowance associated with certain tax loss carryforwards and income tax expense associated with certain non-U.S. tax rate changes.

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

FOR THE QUARTER ENDED SEPTEMBER 27, 2013

		ADJUSTMENTS		
	U.S. GAAP	Acquisition-Related Charges	Restructuring and Other Charges, Net	Adjusted (Non-GAAP) (1)
Operating Income	$ 465	$ 3	$ 71	$ 539
Operating Margin	13.5%			15.7%

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

RECONCILIATION OF FREE CASH FLOW

US$ IN MILLIONS

FISCAL YEAR 2013	
Net cash provided by continuing operating activities	$ 2,048
Capital expenditures	(615)
Proceeds from sale of property, plant and equipment	39
Payments related to pre-separation tax matters, net	28
Free cash flow	$ 1,500

CAUTION CONCERNING FORWARD-LOOKING STATEMENTS

This report contains certain "forward-looking statements" within the meaning of the U.S. Private Securities Litigation Reform Act of 1995. These statements are based on management's current expectations and are subject to risks, uncertainty and changes in circumstances, which may cause actual results, performance, financial condition or achievements to differ materially from anticipated results, performance, financial condition or achievements. All statements contained herein that are not clearly historical in nature are forward-looking and the words "anticipate," "believe," "expect," "estimate," "plan," and similar expressions are generally intended to identify forward-looking statements. We have no intention and are under no obligation to update or alter (and expressly disclaim any such intention or obligation to do so) our forward-looking statements whether as a result of new information, future events or otherwise, except to the extent required by law. The forward-looking statements in this report include statements addressing our future financial condition and operating results.

Examples of factors that could cause actual results to differ materially from those described in the forward-looking statements include, among others, business, economic, competitive and regulatory risks, such as conditions affecting demand for products, particularly in the automotive industry and the telecommunications networks and consumer devices industries; competition and pricing pressure; fluctuations in foreign currency exchange rates and commodity prices; natural disasters and political, economic and military instability in countries in which we operate; developments in the credit markets; future goodwill impairment; compliance with current and future environmental and other laws and regulations; and the possible effects on us of changes in tax laws, tax treaties and other legislation. More detailed information about these and other factors is set forth in TE Connectivity Ltd.'s Annual Report on Form 10-K for the fiscal year ended Sept. 27, 2013 as well as in our Current Reports on Form 8-K and other reports filed by us with the U.S. Securities and Exchange Commission.

TE CONNECTIVITY LTD.
ANNUAL REPORT
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SPECIAL NOTE ABOUT FORWARD-LOOKING STATEMENTS

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

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

The risk factors identified in this Annual Report and those discussed in our Annual Report of Form 10-K for the fiscal year ended September 27, 2013 filed with the United States Securities and Exchange Commission (the "SEC") could cause our results to differ materially from those expressed in forward-looking statements. There may be other risks and uncertainties that we are unable to predict at this time or that we currently do not expect to have a material adverse effect on our business.

BUSINESS

General

TE Connectivity Ltd. ("TE Connectivity" or the "Company," which may be referred to as "we," "us," or "our") is a world leader in connectivity. We design and manufacture products to connect power, data, and signal in a broad array of industries including automotive, energy, industrial, broadband communications, consumer devices, healthcare, and aerospace and defense. We help our customers solve the need for more energy efficiency, always-on communications, and ever-increasing productivity.

Effective for the first quarter of fiscal 2013, we reorganized our management and segments to better align the organization around our strategy. We now operate through four reporting segments: Transportation Solutions, Network Solutions, Industrial Solutions, and Consumer Solutions. Our reporting segments manufacture and distribute our products and solutions to a number of end markets. The table below provides a summary of our reporting segments, the fiscal 2013 net sales contribution of each segment, and the key products and industry end markets that we serve:

Segment	Transportation Solutions	Network Solutions	Industrial Solutions	Consumer Solutions
% of Fiscal 2013 Net Sales	**41%**	**23%**	**23%**	**13%**
Key Products	• Terminals and connector systems • Relays • Circuit protection devices • Sensors • Application tooling • Wire and heat shrink tubing	• Terminals and connector systems • Fiber optics • Wire and cable • Racks and panels • Wireless • Undersea telecommunication systems	• Terminals and connector systems • Heat shrink tubing • Relays • Wire and cable	• Terminals and connector systems • Circuit protection devices • Relays • Antennas • Heat shrink tubing
Key Markets	• Automotive	• Telecom networks • Data communications • Enterprise networks • Subsea communications	• Industrial • Aerospace, defense, and marine • Energy	• Consumer devices • Appliances

Our Competitive Strengths

We believe that we have the following competitive strengths:

- *Portfolio of market-leading connectivity businesses.* We are a leader in many of the markets we serve, and the opportunity for growth in those markets is significant. We believe our four segments serve a combined market of approximately $100 billion that is expected to grow at an estimated annual growth rate of approximately 5% over the next five years.
- *Global leader in passive components.* With net sales of $13.3 billion in fiscal 2013, we are significantly larger than many of our competitors. In the fragmented connector industry, which we estimated to be approximately $50 billion in fiscal 2013, our net sales were approximately $8.5 billion. We have established a global leadership position in the connector industry with leading market positions in the following markets: automotive—#1, industrial—#1, telecom/data communications—#2, and consumer electronics—#2.

  Our scale provides us the opportunity to accelerate our sales growth by making larger investments in existing and new technologies and businesses in our core markets, and to expand our presence in emerging markets. Our leadership position also provides us the opportunity to

lower our purchasing costs by developing lower cost sources of supply and to maintain a flexible manufacturing footprint worldwide that is close to our customers' locations.

- *Strong customer relationships.* As an industry leader, we have established close working relationships with many of our customers. These relationships allow us to better anticipate and respond to customer needs when designing new products and new technical solutions. By working with our customers in developing new products and technologies, we believe we are able to identify and act on trends and leverage knowledge about next-generation technology across our products.
- *Process and product technology leadership.* We employ approximately 6,900 engineers dedicated to product research, development, and engineering. Our investment of $675 million in product and process engineering and development, together with our capital spending of $615 million in fiscal 2013, enable us to consistently provide innovative, high-quality products with efficient manufacturing methods. In fiscal 2013, we derived approximately 24% of our net sales from new products, including product extensions, introduced within the previous three fiscal years.
- *Diverse product mix and customer base.* We manufacture and sell a broad portfolio of products to customers in various industries. Our customers include many of the leaders in their respective industries, and our relationships with them typically date back many years. We believe that this diversified customer base provides us an opportunity to leverage our skills and experience across markets and reduces our exposure to individual end markets, thereby reducing the variability of our financial performance. Additionally, we believe that the diversity of our customer base reduces the level of cyclicality in our results and distinguishes us from our competitors.
- *Global presence.* We have an established manufacturing presence in over 20 countries and global sales distribution. Our global coverage positions us near our customers' locations and allows us to assist them in consolidating their supply base and lowering their production costs. We believe our balanced sales distribution lowers our exposure to any particular geography and improves our financial profile.
- *Strong management team and employee base.* We believe our management team has the experience necessary to effectively execute our strategy and advance our product and technology leadership. Our Chief Executive Officer and segment leaders average more than 20 years of industry experience. They are supported by an experienced and talented management team who is dedicated to maintaining and expanding our position as a global leader in the industry.

  We have approximately 84,000 employees located throughout the world. We continue to emphasize employee development and training, and we embrace diversity and inclusion. Our strong employee base, along with their commitment to uncompromising values, provides the foundation of our company's success.

Segments

Below is a description of our reporting segments and the primary products sold by each segment. See Notes 1 and 23 to the Consolidated Financial Statements for additional segment and geographic financial information relating to our business. Prior period segment results have been revised to conform to the current segment reporting structure.

Transportation Solutions

The Transportation Solutions segment is a leader in electronic components, including terminals and connectors, relays, and sensors, as well as application tooling, wire and heat shrink tubing, and other custom-engineered solutions for the automotive market including the industrial and commercial vehicle

and hybrid and electric vehicle markets. The following are the primary product families sold by the segment:

- *Terminals and connector systems and components.* We offer an extensive range of electrical and electronic interconnection products. These connectors include a wide variety of pin and socket, terminal, USB, coaxial, input/output, fiber optic, power, and circular connectors, as well as ambient lighting assemblies, special purpose cable assemblies, sophisticated interconnection products used in complex commercial equipment, and custom connectivity solutions for harsh environment applications. This product family represents over 75% of the segment's net sales.

- *Relays.* Our relay products can be used in a wide range of applications in the automotive and commercial vehicle industries, including electric sunroofs, anti-lock braking systems, and fuel injection coils.

- *Circuit protection devices.* We offer a diverse range of circuit protection devices, which limit the flow of current during fault conditions and automatically reset after the fault is cleared and power to the circuit is restored.

- *Sensors.* We offer a customized engineered portfolio of non-contact position and speed sensor technologies mainly for the automotive and commercial vehicle industries that include high measurement standards, robust housing technologies, and temperature stable designs for a variety of powertrain, safety, and chassis applications.

- *Application tooling.* We offer a broad portfolio of hand tools, semi-automatic bench machines, and fully-automatic machine systems for processing terminal products.

- *Wire and heat shrink tubing.* We offer reliable, cost-effective products to seal, connect, insulate, protect, hold, and bundle high-performance electrical harnesses. We also provide high temperature wire for harsh environments on passenger and commercial vehicles.

The above product families represent over 90% of the Transportation Solutions segment's net sales.

Network Solutions

The Network Solutions segment is one of the world's largest suppliers of infrastructure components and systems for the telecommunications market and electronic components for the data communications market. Our products include connectors, fiber optics, wire and cable, racks and panels, and wireless products. We also are a leader in developing, manufacturing, installing, and maintaining some of the world's most advanced subsea fiber optic communications systems. The following are the primary product families sold by the segment:

- *Terminals and connector systems and components.* We offer an extensive range of low, medium, and high-voltage connectors and splices, cable assemblies, sealing systems, terminals, fittings, lugs and clamps, transmission line fittings, splice closures, grounding hardware, and wall and floor outlets for voice and data connection to local area networks.

- *Fiber optics.* We provide fiber optic connectors, splices, splice closures, fiber management systems, high density cable assemblies, couplers and splitters, and complete cabling systems. These products find use in both local-area and wide-area networks and "last-mile" fiber-to-the-home installations.

- *Wire and cable.* We provide wire and cable for indoor and outdoor use in office, factory floor, school, and residential voice, data, and video networks, including copper and fiber optic distribution cables, shielded and unshielded twisted-pair cables, armored cable, and patch cords.

- *Racks and panels.* We provide racks and panels that are used to integrate, organize, and manage fiber and copper cables and splices, thereby simplifying installation, maintenance, and upgrades for both exchange/head end and customer premise environments.
- *Wireless.* We offer solutions for radio frequency distribution and distributed antenna systems. These products provide wireless coverage and capacity, and operate as an extension of the wireless network, expanding the reach of both in-building and outdoor signals.
- *Undersea telecommunication systems.* We design, build, maintain, and test undersea fiber optic networks for the telecommunication and oil and gas markets.

The above product families represent over 90% of the Network Solutions segment's net sales.

Industrial Solutions

The Industrial Solutions segment is a leading supplier of products that connect and distribute power and data, including connectors, heat shrink tubing, relays, and wire and cable, as well as custom-engineered solutions. Our products are used primarily in the industrial; aerospace, defense, and marine; and energy markets. The following are the primary product families sold by the segment:

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

The above product families represent over 90% of the Industrial Solutions segment's net sales.

Consumer Solutions

The Consumer Solutions segment is a top supplier of electronic components, including connectors, circuit protection devices, relays, antennas, and heat shrink tubing, for the consumer devices and appliances markets. The following are the primary product families sold by the segment:

- *Terminals and connector systems and components.* We provide connector products including a wide variety of electronic grounding, shielding, and contact, SIM memory card, terminal, USB, input/output, and a variety of board level signal and power connectors as well as memory and CPU sockets. Also, we design and manufacture power cables and cable assemblies for high data rate transmission and sophisticated interconnection products used in smartphone, computing, tablet computer, appliances, and consumer electronics OEM products.
- *Circuit protection devices.* We offer a diverse range of circuit protection devices, which limit the flow of current during fault conditions and automatically reset after the fault is cleared and

power to the circuit is restored. We also offer surface-mount chip fuses, gas discharge tubes for overvoltage protection, electrostatic discharge protection devices, and hybrid protection devices.

- *Relays.* We provide relay products for a wide range of applications in the consumer devices and appliances markets.
- *Antennas.* We offer application specific and standard antenna products in a variety of structures to enable our customers to complete the transmission of wireless voice and data over a full range of protocols.
- *Heat shrink tubing.* We offer hundreds of reliable, cost-effective products to seal, connect, insulate, protect, hold, and bundle high-performance electrical harnesses.

The above product families represent over 90% of the Consumer Solutions segment's net sales.

Markets

We sell our products to manufacturers and distributors in a number of major markets. The approximate percentage of our total net sales by market in fiscal 2013 was as follows:

Markets	Percentage
Automotive	41%
Telecom Networks	9
Industrial	9
Aerospace, Defense, and Marine	8
Consumer Devices	8
Energy	6
Data Communications	6
Appliances	5
Enterprise Networks	5
Subsea Communications	3
Total	100%

Our major markets are as follows:

- *Automotive.* The automotive and industrial transportation industry uses our products in automotive technologies for body and chassis systems, convenience applications, driver information, infotainment solutions, miniaturization solutions, motor and powertrain applications, sensor technologies, and safety and security systems. Hybrid and electronic mobility solutions include in-vehicle technologies, battery technologies, and charging solutions. Our industrial and commercial transportation products are used in on- and off-highway vehicles and recreational vehicles.
- *Telecom networks.* Our products are used by communication service providers to facilitate the high-speed delivery of services from central offices to customer premises. We offer fiber and copper infrastructure, power distribution, fiber-to-the-premises, and fiber-to-the-node connectivity solutions for the central office and data center, to the outside plant, cell site, and multi-dwelling unit buildings. We develop and manufacture telecommunication products which are used to build out broadband communications infrastructure as well as upgrade networks. Our networking products are used in routers, switches, optical transport, and access equipment for converged voice and data transmission. We offer solutions for distributed antenna systems, wireless infrastructure equipment, and high speed wireless indoor/outdoor base stations.

- *Industrial.* Our products are used in factory automation and process control systems such as industrial controls, robotics, human machine interface, industrial communication, and power distribution. Our intelligent building products are used to connect lighting, HVAC, elevators/escalators, and security. Our rail products are used in high-speed trains, metros, light rail vehicles, locomotives, and signaling switching equipment. The medical industry uses our products in diagnostic, therapeutic, surgical, and interventional applications. Also, our products are used by the solar and lighting industry.
- *Aerospace, defense, and marine.* We provide components and solutions for the commercial aerospace industry, from the initial stages of aircraft design to aftermarket support. Our defense products include ruggedized electronic interconnects serving military aviation, marine, and ground vehicles including electronic warfare and space systems. Our marine products include cables and electronics used for harsh subsea environments in the offshore oil and gas and civil marine industries and in shipboard, subsea, and sonar applications.
- *Consumer devices.* Our products and connectivity solutions are used in numerous consumer devices, including smart phones, tablet computers, desktop computers, televisions, gaming systems, digital and video cameras, printers and copiers, and business and retail equipment.
- *Energy.* Our products are used in the electrical power industry and include a wide range of solutions for the electrical power generation, transmission, distribution, smart grid, and industrial markets.
- *Data communications.* Our products and solutions are used in a variety of equipment architectures within the networking equipment, data center equipment, and wireless infrastructure industries.
- *Appliances.* Our products are used in many household appliances, including washers and dryers, refrigerators, air conditioners, dishwashers, cooking appliances, water heaters, and microwaves.
- *Enterprise networks.* We provide cable, connectivity, and cable management solutions for networks that enable high-bandwidth voice and data communications throughout facilities including data centers, commercial buildings, and office campuses. Our products support networks in a variety of industries, including healthcare, government, gaming and hospitality, financial services, education, and transportation.
- *Subsea communications.* Our products are used in undersea fiber optic telecommunication systems. With vertically integrated undersea communications systems and services, we support the telecommunications and oil and gas industries, and other customers seeking marine services.

Customers

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

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

	Fiscal		
	2013	2012	2011
Europe/Middle East/Africa	34%	34%	36%
Asia-Pacific	33	34	33
Americas[2]	33	32	31
Total	100%	100%	100%

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

(2) The Americas includes our Subsea Communications business.

There is no single customer that accounted for a significant amount of our net sales in fiscal 2013, 2012, or 2011.

Sales, Marketing, and Distribution

We sell our products into more than 150 countries primarily through direct selling efforts to manufacturers. We also sell some of our products indirectly via third-party distributors. In fiscal 2013, our direct sales represented 74% of net sales, with the remainder provided by sales to third-party distributors and independent manufacturer representatives.

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

Seasonality and Backlog

Customer orders typically fluctuate from quarter to quarter based upon business conditions and cancellation of unfilled orders prior to shipment of goods. We experience a slight seasonal pattern to our business. Overall, the third fiscal quarter is typically the strongest quarter of our fiscal year, whereas the first and fourth fiscal quarters are negatively affected by winter holidays and European holidays, respectively. The second fiscal quarter may also be affected by adverse winter weather conditions in some of our markets.

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

Backlog by reportable segment was as follows:

	Fiscal Year End	
	2013	2012
	(in millions)	
Transportation Solutions	$ 996	$ 874
Network Solutions[1]	475	744
Industrial Solutions	791	743
Consumer Solutions	307	272
Total	$2,569	$2,633

(1) Includes our Subsea Communications business's backlog of $138 million and $352 million at fiscal year end 2013 and 2012, respectively.

We expect that the majority of our backlog at September 27, 2013 will be filled during fiscal 2014.

Competition

The industries in which we operate are highly competitive, and we compete with thousands of companies that range from large multinational corporations to local manufacturers. Competition is generally on the basis of breadth of product offering, product innovation, price, quality, delivery, and service. Our markets have generally been growing but with downward pressure on prices. The following is a listing of our major competitors by segment:

- *Transportation Solutions.* This segment primarily competes against Yazaki, Delphi, Sumitomo, Molex, Amphenol, and Rosenberger.
- *Network Solutions.* This segment's major competitors include CommScope, Corning, Huawei Technologies, Amphenol, and Molex. Also, the Subsea Communications business competes against Alcatel-Lucent.
- *Industrial Solutions.* This segment primarily competes against Amphenol, Esterline, Molex, Phoenix Contact, Hubbell, and 3M.
- *Consumer Solutions.* This segment's major competitors include Molex, JST Connectors, Japan Aviation Electronics, Amphenol, and Foxconn Technology Group.

Raw Materials

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

Research and Development

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

Our research and development expense was as follows:

	Fiscal		
	2013	2012	2011
	(in millions)		
Transportation Solutions	$193	$185	$180
Network Solutions	197	200	192
Industrial Solutions	119	132	135
Consumer Solutions	67	78	86
Total	$576	$595	$593

Intellectual Property

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

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

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

Employees

As of September 27, 2013, we employed approximately 84,000 people worldwide, of whom 27,000 were in the Americas region, 27,000 were in the Europe/Middle East/Africa region, and 30,000 were in the Asia-Pacific region. Of our total employees, approximately 49,000 were employed in manufacturing.

Government Regulation and Supervision

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

Environmental

Our operations are subject to numerous environmental, health, and safety laws and regulations, including those regulating the discharge of materials into the environment, greenhouse gas emissions, hazardous materials in products, chemical usage, and others. We are committed to complying with these laws and to the protection of our employees and the environment. We maintain a global

environmental, health, and safety program that includes appropriate policies and standards, staff dedicated to environmental, health, and safety issues, periodic compliance auditing, training, and other measures. We have a program for compliance with the European Union ("EU") Restriction of Hazardous Substances and Waste Electrical and Electronics Equipment Directives, the China Restriction of Hazardous Substances law, the EU REACH (chemical registration and evaluation) Regulation, and similar laws.

Compliance with these laws has in the past and may in the future increase our costs of doing business in a variety of ways. For example, laws regarding product content and chemical registration require extensive and costly data collection, management, and reporting, and laws regulating greenhouse gas emissions are likely to increase our costs for energy and certain materials and products. We also have projects underway at a number of current and former manufacturing facilities to investigate and remediate environmental contamination resulting from past operations. Based upon our experience, current information, and applicable laws, we believe that it is probable that we will incur remedial costs in the range of approximately $12 million to $24 million. As of September 27, 2013, we believe that the best estimate within this range is approximately $13 million. We do not anticipate any material capital expenditures during fiscal 2014 for environmental control facilities or other costs of compliance with laws or regulations relating to greenhouse gas emissions.

Corporate History

Tyco Electronics Ltd. was incorporated in Bermuda in fiscal 2000 as a wholly-owned subsidiary of Tyco International Ltd. ("Tyco International"). Effective June 29, 2007, Tyco International distributed all of our shares, as well as its shares of its former healthcare business, to its common shareholders (referred to in this report as the "separation"). We became an independent, publicly traded company owning the former electronics businesses of Tyco International.

Our business was formed principally through a series of acquisitions, from fiscal 1999 through fiscal 2002, of established electronics companies and divisions, including the acquisition of AMP Incorporated and Raychem Corporation in fiscal 1999, and the Electromechanical Components Division of Siemens and OEM Division of Thomas & Betts in fiscal 2000. These companies each had more than 50 years of history in engineering and innovation excellence. We operated as a segment of Tyco International prior to our separation.

Effective June 25, 2009, we discontinued our existence as a Bermuda company and, in accordance with article 161 of the Swiss Federal Code on International Private Law, continued our existence as a Swiss corporation under articles 620 et seq. of the Swiss Code of Obligations. The rights of holders of our shares are governed by Swiss law, our Swiss articles of association, and our Swiss organizational regulations.

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

We acquired Deutsch Group SAS ("Deutsch") and ADC Telecommunications, Inc. ("ADC") in fiscal 2012 and 2011, respectively. See Note 5 to the Consolidated Financial Statements for additional information relating to these acquisitions.

Available Information

All periodic and current reports, registration filings, and other filings that we are required to file with the SEC, including Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (''Exchange Act'') are available free of charge through our internet website at *www.te.com*. Such documents are available as soon as reasonably practicable after electronic filing or furnishing of the material with the SEC.

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

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

Market Information

Our common shares are listed and traded on the New York Stock Exchange ("NYSE") under the symbol "TEL." The following table sets forth the high and low closing sales prices of our common shares as reported by the NYSE for the quarterly periods during the fiscal years ended September 27, 2013 and September 28, 2012.

	Market Price Range			
	Fiscal			
	2013		2012	
	High	Low	High	Low
First Quarter	$37.95	$32.03	$36.69	$27.25
Second Quarter	42.54	36.88	37.30	31.48
Third Quarter	46.87	39.11	36.97	30.51
Fourth Quarter	53.54	46.20	37.11	30.64

The number of registered holders of our common shares at November 8, 2013 was 28,351.

Dividends and Cash Distributions to Shareholders

The following table sets forth the dividends and cash distributions to shareholders paid on our common shares during the quarterly periods presented below[1].

	Fiscal	
	2013	2012
First Quarter	$ 0.21 (CHF 0.20)[2]	$ 0.18 (CHF 0.17)
Second Quarter	$ 0.21 (CHF 0.20)[2]	$ 0.18 (CHF 0.17)
Third Quarter	$ 0.25 (CHF 0.24)	$ 0.21 (CHF 0.20)[2]
Fourth Quarter	$ 0.25 (CHF 0.24)	$ 0.21 (CHF 0.20)[2]

(1) Payments were declared in Swiss Francs ("CHF") and paid in U.S. Dollars based on a U.S. Dollar/Swiss Franc exchange rate shortly before shareholder approval.

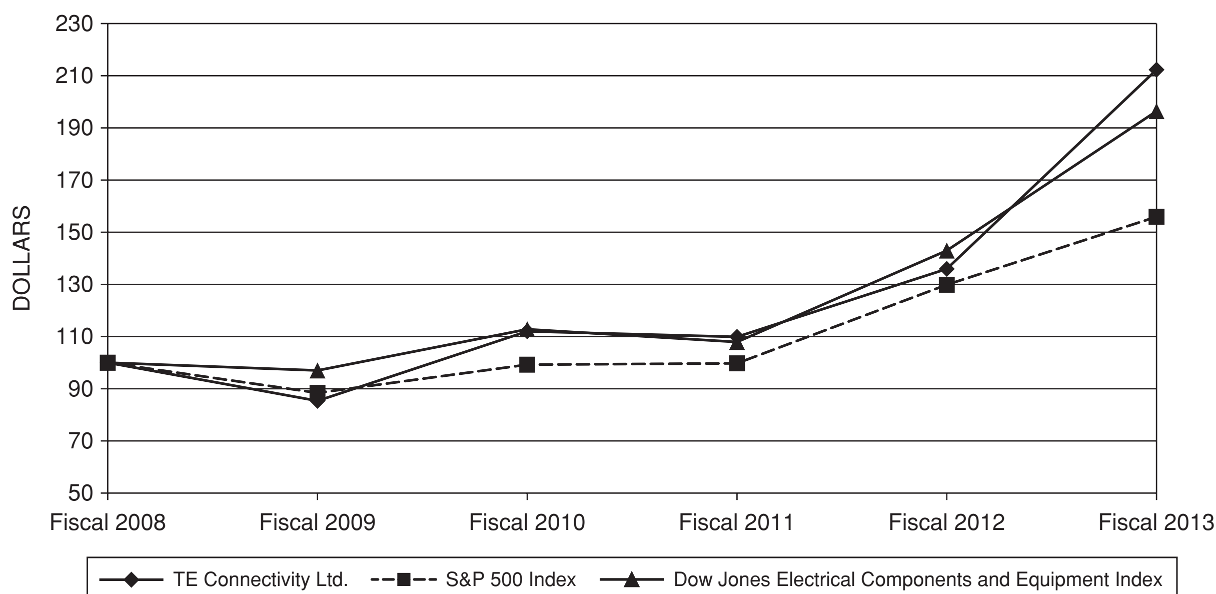
(2) Paid in the form of a reduction of registered share capital.

Future dividends on our common shares or reductions of registered share capital for distribution to shareholders, if any, must be approved by our shareholders. In exercising their discretion to recommend to the shareholders that such dividends or distributions be approved, our board of directors will consider our results of operations, cash requirements and surplus, financial condition, statutory requirements of applicable law, contractual restrictions, and other factors that they may deem relevant. We may from time to time enter into financing agreements that contain financial covenants and restrictions, some of which may limit our ability to pay dividends or to distribute capital reductions.

Performance Graph

Set forth below is a graph comparing the cumulative total shareholder return on our common shares against the cumulative return on the S&P 500 Index and the Dow Jones Electrical Components and Equipment Index. The graph assumes the investment of $100 in our common shares and in each index on September 26, 2008 and assumes the reinvestment of all dividends and distributions. The graph shows the cumulative total return as of the fiscal years ended September 25, 2009, September 24, 2010, September 30, 2011, September 28, 2012, and September 27, 2013. The comparisons in the graph below are based upon historical data and are not indicative of, nor intended to forecast, future performance of our common shares.

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



	Fiscal					
	2008*	2009	2010	2011	2012	2013
TE Connectivity Ltd.	$100.00	$85.35	$112.01	$109.89	$135.94	$212.30
S&P 500 Index	100.00	88.42	99.23	99.74	129.87	155.92
Dow Jones Electrical Components and Equipment Index	100.00	97.01	112.80	107.92	142.97	196.41

* $100 invested on September 26, 2008 in TE Connectivity's common shares and in indexes. Indexes calculated on month-end basis.

Issuer Purchases of Equity Securities

The following table presents information about our purchases of our common shares during the quarter ended September 27, 2013:

Period	Total Number of Shares Purchased[(1)]	Average Price Paid Per Share[(1)]	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs[(2)]	Maximum Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs[(2)(3)]
June 29–July 26, 2013	929,249	$47.62	925,000	$643,696,026
July 27–August 30, 2013	2,177,956	50.07	2,176,299	534,721,715
August 31–September 27, 2013	1,086,813	52.30	1,080,138	478,232,526
Total	4,194,018	$50.11	4,181,437	

(1) This column includes the following transactions which occurred during the quarter ended September 27, 2013:

(i) the acquisition of 12,581 common shares from individuals in order to satisfy tax withholding requirements in connection with the vesting of restricted share awards issued under equity compensation plans; and

(ii) open market purchases totaling 4,181,437 common shares, summarized on a trade-date basis, in conjunction with the share repurchase program announced in September 2007.

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

(3) Amounts in this column reflect the maximum value of shares that could be purchased under our share repurchase program as of September 27, 2013. On October 29, 2013, our board of directors authorized an increase of $1 billion in the share repurchase program.

SELECTED FINANCIAL DATA

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

	As of or for Fiscal				
	2013[1]	2012[2]	2011[3]	2010[4]	2009[5]
	(in millions, except per share data)				
Statement of Operations Data					
Net sales	$13,280	$13,282	$13,778	$11,681	$ 9,926
Gross margin	4,329	4,046	4,271	3,643	2,436
Acquisition and integration costs	14	27	19	8	—
Restructuring and other charges, net	311	128	136	137	372
Pre-separation litigation charges (income), net	—	—	—	(7)	144
Impairment of goodwill	—	—	—	—	3,547
Operating income (loss)	1,556	1,518	1,687	1,452	(3,523)
Amounts attributable to TE Connectivity Ltd.:					
Income (loss) from continuing operations	1,276	1,163	1,223	1,012	(3,146)
Income (loss) from discontinued operations, net of income taxes	—	(51)	22	91	(119)
Net income (loss)	$ 1,276	$ 1,112	$ 1,245	$ 1,103	$(3,265)
Per Share Data					
Basic earnings (loss) per share attributable to TE Connectivity Ltd.:					
Income (loss) from continuing operations	$ 3.05	$ 2.73	$ 2.79	$ 2.23	$ (6.85)
Net income (loss)	3.05	2.61	2.84	2.43	(7.11)
Diluted earnings (loss) per share attributable to TE Connectivity Ltd.:					
Income (loss) from continuing operations	$ 3.02	$ 2.70	$ 2.76	$ 2.21	$ (6.85)
Net income (loss)	3.02	2.59	2.81	2.41	(7.11)
Dividends and cash distributions paid per common share	$ 0.92	$ 0.78	$ 0.68	$ 0.64	$ 0.64
Balance Sheet Data					
Total current assets	$ 6,309	$ 6,503	$ 6,981	$ 7,047	$ 5,838
Total assets	18,461	19,306	17,723	16,992	16,018
Total current liabilities	3,924	4,004	3,410	3,468	2,618
Long-term debt	2,303	2,696	2,667	2,306	2,316
Total equity	8,386	7,977	7,484	7,056	7,006
Working capital[6]	2,385	2,499	3,571	3,579	3,220
Other Operating Data					
Capital expenditures	$ 615	$ 533	$ 574	$ 380	$ 319

(1) Fiscal 2013 results include $331 million of income tax benefits associated with the effective settlement of an audit of prior year tax returns as well as the related impact of $231 million to other expense pursuant to the tax sharing agreement with Tyco International and Covidien. (See Notes 13, 17, and 18 to the Consolidated Financial Statements.)

(2) Fiscal 2012 results include $75 million of charges associated with the amortization of acquisition-related fair value adjustments primarily related to acquired inventories and customer order backlog associated with Deutsch and $107 million

of income tax benefits recognized in connection with a reduction in the valuation allowance associated with tax loss carryforwards in certain non-U.S. locations. (See Notes 5 and 17 to the Consolidated Financial Statements.)

(3) Fiscal 2011 results include $39 million of charges associated with the amortization of acquisition-related fair value adjustments primarily related to acquired inventories and customer order backlog associated with ADC and $35 million of income tax benefits associated with the completion of fieldwork and the settlement of certain U.S. tax matters as well as the related impact of $14 million of other expense pursuant to the Tax Sharing Agreement with Tyco International and Covidien. (See Notes 5, 13, 17, and 18 to the Consolidated Financial Statements.)

(4) Fiscal 2010 results include $178 million of other income pursuant to the Tax Sharing Agreement with Tyco International and Covidien, $307 million of income tax charges primarily associated with certain proposed adjustments to prior year income tax returns and related accrued interest, $101 million of income tax benefits related to the completion of certain non-U.S. audits of prior year income tax returns, and $72 million of income tax benefits recognized in connection with a reduction in the valuation allowance associated with tax loss carry forwards in certain non-U.S. locations.

(5) Fiscal 2009 results include a $22 million gain on retirement of debt, $68 million of other expense pursuant to the Tax Sharing Agreement with Tyco International and Covidien, and $49 million of income tax benefits attributable to adjustments to prior year income tax returns.

(6) Working capital is defined as current assets minus current liabilities.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our Consolidated Financial Statements and the accompanying notes included elsewhere in this Annual Report. The following discussion may contain forward-looking statements that reflect our plans, estimates, and beliefs. Our actual results could differ materially from those discussed in these forward-looking statements. Factors that could cause or contribute to these differences include those factors discussed below and elsewhere in this Annual Report, particularly in "Forward-Looking Information" and in "Part I. Item 1A. Risk Factors" as set forth in our Annual Report on Form 10-K for the fiscal year ended September 27, 2013 as filed with the SEC.

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

Organic net sales growth and free cash flow are non-GAAP financial measures which are discussed in Management's Discussion and Analysis of Financial Condition and Results of Operations. We believe these non-GAAP financial measures, together with GAAP financial measures, provide useful information to investors because they reflect the financial measures that management uses in evaluating the underlying results of our operations. See "Non-GAAP Financial Measures" for more information about these non-GAAP financial measures, including our reasons for including the measures and material limitations with respect to the usefulness of the measures.

Overview

We are a world leader in connectivity. We design and manufacture products to connect power, data, and signal in a broad array of industries including automotive, energy, industrial, broadband communications, consumer devices, healthcare, and aerospace and defense. We help our customers solve the need for more energy efficiency, always-on communications, and ever-increasing productivity.

Effective for the first quarter of fiscal 2013, we reorganized our management and segments to align the organization around our strategy. We now operate through four reporting segments: Transportation Solutions, Network Solutions, Industrial Solutions, and Consumer Solutions. See Notes 1 and 23 to the Consolidated Financial Statements for additional information regarding our segments. Prior period segment results have been restated to conform to the current segment reporting structure.

Our business and operating results have been and will continue to be affected by worldwide economic conditions. Our sales are dependent on certain industry end markets that are impacted by

consumer as well as industrial and infrastructure spending, and our operating results can be affected by changes in demand in those markets.

Overall, our fiscal 2013 net sales and organic net sales were consistent with fiscal 2012 levels. On an organic basis, our sales into industrial- and infrastructure-based markets declined, primarily as a result of weakness in the subsea communications and data communications end markets in the Network Solutions segment and the industrial end market in the Industrial Solutions segment. Also, on an organic basis, our sales into consumer-based markets increased with growth in the automotive end market in the Transportation Solutions segment, partially offset by declines in the consumer devices and appliances end markets in the Consumer Solutions segment.

Overall, our net sales decreased 3.6% in fiscal 2012 as compared to fiscal 2011. On an organic basis, net sales decreased 2.7% in fiscal 2012 from fiscal 2011 levels. On an organic basis, our sales into industrial- and infrastructure-based markets decreased, primarily as a result of weakness in the data communications, subsea communications, and telecom networks end markets in the Network Solutions segment and the industrial end market in the Industrial Solutions segment. Our sales into consumer-based markets experienced modest growth, on an organic basis, as growth in the automotive end market in the Transportation Solutions segment was partially offset by declines in the appliances and consumer devices end markets in the Consumer Solutions segment.

The acquisition of Deutsch in April 2012 benefited the automotive and aerospace, defense, and marine end markets in the Transportation Solutions and Industrial Solutions segments, respectively, and contributed net sales of $327 million in fiscal 2012. Also, Deutsch contributed incremental net sales of $320 million in the first six months of fiscal 2013 over the same period of fiscal 2012. Fiscal 2011 included an additional week which contributed $267 million in net sales and $0.08 per share to diluted earnings per share. ADC, which was acquired in December 2010, contributed net sales of $843 million, of which $24 million related to the additional week, during fiscal 2011. Also, the acquisition of ADC resulted in incremental net sales of $154 million in the first quarter of fiscal 2012 over the same period of fiscal 2011.

The March 2011 earthquake, subsequent tsunami, and aftershocks in Japan caused disruptions in our customers' operations and the supply chains that support their operations. We estimate that our fiscal 2011 net sales and diluted earnings per share were negatively impacted by $99 million and $0.07 per share, respectively, as a result of these disruptions. Our facilities in Japan were not materially damaged, and we did not experience further negative impacts after 2011.

Outlook

We expect net sales in the first quarter of fiscal 2014 to be between $3.225 billion and $3.325 billion. This reflects sales increases in the Transportation Solutions segment and, to a lesser degree, the Industrial Solutions segment, partially offset by sales decreases in the Consumer Solutions and Network Solutions segments relative to the first quarter of fiscal 2013. In the Transportation Solutions segment, we expect our sales to increase approximately 10%, and we expect global automotive production to increase 3% in the first quarter of fiscal 2014 as compared to the same period of fiscal 2013. In the Industrial Solutions segment, we expect our sales to increase approximately 10% in the industrial end market with smaller increases in the aerospace, defense, and marine and energy end markets in the first quarter of fiscal 2014 as compared to the first quarter of fiscal 2013. In the Consumer Solutions segment, we expect our sales to decline in the consumer devices end market, with this decline partially offset by a modest increase in our sales in the appliances end market in the first quarter of fiscal 2014 as compared to the same period of fiscal 2013. In the Network Solutions segment, we expect our sales to decline during the first quarter of fiscal 2014, reflecting continued weakness in the subsea communications and data communications end markets. We expect this decline

to be partially offset by sales increases in the telecom networks end market. We expect diluted earnings per share to be in the range of $0.71 to $0.75 per share in the first quarter of fiscal 2014.

For fiscal 2014, we expect net sales to be between $13.65 billion and $14.15 billion, reflecting expected sales increases in the Transportation Solutions and Industrial Solutions segments and, to a lesser degree, the Consumer Solutions segment from fiscal 2013 levels. In the Transportation Solutions segment, we expect our sales growth to exceed an anticipated increase in global automotive production of approximately 4% from fiscal 2013 levels. In the Industrial Solutions segment, we expect our sales to increase in fiscal 2014 from fiscal 2013 levels in all end markets, with growth primarily in the aerospace, defense, and marine end market due to strength in commercial aviation and oil and gas markets. In the Consumer Solutions segment, we expect a slight increase in our sales in the appliances end market in fiscal 2014 while our sales in the consumer devices end market are expected to be consistent with fiscal 2013 levels. In the Network Solutions segment, we expect our fiscal 2014 sales to be consistent with fiscal 2013 levels, with increased sales in the telecom networks end market offset by decreased sales in the data communications end market. We expect diluted earnings per share to be in the range of $3.41 to $3.71 per share in fiscal 2014.

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

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

Acquisitions

On April 3, 2012, we acquired 100% of the outstanding shares of Deutsch. The total value paid for the transaction amounted to €1.55 billion (approximately $2.05 billion using an exchange rate of $1.33 per €1.00), net of cash acquired. The total value paid included $659 million related to the repayment of Deutsch's financial debt and accrued interest. The acquired Deutsch businesses have been reported in the Transportation Solutions and Industrial Solutions segments from the date of acquisition. During fiscal 2012, Deutsch contributed net sales of $327 million and an operating loss of $54 million to our Consolidated Statement of Operations. The operating loss included charges of $75 million associated with the amortization of acquisition-related fair value adjustments primarily related to acquired inventories and customer order backlog, acquisition costs of $21 million, restructuring charges of $14 million, and integration costs of $6 million.

In July 2010, we entered into an Agreement and Plan of Merger to acquire 100% of the outstanding stock of ADC, a provider of broadband communications network connectivity products and related solutions. On December 9, 2010, upon effecting a short-form merger under Minnesota law, we owned 100% of the outstanding shares of ADC for a total purchase price of approximately $1,263 million in cash (excluding cash acquired of $546 million) and $22 million representing the fair value of ADC share-based awards exchanged for TE Connectivity share options and stock appreciation rights. The acquired ADC businesses have been included in the Network Solutions segment from the date of acquisition. During fiscal 2011, ADC contributed net sales of $843 million and an operating loss of $53 million to our Consolidated Statement of Operations. The operating loss included restructuring charges of $80 million, charges of $39 million associated with the amortization of acquisition-related fair value adjustments primarily related to acquired inventories and customer order backlog, integration costs of $10 million, and acquisition costs of $9 million.

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

Restructuring

We plan to continue to simplify our global manufacturing footprint by migrating facilities from higher-cost to lower-cost countries, consolidating within countries, and transferring product lines to lower-cost countries. These initiatives are designed to help us maintain our competitiveness in the industry, improve our operating leverage, and position us for growth in the years ahead. In connection with these initiatives and in response to market conditions, we incurred net restructuring charges of $314 million during fiscal 2013 and expect to incur net restructuring charges of approximately $50 million during fiscal 2014. Cash spending related to restructuring was $151 million during fiscal 2013, and we expect total spending, which will be funded with cash from operations, to be approximately $175 million in fiscal 2014. Annualized cost savings related to these actions are expected to be approximately $115 million and are expected to be realized by the end of fiscal 2015. Cost savings will be reflected primarily in cost of sales and selling, general, and administrative expenses.

Discontinued Operations

During fiscal 2012, we sold our Touch Solutions business for net cash proceeds of $380 million and recognized an insignificant pre-tax gain on the transaction. Also, during fiscal 2012, we sold our TE Professional Services business for net cash proceeds of $28 million and recognized an insignificant pre-tax gain on the transaction. See Note 4 to the Consolidated Financial Statements for additional information regarding discontinued operations.

Results of Operations

Key business factors that influenced our results of operations for the periods discussed in this report include:

- ***Raw material prices.*** We purchased approximately 172 million pounds of copper, 133,000 troy ounces of gold, and 2.5 million troy ounces of silver in fiscal 2013. Prices continue to fluctuate. The following table sets forth the average prices incurred related to copper, gold, and silver.

		Fiscal		
	Measure	2013	2012	2011
Copper	Lb.	$ 3.51	$ 3.90	$ 3.99
Gold	Troy oz.	$1,613	$1,599	$1,382
Silver	Troy oz.	$29.18	$34.30	$30.27

  In fiscal 2014, we expect to purchase copper, gold, and silver in quantities similar to fiscal 2013 levels.

- ***Foreign exchange.*** Approximately 53% of our net sales are invoiced in currencies other than the U.S. Dollar. Our results of operations are influenced by changes in foreign currency exchange rates. Increases or decreases in the value of the U.S. Dollar, compared to other currencies, will directly affect our reported results as we translate those currencies into U.S. Dollars at the end

of each fiscal period. The percentage of net sales in fiscal 2013 by major currencies invoiced was as follows:

Currencies	Percentage
U.S. Dollar	47%
Euro	28
Japanese Yen	6
Chinese Renminbi	6
Korean Won	4
Brazilian Real	2
British Pound Sterling	2
All others	5
Total	100%

Consolidated Operations

Net Sales. Net sales were $13,280 million and $13,282 million in fiscal 2013 and 2012, respectively. On an organic basis, net sales decreased $171 million, or 1.3%, in fiscal 2013 from fiscal 2012 as increased net sales in the Transportation Solutions segment were more than offset by decreases in the Network Solutions, Industrial Solutions, and Consumer Solutions segments. Price erosion adversely affected organic sales by $207 million in fiscal 2013. Foreign currency exchange rates negatively impacted net sales by $115 million, or 0.9%, in fiscal 2013. Deutsch, which was acquired on April 3, 2012, contributed incremental net sales of $320 million during the first six months of fiscal 2013 over the same period of fiscal 2012.

Net sales decreased $496 million, or 3.6%, to $13,282 million in fiscal 2012 from $13,778 million in fiscal 2011. On an organic basis, net sales decreased $372 million, or 2.7%, in fiscal 2012 as compared to fiscal 2011 as a result of decreased net sales in the Network Solutions segment and, to a lesser degree, the Industrial Solutions and Consumer Solutions segments. Foreign currency exchange rates negatively impacted net sales by $338 million, or 2.4%, in fiscal 2012. Fiscal 2011 included an additional week which contributed $267 million in net sales. Deutsch contributed net sales of $327 million during fiscal 2012. Also, the acquisition of ADC on December 8, 2010 resulted in incremental net sales of $154 million in the first quarter of fiscal 2012 over the same period of fiscal 2011.

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

The following table sets forth the percentage of our total net sales by geographic region:

	Fiscal		
	2013	2012	2011
Europe/Middle East/Africa (EMEA)	34%	34%	36%
Asia-Pacific	33	34	33
Americas	33	32	31
Total	100%	100%	100%

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

	Fiscal												
	2013						2012						
	Change in Net Sales versus Prior Fiscal Year						Change in Net Sales versus Prior Fiscal Year						
	Organic[1]		Translation[2]	Acquisition (Divestiture)	Total		Organic[1]		Translation[2]	Impact of 53rd Week[3]	Acquisitions	Total	
	($ in millions)												
EMEA	$(114)	(2.5)%	$ 28	$146	$ 60	1.3%	$(214)	(4.3)%	$(327)	$ (96)	$181	$(456)	(9.2)%
Asia–Pacific	(31)	(0.7)	(113)	(7)	(151)	(3.4)	(15)	(0.3)	33	(89)	52	(19)	(0.4)
Americas	(26)	(0.6)	(30)	145	89	2.1	(143)	(3.3)	(44)	(82)	248	(21)	(0.5)
Total	$(171)	(1.3)%	$(115)	$284	$ (2)	—%	$(372)	(2.7)%	$(338)	$(267)	$481	$(496)	(3.6)%

(1) Represents the change in net sales resulting from volume and price changes, before consideration of acquisitions, divestitures, the impact of changes in foreign currency exchange rates, and the impact of the 53rd week in fiscal 2011.

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

(3) Represents the impact of an additional week in fiscal 2011.

The following table sets forth the percentage of our total net sales by segment:

	Fiscal		
	2013	2012	2011
Transportation Solutions	41%	39%	36%
Network Solutions	23	25	26
Industrial Solutions	23	22	23
Consumer Solutions	13	14	15
Total	100%	100%	100%

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

	Fiscal												
	2013						2012						
	Change in Net Sales versus Prior Fiscal Year						Change in Net Sales versus Prior Fiscal Year						
	Organic[1]		Translation[2]	Acquisition (Divestiture)	Total		Organic[1]		Translation[2]	Impact of 53rd Week[3]	Acquisitions	Total	
	($ in millions)												
Transportation Solutions	$ 251	4.9%	$ (54)	$160	$ 357	7.0%	$ 325	6.6%	$(181)	$(102)	$174	$ 216	4.4%
Network Solutions	(192)	(5.8)	(16)	(36)	(244)	(7.4)	(374)	(10.2)	(66)	(75)	154	(361)	(9.8)
Industrial Solutions	(122)	(4.1)	(18)	160	20	0.7	(181)	(5.8)	(76)	(53)	153	(157)	(5.0)
Consumer Solutions	(108)	(5.8)	(27)	—	(135)	(7.3)	(142)	(7.0)	(15)	(37)	—	(194)	(9.5)
Total	$(171)	(1.3)%	$(115)	$284	$ (2)	—%	$(372)	(2.7)%	$(338)	$(267)	$481	$(496)	(3.6)%

(1) Represents the change in net sales resulting from volume and price changes, before consideration of acquisitions, divestitures, the impact of changes in foreign currency exchange rates, and the impact of the 53rd week in fiscal 2011.

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

(3) Represents the impact of an additional week in fiscal 2011.

Gross Margin. In fiscal 2013, gross margin was $4,329 million, reflecting a $283 million increase from gross margin of $4,046 million in fiscal 2012. In fiscal 2012, gross margin included charges of $75 million associated with the amortization of acquisition-related fair value adjustments primarily related to acquired inventories and customer order backlog associated with Deutsch. Excluding this item, gross margin increased in fiscal 2013 as compared to fiscal 2012 due primarily to improved manufacturing productivity and, to a lesser degree, lower material costs, partially offset by price erosion. Gross margin as a percentage of net sales increased to 32.6% in fiscal 2013 from 30.5% in fiscal 2012.

In fiscal 2012, gross margin was $4,046 million, reflecting a $225 million decrease from gross margin of $4,271 million in fiscal 2011. In fiscal 2012, gross margin included charges of $75 million associated with the acquisition of Deutsch, whereas in fiscal 2011, gross margin included similar charges of $39 million associated with the acquisition of ADC. Excluding these items, gross margin decreased in fiscal 2012 as compared to fiscal 2011. The decrease resulted from lower sales levels and, to a lesser degree, increased material costs, partially offset by improved manufacturing productivity. Gross margin as a percentage of net sales decreased to 30.5% in fiscal 2012 from 31.0% in fiscal 2011.

Selling, General, and Administrative Expenses. Selling, general, and administrative expenses increased $88 million to $1,773 million in fiscal 2013 from $1,685 million in fiscal 2012. The increase resulted primarily from additional selling, general, and administrative expenses of Deutsch, increased incentive compensation costs, and impairment charges on certain assets held for sale, partially offset by benefits attributable to restructuring actions. Selling, general, and administrative expenses as a percentage of net sales increased to 13.4% in fiscal 2013 from 12.7% in fiscal 2012.

Selling, general, and administrative expenses decreased $43 million to $1,685 million in fiscal 2012 from $1,728 million in fiscal 2011. The decrease resulted primarily from cost control measures and benefits attributable to restructuring actions, partially offset by the additional selling, general, and administrative expenses of Deutsch. Selling, general, and administrative expenses as a percentage of net sales increased to 12.7% in fiscal 2012 from 12.5% in fiscal 2011 primarily as a result of the decrease in sales.

Acquisition and Integration Costs. In connection with the acquisition of Deutsch, we incurred acquisition and integration costs of $14 million and $27 million during fiscal 2013 and 2012, respectively. In connection with the acquisition of ADC, we incurred acquisition and integration costs of $19 million during fiscal 2011.

Restructuring and Other Charges, Net. Net restructuring and other charges were $311 million, $128 million, and $136 million in fiscal 2013, 2012, and 2011, respectively. During fiscal 2013, we initiated a restructuring program associated with headcount reductions and manufacturing site closures impacting all segments. During fiscal 2012, we initiated a restructuring program to reduce headcount across all segments. Also, we initiated a restructuring program in the Transportation Solutions and Industrial Solutions segments associated with the acquisition of Deutsch. We initiated a restructuring program during fiscal 2011 which was primarily associated with the acquisition of ADC and related headcount reductions in the Network Solutions segment. Additionally, in fiscal 2011, we instituted reductions-in-force across all segments as a result of economic conditions. See Note 3 to the Consolidated Financial Statements for additional information regarding net restructuring and other charges.

Operating Income. Operating income was $1,556 million and $1,518 million in fiscal 2013 and 2012, respectively. Results for fiscal 2013 included $311 million of net restructuring and other charges and $14 million of acquisition and integration costs. Results for fiscal 2012 included $116 million of charges related to the acquisition of Deutsch, including $75 million of charges associated with the amortization of acquisition-related fair value adjustments primarily related to acquired inventories and customer order backlog, $27 million of acquisition and integration costs, and $14 million of net restructuring and other charges. Results for fiscal 2012 also included $114 million of additional net restructuring and other charges.

Operating income was $1,518 million and $1,687 million in fiscal 2012 and 2011, respectively. As discussed above, results for fiscal 2012 included $116 million of charges related to the acquisition of Deutsch. Results for fiscal 2012 also included $114 million of additional net restructuring and other charges. Results for fiscal 2011 included $138 million of charges related to the acquisition of ADC, including $80 million of net restructuring and other charges, $39 million of charges associated with the

amortization of acquisition-related fair value adjustments primarily related to acquired inventories and customer order backlog, and $19 million of acquisition and integration costs. Results for fiscal 2011 also included $56 million of additional net restructuring and other charges and an additional week which contributed $52 million of operating income.

Non-Operating Items

Interest Expense, Net. Net interest expense was $125 million, $153 million, and $139 million in fiscal 2013, 2012, and 2011, respectively. The decrease of $28 million in fiscal 2013 from fiscal 2012 was due to lower average debt levels, while the increase of $14 million in fiscal 2012 from fiscal 2011 resulted from higher average debt levels.

Other Income (Expense), Net. In fiscal 2013, 2012, and 2011, we recorded net other expense of $183 million, net other income of $50 million, and net other income of $27 million, respectively, primarily pursuant to the Tax Sharing Agreement with Tyco International and Covidien. See Note 12 to the Consolidated Financial Statements for further information regarding the Tax Sharing Agreement. The net other expense in fiscal 2013 included $231 million related to the effective settlement of all undisputed tax matters for the period 1997 through 2000. See Note 13 to the Consolidated Financial Statements for additional information.

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

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

We assessed the realization of ADC's tax loss and credit carryforwards that we acquired in connection with our purchase of ADC, and we believe it is more likely than not that a tax benefit will be realized on additional U.S. federal and state net operating losses. Based upon the fiscal years 2011 through 2013 U.S. operating results of the ADC business under our management, we reduced the valuation allowance provided at the date of acquisition and recorded a tax benefit of $63 million. As of fiscal year end 2013, we continue to maintain a valuation allowance of $177 million related to U.S. federal and state ADC tax attributes due to the uncertainty of their realization in the future.

The tax provision for fiscal 2012 reflects an income tax benefit of $107 million recognized in connection with a reduction in the valuation allowance associated with tax loss carryforwards in certain non-U.S. locations. In addition, the tax provision for fiscal 2012 reflects $17 million of income tax expense associated with certain non-U.S. tax rate changes enacted in the quarter ended December 30, 2011.

The tax provision for fiscal 2011 reflects income tax benefits of $35 million associated with the completion of fieldwork and the settlement of certain U.S. tax matters.

The valuation allowance for deferred tax assets of $1,816 million and $1,719 million at fiscal year end 2013 and 2012, respectively, relates principally to the uncertainty of the utilization of certain deferred tax assets, primarily tax loss, capital loss, and credit carryforwards in various jurisdictions. We believe that we will generate sufficient future taxable income to realize the income tax benefits related to the remaining net deferred tax assets on our Consolidated Balance Sheet. The valuation allowance

was calculated in accordance with the provisions of ASC 740, *Income Taxes*, which require that a valuation allowance be established or maintained when it is more likely than not that all or a portion of deferred tax assets will not be realized.

The calculation of our tax liabilities includes estimates for uncertainties in the application of complex tax regulations across multiple global jurisdictions where we conduct our operations. Under the uncertain tax position provisions of ASC 740, we recognize liabilities for tax and related interest for issues in the U.S. and other tax jurisdictions based on our estimate of whether, and the extent to which, additional taxes and related interest will be due. These tax liabilities and related interest are reflected net of the impact of related tax loss carryforwards, as such tax loss carryforwards will be applied against these tax liabilities and will reduce the amount of cash tax payments due upon the eventual settlement with the tax authorities. These estimates may change due to changing facts and circumstances. Due to the complexity of these uncertainties, the ultimate resolution may result in a settlement that differs from our current estimate of the tax liabilities and related interest. Furthermore, management has reviewed with tax counsel the issues raised by certain taxing authorities and the adequacy of these recorded amounts. If our current estimate of tax and interest liabilities is less than the ultimate settlement, an additional charge to income tax expense may result. If our current estimate of tax and interest liabilities is more than the ultimate settlement, income tax benefits may be recognized.

We have provided income taxes for earnings that are currently distributed as well as the taxes associated with several subsidiaries' earnings that are expected to be distributed in the future. No additional provision has been made for Swiss or non-Swiss income taxes on the undistributed earnings of subsidiaries or for unrecognized deferred tax liabilities for temporary differences related to basis differences in investments in subsidiaries, as such earnings are expected to be permanently reinvested, the investments are essentially permanent in duration, or we have concluded that no additional tax liability will arise as a result of the distribution of such earnings. As of September 27, 2013, certain subsidiaries had approximately $18 billion of cumulative undistributed earnings that have been retained indefinitely and reinvested in our global manufacturing operations, including working capital, property, plant, and equipment, intangible assets, and research and development activities. A liability could arise if our intention to permanently reinvest such earnings were to change and amounts are distributed by such subsidiaries or if such subsidiaries are ultimately disposed. It is not practicable to estimate the additional income taxes related to permanently reinvested earnings or the basis differences related to investments in subsidiaries. As of September 27, 2013, we had approximately $4.5 billion of cash, cash equivalents, and intercompany deposits, principally in our subsidiaries, that we have the ability to distribute to Tyco Electronics Group S.A. ("TEGSA"), our Luxembourg subsidiary, which is the obligor of substantially all of our debt, and to TE Connectivity Ltd., our Swiss parent company, but we consider to be permanently reinvested. We estimate that up to approximately $1.5 billion of tax expense would be recognized on our Consolidated Financial Statements if our intention to permanently reinvest these amounts were to change. Our current plans do not demonstrate a need to repatriate cash, cash equivalents, and intercompany deposits that are designated as permanently reinvested in order to fund our operations, including investing and financing activities.

Income (Loss) from Discontinued Operations, Net of Income Taxes. During fiscal 2012, we sold our Touch Solutions business for net cash proceeds of $380 million and recognized an insignificant pre-tax gain on the transaction. The agreement includes contingent earn-out provisions through 2015 based on business performance. In connection with the divestiture, we incurred an income tax charge of $65 million, which is included in income (loss) from discontinued operations, net of income taxes on the Consolidated Statement of Operations for fiscal 2012. This charge was primarily driven by the inability to fully realize a tax benefit associated with the write-off of goodwill at the time of the sale.

During fiscal 2012, we sold our TE Professional Services business for net cash proceeds of $28 million and recognized an insignificant pre-tax gain on the transaction. Additionally, during fiscal 2012, we recorded a pre-tax impairment charge of $28 million, which is included in income (loss) from

discontinued operations, net of income taxes on the Consolidated Statement of Operations, to write the carrying value of this business down to its estimated fair value less costs to sell.

In December 2011, the New York Court of Claims entered judgment in our favor in the amount of $25 million, payment of which was received in fiscal 2012, in connection with our former Wireless Systems business's State of New York contract. This judgment resolved all outstanding issues between the parties in this matter. This partial recovery of a previously recognized loss, net of legal fees, is reflected in income (loss) from discontinued operations, net of income taxes on the Consolidated Statement of Operations for fiscal 2012.

The Touch Solutions, TE Professional Services, and Wireless Systems businesses met the discontinued operations criteria and have been included as such in all periods presented on our Consolidated Financial Statements. Prior to reclassification to discontinued operations, the Touch Solutions and TE Professional Services businesses were included in the former Communications and Industrial Solutions segment and the Network Solutions segment, respectively. The Wireless Systems business was a component of the former Wireless Systems segment.

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

Results of Operations by Segment

Transportation Solutions

	Fiscal		
	2013	2012	2011
	($ in millions)		
Net sales	$5,485	$5,128	$4,912
Operating income	$ 972	$ 754	$ 729
Operating margin	17.7%	14.7%	14.8%

The following table provides an analysis of the change in the Transportation Solutions segment's net sales compared to the prior fiscal year by primary industry end market[1]:

	Fiscal											
	2013						2012					
	Change in Net Sales versus Prior Fiscal Year						Change in Net Sales versus Prior Fiscal Year					
	Organic[2]		Translation[3]	Acquisition	Total		Organic[2]		Translation[3]	Impact of 53rd Week[4]	Acquisition	Total	
	($ in millions)												
Automotive	$251	4.9%	$(54)	$160	$357	7.0%	$325	6.6%	$(181)	$(102)	$174	$216	4.4%

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

(2) Represents the change in net sales resulting from volume and price changes, before consideration of acquisitions, divestitures, the impact of changes in foreign currency exchange rates, and the impact of the 53rd week in fiscal 2011.

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

(4) Represents the impact of an additional week in fiscal 2011.

Fiscal 2013 Compared to Fiscal 2012

Net sales in the Transportation Solutions segment increased $357 million, or 7.0%, to $5,485 million in fiscal 2013 from $5,128 million in fiscal 2012. The weakening of certain foreign currencies negatively affected net sales by $54 million, or 1.1%, in fiscal 2013 as compared to fiscal 2012. Deutsch contributed incremental net sales of $160 million during the first six months of fiscal 2013 over the same period of fiscal 2012. Organic net sales increased by $251 million, or 4.9%, in fiscal 2013 as compared to fiscal 2012.

In the automotive end market, our organic net sales increased 4.9% in fiscal 2013 as compared to fiscal 2012. The increase was due primarily to growth of 9.9% in the Americas region, 5.1% in the Asia-Pacific region, and 2.2% in the EMEA region. Growth in the Americas region was driven by strong consumer demand resulting in increased vehicle production. In the Asia-Pacific region, growth was driven by increasing demand in China partially offset by declines in Japan. In the EMEA region, growth resulted primarily from increased exports to other regions while automotive demand was weak in the EMEA region.

In fiscal 2013, operating income in the Transportation Solutions segment increased $218 million to $972 million from $754 million in fiscal 2012. Segment results for fiscal 2013 included $38 million of net restructuring and other charges and $7 million of acquisition and integration costs related to the acquisition of Deutsch. Segment results for fiscal 2012 included $67 million of charges related to the acquisition of Deutsch, including $42 million of charges associated with the amortization of acquisition-related fair value adjustments primarily related to acquired inventories and customer order backlog, $16 million of acquisition and integration costs, and $9 million of net restructuring and other charges. Segment results also included $9 million of additional net restructuring and other charges in fiscal 2012. Excluding these items, operating income increased in fiscal 2013 as compared to fiscal 2012. The increase resulted primarily from higher volume, improved manufacturing productivity, and lower material costs, partially offset by price erosion.

Fiscal 2012 Compared to Fiscal 2011

In fiscal 2012, net sales in the Transportation Solutions segment increased $216 million, or 4.4%, to $5,128 million from $4,912 million in fiscal 2011. The weakening of certain foreign currencies negatively affected net sales by $181 million, or 3.7%, in fiscal 2012 as compared to fiscal 2011. Fiscal 2011 included an additional week which contributed approximately $102 million in net sales. Deutsch contributed net sales of $174 million during fiscal 2012. Organic net sales increased by $325 million, or 6.6%, in fiscal 2012 as compared to fiscal 2011.

In the automotive end market, our organic net sales increased 6.6% in fiscal 2012 as compared to fiscal 2011. The increase was due primarily to growth of 15.3% in the Asia-Pacific region and 11.0% in the Americas region, partially offset by declines of 1.1% in the EMEA region. Growth in the Asia-Pacific region resulted from higher automotive production and continued recovery following the earthquake in Japan. We estimate that the earthquake in Japan negatively impacted our sales in the automotive end market by $38 million in fiscal 2011. In the Americas region, growth resulted from increased production in North America, partially offset by weakness in South America. In the EMEA region, production levels decreased as a result of financial uncertainty in Europe.

Operating income in the Transportation Solutions segment increased $25 million to $754 million in fiscal 2012 from $729 million in fiscal 2011. As discussed above, segment results for fiscal 2012 included $67 million of charges related to the acquisition of Deutsch. Segment results also included $9 million of net charges and $13 million of net credits to restructuring and other charges (credits) in fiscal 2012 and 2011, respectively. Excluding these items, operating income increased in fiscal 2012 as compared to fiscal 2011. The increase resulted primarily from higher volume and, to a lesser degree, pricing actions and improved manufacturing productivity.

Network Solutions

	Fiscal		
	2013	2012	2011
	($ in millions)		
Net sales	$3,066	$3,310	$3,671
Operating income	$ 136	$ 247	$ 300
Operating margin	4.4%	7.5%	8.2%

The following table sets forth the Network Solutions segment's percentage of total net sales by primary industry end market[1]:

	Fiscal		
	2013	2012	2011
Telecom Networks	42%	40%	37%
Data Communications	25	26	29
Enterprise Networks	20	20	18
Subsea Communications	13	14	16
Total	100%	100%	100%

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

The following table provides an analysis of the change in the Network Solutions segment's net sales compared to the prior fiscal year by primary industry end market:

	Fiscal												
	2013						2012						
	Change in Net Sales versus Prior Fiscal Year						Change in Net Sales versus Prior Fiscal Year						
	Organic[1]		Translation[2]	Divestiture	Total		Organic[1]		Translation[2]	Impact of 53rd Week[3]	Acquisition	Total	
	($ in millions)												
Telecom Networks	$ (29)	(2.2)%	$ (4)	$ —	$ (33)	(2.5)%	$(109)	(7.9)%	$(33)	$(34)	$117	$ (59)	(4.3)%
Data Communications	(55)	(6.3)	(3)	(36)	(94)	(10.8)	(173)	(16.1)	(5)	(16)	—	(194)	(18.2)
Enterprise Networks	(25)	(3.9)	(9)	—	(34)	(5.2)	—	—	(30)	(15)	37	(8)	(1.2)
Subsea Communications	(83)	(17.3)	—	—	(83)	(17.3)	(92)	(15.8)	2	(10)	—	(100)	(17.2)
Total	$(192)	(5.8)%	$(16)	$(36)	$(244)	(7.4)%	(374)	(10.2)%	$(66)	$(75)	$154	$(361)	(9.8)%

(1) Represents the change in net sales resulting from volume and price changes, before consideration of acquisitions, divestitures, the impact of changes in foreign currency exchange rates, and the impact of the 53rd week in fiscal 2011.

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

(3) Represents the impact of an additional week in fiscal 2011.

Fiscal 2013 Compared to Fiscal 2012

In fiscal 2013, net sales in the Network Solutions segment decreased $244 million, or 7.4%, to $3,066 million from $3,310 million in fiscal 2012. The weakening of certain foreign currencies negatively affected net sales by $16 million, or 0.5%, in fiscal 2013 as compared to fiscal 2012. Organic net sales decreased $192 million, or 5.8%, in fiscal 2013 from fiscal 2012.

In the telecom networks end market, our organic net sales decreased 2.2% in fiscal 2013 as compared to fiscal 2012 as a result of market weakness and decreased capital investments by customers, particularly in the Asia-Pacific region and, to a lesser degree, the EMEA region. In the data communications end market, our organic net sales decreased 6.3% in fiscal 2013 from fiscal 2012 as a result of weakness in demand, particularly in the datacenter market. In the enterprise networks end

market, our organic net sales decreased 3.9% in fiscal 2013 as compared to fiscal 2012 with declines resulting primarily from continued market slowdowns in the EMEA region and North America. The subsea communications end market's organic net sales decreased 17.3% in fiscal 2013 as compared to fiscal 2012 as a result of lower levels of project activity resulting from customer funding delays.

Operating income in the Network Solutions segment decreased $111 million to $136 million in fiscal 2013 from $247 million in fiscal 2012. Segment results included $125 million and $59 million of net restructuring and other charges in fiscal 2013 and 2012, respectively. Excluding these items, operating income decreased in fiscal 2013 as compared to fiscal 2012. The decrease resulted from price erosion, lower volume and, to a lesser degree, unfavorable material costs, partially offset by improved manufacturing productivity.

Fiscal 2012 Compared to Fiscal 2011

Net sales in the Network Solutions segment decreased $361 million, or 9.8%, to $3,310 million in fiscal 2012 from $3,671 million in fiscal 2011. The weakening of certain foreign currencies negatively affected net sales by $66 million, or 1.8%, in fiscal 2012 as compared to fiscal 2011. Fiscal 2011 included an additional week which contributed approximately $75 million in net sales. The acquisition of ADC on December 8, 2010 resulted in incremental net sales of $154 million in the first quarter of fiscal 2012 over the same period of fiscal 2011, as ADC contributed net sales of $198 million in the first quarter of fiscal 2012 as compared to $44 million in the first quarter of fiscal 2011. Organic net sales decreased $374 million, or 10.2%, in fiscal 2012 from fiscal 2011. We estimate that the earthquake in Japan negatively impacted our sales in the Network Solutions segment by $16 million in fiscal 2011.

In the telecom networks end market, our organic net sales decreased 7.9% in fiscal 2012 from fiscal 2011 due primarily to decreased capital investments by major carriers in the telecommunications industry, particularly in the Americas and EMEA regions. In the data communications end market, our organic net sales decreased 16.1% in fiscal 2012 as compared to fiscal 2011 as a result of market softness, primarily in the Asia-Pacific region, and inventory reductions in the supply chain. In the enterprise networks end market, our organic net sales were flat in fiscal 2012 as compared to fiscal 2011 levels as declines resulting from weak office network demand were offset by increases resulting from continued data center investments. The subsea communications end market's organic net sales decreased 15.8% in fiscal 2012 from fiscal 2011 as a result of lower levels of project activity.

In fiscal 2012, operating income in the Network Solutions segment decreased $53 million to $247 million from $300 million in fiscal 2011. Segment results for fiscal 2012 included $59 million of net restructuring and other charges. Segment results for fiscal 2011 included $138 million of charges related to the acquisition of ADC, including $80 million of net restructuring and other charges, $39 million of charges associated with the amortization of acquisition-related fair value adjustments primarily related to acquired inventories and customer order backlog, and $19 million of acquisition and integration costs. Segment results for fiscal 2011 also included additional net restructuring and other charges of $10 million. Excluding these items, operating income decreased in fiscal 2012 as compared to fiscal 2011. The decrease was attributable to lower volume and, to a lesser degree, price erosion, partially offset by improved manufacturing productivity.

Industrial Solutions

	Fiscal		
	2013	2012	2011
	($ in millions)		
Net sales	$3,007	$2,987	$3,144
Operating income	$ 359	$ 378	$ 477
Operating margin	11.9%	12.7%	15.2%

The following table sets forth the Industrial Solutions segment's percentage of total net sales by primary industry end market[1]:

	Fiscal		
	2013	2012	2011
Industrial	39%	43%	50%
Aerospace, Defense, and Marine	34	29	22
Energy	27	28	28
Total	100%	100%	100%

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

The following table provides an analysis of the change in the Industrial Solutions segment's net sales compared to the prior fiscal year by primary industry end market:

	Fiscal												
	2013						2012						
	Change in Net Sales versus Prior Fiscal Year						Change in Net Sales versus Prior Fiscal Year						
	Organic[1]		Translation[2]	Acquisition	Total		Organic[1]		Translation[2]	Impact of 53rd Week[3]	Acquisition	Total	
	($ in millions)												
Industrial	$ (98)	(7.7)%	$(15)	$ —	$(113)	(8.8)%	$(236)	(15.1)%	$(21)	$(29)	$ —	$(286)	(18.2)%
Aerospace, Defense, and Marine	12	1.4	(2)	160	170	19.6	41	5.7	(17)	(10)	153	167	23.8
Energy	(36)	(4.3)	(1)	—	(37)	(4.4)	14	1.5	(38)	(14)	—	(38)	(4.4)
Total	$(122)	(4.1)%	$(18)	$160	$ 20	0.7%	$(181)	(5.8)%	$(76)	$(53)	$153	$(157)	(5.0)%

(1) Represents the change in net sales resulting from volume and price changes, before consideration of acquisitions, divestitures, the impact of changes in foreign currency exchange rates, and the impact of the 53rd week in fiscal 2011.

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

(3) Represents the impact of an additional week in fiscal 2011.

Fiscal 2013 Compared to Fiscal 2012

Net sales in the Industrial Solutions segment increased $20 million, or 0.7%, to $3,007 million in fiscal 2013 from $2,987 million in fiscal 2012. The weakening of certain foreign currencies negatively affected net sales by $18 million, or 0.6%, in fiscal 2013 as compared to fiscal 2012. Deutsch contributed incremental net sales of $160 million in the first six months of fiscal 2013 over the same period of fiscal 2012. Organic net sales decreased $122 million, or 4.1%, during fiscal 2013 as compared to fiscal 2012.

In the industrial end market, our organic net sales decreased 7.7% in fiscal 2013 as compared to fiscal 2012 due primarily to declines in the industrial equipment, solar, and medical markets. In the aerospace, defense, and marine end market, our organic net sales were flat in fiscal 2013 as compared to fiscal 2012 as increased production in the commercial aviation market and growth in the marine market resulting from increased oil and gas exploration were offset by a slowdown in defense spending. In the energy end market, our organic net sales decreased 4.3% in fiscal 2013 from fiscal 2012 as a result of continued market declines, primarily in the EMEA and Asia-Pacific regions.

In fiscal 2013, operating income in the Industrial Solutions segment decreased $19 million to $359 million from $378 million in fiscal 2012. Segment results for fiscal 2013 included $62 million of net restructuring and other charges and $7 million of acquisition and integration costs related to the acquisition of Deutsch. Segment results for fiscal 2012 included $49 million of charges related to the acquisition of Deutsch, including $33 million of charges associated with the amortization of acquisition-

related fair value adjustments primarily related to acquired inventories and customer order backlog, $11 million of acquisition and integration costs, and $5 million of net restructuring and other charges. Segment results also included $23 million of additional net restructuring and other charges in fiscal 2012. Excluding these items, operating income decreased in fiscal 2013 as compared to fiscal 2012. The decrease was due to lower volume and, to a lesser degree, price erosion, partially offset by improved manufacturing productivity and benefits attributable to Deutsch.

Fiscal 2012 Compared to Fiscal 2011

In fiscal 2012, net sales in the Industrial Solutions segment decreased $157 million, or 5.0%, to $2,987 million from $3,144 million in fiscal 2011. The weakening of certain foreign currencies negatively affected net sales by $76 million, or 2.4%, in fiscal 2012 as compared to fiscal 2011. Fiscal 2011 included an additional week which contributed approximately $53 million in net sales. Deutsch contributed net sales of $153 million in fiscal 2012. Organic net sales decreased $181 million, or 5.8%, during fiscal 2012 as compared to fiscal 2011. We estimate that the earthquake in Japan negatively impacted our sales in the Industrial Solutions segment by $11 million in fiscal 2011.

In the industrial end market, our organic net sales decreased 15.1% in fiscal 2012 from fiscal 2011 due to market weakness across all regions. In the aerospace, defense, and marine end market, our organic net sales increased 5.7% in fiscal 2012 as compared to fiscal 2011. The increase was attributable to increased production in the commercial aviation market, and growth in the marine market resulting from share gains and increased oil and gas exploration driven by increased crude oil prices. In the energy end market, our organic net sales were flat in fiscal 2012 as compared to fiscal 2011 as growth in the Americas and Asia-Pacific regions was offset by declines in the EMEA region.

Operating income in the Industrial Solutions segment decreased $99 million to $378 million in fiscal 2012 from $477 million in fiscal 2011. As discussed above, segment results for fiscal 2012 included $49 million of charges related to the acquisition of Deutsch. Segment results also included $23 million and $24 million of additional net restructuring and other charges in fiscal 2012 and 2011, respectively. Excluding these items, operating income decreased in fiscal 2012 as compared to fiscal 2011. The decrease resulted from lower volume and, to a lesser degree, increased materials costs, partially offset by improved manufacturing productivity and pricing actions.

Consumer Solutions

	Fiscal		
	2013	2012	2011
	($ in millions)		
Net sales	$1,722	$1,857	$2,051
Operating income	$ 89	$ 139	$ 181
Operating margin	5.2%	7.5%	8.8%

The following table sets forth the Consumer Solutions segment's percentage of total net sales by primary industry end market[(1)]:

	Fiscal		
	2013	2012	2011
Consumer Devices	59%	60%	59%
Appliances	41	40	41
Total	100%	100%	100%

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

The following table provides an analysis of the change in the Consumer Solutions segment's net sales compared to the prior fiscal year by primary industry end market:

	Fiscal										
	2013					2012					
	Change in Net Sales versus Prior Fiscal Year					Change in Net Sales versus Prior Fiscal Year					
	Organic[1]		Translation[2]	Total		Organic[1]		Translation[2]	Impact of 53rd Week[3]	Total	
	($ in millions)										
Consumer Devices	$ (86)	(7.6)%	$(22)	$(108)	(9.7)%	$ (75)	(6.2)%	$ 1	$(23)	$ (97)	(8.0)%
Appliances	(22)	(3.0)	(5)	(27)	(3.7)	(67)	(8.2)	(16)	(14)	(97)	(11.6)
Total	$(108)	(5.8)%	$(27)	$(135)	(7.3)%	$(142)	(7.0)%	$(15)	$(37)	$(194)	(9.5)%

(1) Represents the change in net sales resulting from volume and price changes, before consideration of acquisitions, divestitures, the impact of changes in foreign currency exchange rates, and the impact of the 53rd week in fiscal 2011.

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

(3) Represents the impact of an additional week in fiscal 2011.

Fiscal 2013 Compared to Fiscal 2012

Net sales in the Consumer Solutions segment decreased $135 million, or 7.3%, to $1,722 million in fiscal 2013 from $1,857 million in fiscal 2012. The weakening of certain foreign currencies negatively affected net sales by $27 million, or 1.5%, in fiscal 2013 as compared to fiscal 2012. Organic net sales decreased $108 million, or 5.8%, during fiscal 2013 as compared to fiscal 2012.

In the consumer devices end market, our organic net sales decreased 7.6% in fiscal 2013 from fiscal 2012 due to continuing weakness in the personal computer market, partially offset by increased demand in the mobile phone and tablet computer markets. In the appliances end market, our organic net sales decreased 3.0% in fiscal 2013 as compared to fiscal 2012 due primarily to declines in the EMEA and Americas regions.

In fiscal 2013, operating income in the Consumer Solutions segment decreased $50 million to $89 million from $139 million in fiscal 2012. Segment results included net restructuring and other charges of $86 million and $23 million in fiscal 2013 and 2012, respectively. Excluding these items, operating income increased in fiscal 2013 as compared to fiscal 2012. The increase resulted from improved manufacturing productivity, partially offset by price erosion and lower volume.

Fiscal 2012 Compared to Fiscal 2011

In fiscal 2012, net sales in the Consumer Solutions segment decreased $194 million, or 9.5%, to $1,857 million from $2,051 million in fiscal 2011. The weakening of certain foreign currencies negatively affected net sales by $15 million, or 0.7%, in fiscal 2012 as compared to fiscal 2011. Fiscal 2011 included an additional week which contributed approximately $37 million in net sales. Organic net sales decreased $142 million, or 7.0%, during fiscal 2012 as compared to fiscal 2011. We estimate that the earthquake in Japan negatively impacted our sales in the Consumer Solutions segment by $34 million in fiscal 2011.

In the consumer devices end market, our organic net sales decreased 6.2% in fiscal 2012 as compared to fiscal 2011 as a result of weaker demand in the personal computer and consumer electronics markets, partially offset by strong demand in the tablet computer market and increased demand in the mobile phone market. In the appliances end market, our organic net sales decreased 8.2% in fiscal 2012 from fiscal 2011 due primarily to weakness in the Asia-Pacific and EMEA regions, resulting from lower demand and inventory reductions in the supply chain, partially offset by growth in the Americas region.

Operating income in the Consumer Solutions segment decreased $42 million to $139 million in fiscal 2012 from $181 million in fiscal 2011. Segment results included $23 million and $35 million of net restructuring and other charges in fiscal 2012 and 2011, respectively. Excluding these items, operating income decreased in fiscal 2012 as compared to fiscal 2011. The decrease resulted from lower volume, increased materials costs, and price erosion, partially offset by improved manufacturing productivity.

Liquidity and Capital Resources

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

	Fiscal		
	2013	2012	2011
		(in millions)	
Net cash provided by operating activities	$ 2,046	$ 1,947	$ 1,779
Net cash used in investing activities	(545)	(1,510)	(1,043)
Net cash used in financing activities	(1,678)	(65)	(1,512)
Effect of currency translation on cash	(9)	(1)	5
Net increase (decrease) in cash and cash equivalents	$ (186)	$ 371	$ (771)

Our ability to fund our future capital needs will be affected by our ability to continue to generate cash from operations and may be affected by our ability to access the capital markets, money markets, or other sources of funding, as well as the capacity and terms of our financing arrangements. We believe that cash generated from operations and, to the extent necessary, these other sources of potential funding will be sufficient to meet our anticipated capital needs for the foreseeable future. In October, we called for early redemption all of our 5.95% senior notes due in January 2014. We may use excess cash to reduce our outstanding debt, including through the possible repurchase of our debt in accordance with applicable law, to purchase a portion of our common shares pursuant to our authorized share repurchase program, to pay distributions or dividends on our common shares, or to acquire strategic businesses or product lines. The cost or availability of future funding may be impacted by financial market conditions. We will continue to monitor financial markets and respond as necessary to changing conditions.

As of September 27, 2013, our cash and cash equivalents were held in subsidiaries which are located in various countries throughout the world. Under current applicable laws, substantially all of these amounts can be repatriated to TEGSA, our Luxembourg subsidiary, which is the obligor of substantially all of our debt, and to TE Connectivity Ltd., our Swiss parent company; however, the repatriation of these amounts could subject us to additional tax costs. We provide for tax liabilities on our Consolidated Financial Statements with respect to amounts that we expect to repatriate; however, no tax liabilities are recorded for amounts that we consider to be retained indefinitely and reinvested in our global manufacturing operations. As of September 27, 2013, we had approximately $4.5 billion of cash, cash equivalents, and intercompany deposits, principally in our subsidiaries, that we have the ability to distribute to TEGSA, our Luxembourg subsidiary, and TE Connectivity Ltd., our Swiss parent company, but we consider to be permanently reinvested. We estimate that up to approximately $1.5 billion of tax expense would be recognized on our Consolidated Financial Statements if our intention to permanently reinvest these amounts were to change. Our current plans do not demonstrate a need to repatriate cash, cash equivalents, and intercompany deposits that are designated as permanently reinvested in order to fund our operations, including investing and financing activities.

Cash Flows from Operating Activities

Net cash provided by continuing operating activities was $2,048 million in fiscal 2013 as compared to $1,888 million in fiscal 2012. The increase of $160 million in fiscal 2013 over fiscal 2012 resulted primarily from higher income levels.

Net cash provided by continuing operating activities was $1,888 million in fiscal 2012 as compared to $1,722 million in fiscal 2011. The increase of $166 million in fiscal 2012 over fiscal 2011 resulted primarily from improved working capital, partially offset by lower income levels.

Pension and postretirement benefit contributions in fiscal 2013, 2012, and 2011 were $98 million, $98 million, and $90 million, respectively. We expect pension and postretirement benefit contributions to be $90 million in fiscal 2014, before consideration of any voluntary contributions. There were no voluntary pension contributions in fiscal 2013, 2012, and 2011.

The amount of income taxes paid, net of refunds, during fiscal 2013, 2012, and 2011 was $312 million, $290 million, and $299 million, respectively.

In fiscal 2013 and 2012, cash payments included $67 million and $70 million, respectively, for tax deficiencies related to U.S. tax matters for the years 1997 through 2000. Also during fiscal 2013 and 2012, we received net reimbursements of $39 million and $51 million, respectively, from Tyco International and Covidien pursuant to their indemnifications for pre-separation U.S. tax matters. Net cash payments related to pre-separation tax matters were $129 million in fiscal 2011. We expect to make net cash payments related to pre-separation tax matters of approximately $182 million over the next twelve months. These amounts include payments in which we are the primary obligor to the taxing authorities and for which we expect a portion to be reimbursed by Tyco International and Covidien under the Tax Sharing Agreement as well as indemnification payments to Tyco International and Covidien under the Tax Sharing Agreement for tax matters where they are the primary obligor to the taxing authorities. See Note 13 to the Consolidated Financial Statements for additional information related to pre-separation tax matters.

In addition to net cash provided by operating activities, we use free cash flow, a non-GAAP financial measure, as a useful measure of our ability to generate cash. Free cash flow was $1,500 million in fiscal 2013 as compared to $1,434 million in fiscal 2012 and $1,342 million in fiscal 2011. The increase in free cash flow in fiscal 2013 as compared to fiscal 2012 was primarily driven by higher income levels, partially offset by higher capital expenditures as reduced by proceeds from the sale of property, plant, and equipment. The increase in free cash flow in fiscal 2012 as compared to fiscal 2011 was primarily driven by improved working capital, as adjusted for net payments for pre-separation tax matters and certain Deutsch acquisition-related payments totaling $37 million, partially offset by lower income levels.

The following table sets forth a reconciliation of net cash provided by continuing operating activities, the most comparable GAAP financial measure, to free cash flow.

	Fiscal		
	2013	2012	2011
	(in millions)		
Net cash provided by continuing operating activities	$2,048	$1,888	$1,722
Capital expenditures	(615)	(533)	(574)
Proceeds from sale of property, plant, and equipment	39	23	65
Payments related to pre-separation tax matters, net	28	19	129
Payments related to accrued interest on debt assumed in the acquisition of Deutsch	—	17	—
Payments to settle acquisition-related foreign currency derivative contracts	—	20	—
Free cash flow	$1,500	$1,434	$1,342

Cash Flows from Investing Activities

Capital spending increased $82 million in fiscal 2013 to $615 million as compared to $533 million in fiscal 2012. Capital spending was $574 million in fiscal 2011. We expect fiscal 2014 capital spending levels to be approximately 4% to 5% of net sales. We believe our capital funding levels are adequate to support new programs, and we continue to invest in our manufacturing infrastructure to further enhance productivity and manufacturing capabilities.

During fiscal 2012, we acquired Deutsch. The total value paid for the transaction amounted to €1.55 billion (approximately $2.05 billion using an exchange rate of $1.33 per €1.00), net of cash acquired of $152 million. The total value paid included $659 million of debt assumed, including accrued interest, which we paid off in its entirety shortly after the completion of the acquisition. See additional information in Note 5 to the Consolidated Financial Statements.

During fiscal 2011, we acquired ADC for a total purchase price of approximately $1,263 million in cash (excluding cash acquired of $546 million) and $22 million of other non-cash consideration. Short-term investments acquired in connection with the acquisition of ADC were sold for proceeds of $155 million in fiscal 2011. Certain other assets acquired in connection with the acquisition of ADC were sold for net proceeds of $111 million, of which approximately $106 million was received in fiscal 2011. See Note 5 to the Consolidated Financial Statements for additional information.

During fiscal 2012, we received net cash proceeds of $370 million related to the sale of our Touch Solutions business and $24 million related to the sale of our TE Professional Services business. An additional $14 million of cash proceeds was received during fiscal 2013. See additional information in Note 4 to the Consolidated Financial Statements.

Cash Flows from Financing Activities and Capitalization

Total debt at fiscal year end 2013 and 2012 was $3,014 million and $3,711 million, respectively. See Note 11 to the Consolidated Financial Statements for additional information regarding debt.

TEGSA, our 100%-owned subsidiary, has a five-year unsecured senior revolving credit facility ("Credit Facility") with total commitments of $1,500 million. The Credit Facility was amended in August 2013 primarily to extend the maturity date from June 2016 to August 2018 and reduce borrowing costs. TEGSA had no borrowings under the Credit Facility at September 27, 2013 and September 28, 2012.

Borrowings under the Credit Facility bear interest at a rate per annum equal to, at the option of TEGSA, (1) the London interbank offered rate ("LIBOR") plus an applicable margin based upon the

senior, unsecured, long-term debt rating of TEGSA, or (2) an alternate base rate equal to the highest of (i) Deutsche Bank AG New York branch's base rate, (ii) the federal funds effective rate plus ½ of 1%, and (iii) one-month LIBOR plus 1%, plus, in each case, an applicable margin based upon the senior, unsecured, long-term debt rating of TEGSA. TEGSA is required to pay an annual facility fee ranging from 7.5 to 25.0 basis points based upon the amount of the lenders' commitments under the Credit Facility and the applicable credit ratings of TEGSA.

The Credit Facility contains a financial ratio covenant providing that if, as of the last day of each fiscal quarter, our ratio of Consolidated Total Debt (as defined in the Credit Facility) to Consolidated EBITDA (as defined in the Credit Facility) for the then most recently concluded period of four consecutive fiscal quarters exceeds 3.75 to 1.0, an Event of Default (as defined in the Credit Facility) is triggered. The Credit Facility and our other debt agreements contain other customary covenants. None of our covenants are presently considered restrictive to our operations. As of September 27, 2013, we were in compliance with all of our debt covenants and believe that we will continue to be in compliance with our existing covenants for the foreseeable future.

Periodically, TEGSA issues commercial paper to U.S. institutional accredited investors and qualified institutional buyers in accordance with available exemptions from the registration requirements of the Securities Act of 1933 as part of our ongoing effort to maintain financial flexibility and to potentially decrease the cost of borrowings. Borrowings under the commercial paper program are backed by the Credit Facility. As of fiscal year end 2013, TEGSA had $350 million of commercial paper outstanding at a weighted-average interest rate of 0.28%. TEGSA had $300 million of commercial paper outstanding at a weighted-average interest rate of 0.40% as of fiscal year end 2012.

TEGSA's payment obligations under its senior notes, commercial paper, and Credit Facility are fully and unconditionally guaranteed by its parent, TE Connectivity Ltd. Neither TE Connectivity Ltd. nor any of its subsidiaries provides a guarantee as to payment obligations under the 3.50% convertible subordinated notes due 2015 issued by ADC prior to its acquisition in December 2010.

On October 18, 2013, TEGSA called for redemption all of its outstanding 5.95% senior notes due 2014, representing $300 million aggregate principal amount. The redemption date will be November 18, 2013. We expect to pay an immaterial premium in connection with this early redemption.

Payments of common share dividends and cash distributions to shareholders were $384 million, $332 million, and $296 million in fiscal 2013, 2012, and 2011, respectively.

In March 2010, our shareholders approved a cash distribution to shareholders in the form of a capital reduction to the par value of our common shares of CHF 0.72 (equivalent to $0.64) per share, payable in four equal quarterly installments of $0.16 per share beginning in the third quarter of fiscal 2010 through the second quarter of fiscal 2011. We paid the third and fourth installments of the distribution during the quarters ended December 24, 2010 and March 25, 2011, respectively. These capital reductions reduced the par value of our common shares from CHF 1.73 (equivalent to $1.60) to CHF 1.37 (equivalent to $1.28).

In March 2011, our shareholders approved a dividend payment to shareholders of CHF 0.68 (equivalent to $0.72) per share out of contributed surplus, payable in four equal quarterly installments beginning in the third quarter of fiscal 2011 through the second quarter of fiscal 2012. We paid the installments of the dividend at a rate of $0.18 per share during each of the quarters ended June 24, 2011, September 30, 2011, December 30, 2011, and March 30, 2012.

In March 2012, our shareholders approved a cash distribution to shareholders in the form of a capital reduction to the par value of our common shares of CHF 0.80 (equivalent to $0.84) per share, payable in four equal quarterly installments beginning in the third quarter of fiscal 2012 through the second quarter of fiscal 2013. We paid the installments of the distribution at a rate of $0.21 per share during each of the quarters ended June 29, 2012, September 28, 2012, December 28, 2012 and March 29, 2013. These capital reductions reduced the par value of our common shares from CHF 1.37 (equivalent to $1.28) to CHF 0.57 (equivalent to $0.44).

In March 2013, our shareholders approved a dividend payment to shareholders of CHF 0.96 (equivalent to $1.00) per share out of contributed surplus, payable in four equal quarterly installments beginning in the third quarter of fiscal 2013 through the second quarter of fiscal 2014. We paid the first and second installments of the dividend at a rate of $0.25 per share during each of the quarters ended June 28, 2013 and September 27, 2013.

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

During fiscal 2013, 2012, and 2011, we repurchased approximately 20 million of our common shares for $829 million, approximately 6 million of our common shares for $194 million, and approximately 25 million of our common shares for $867 million, respectively. At September 27, 2013, we had $478 million of availability remaining under our share repurchase authorization. On October 29, 2013, our board of directors authorized an increase of $1 billion in the share repurchase program.

Commitments and Contingencies

The following table provides a summary of our contractual obligations and commitments for debt, minimum lease payment obligations under non-cancelable leases, and other obligations at fiscal year end 2013:

		Payments Due by Fiscal Year					
	Total	2014	2015	2016	2017	2018	Thereafter
	(in millions)						
Long-term debt, including current maturities	$3,014	$ 711	$339	$ —	$ —	$727	$1,237
Interest on long-term debt[1]	1,304	128	115	110	110	87	754
Operating leases	420	125	96	58	41	30	70
Purchase obligations[2]	226	226	—	—	—	—	—
Total contractual cash obligations[3][4][5]	$4,964	$1,190	$550	$168	$151	$844	$2,061

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

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

(3) The table above does not reflect unrecognized income tax benefits of $1,620 million and related accrued interest and penalties of $1,018 million, the timing of which is uncertain. See Note 17 to the Consolidated Financial Statements for additional information regarding unrecognized income tax benefits, interest, and penalties.

(4) The table above does not reflect pension and postretirement benefit obligations to certain employees and former employees. We are obligated to make contributions to our pension plans and postretirement benefit plans; however, we are unable to determine the amount of plan contributions due to the inherent uncertainties of obligations of this type, including timing, interest rate charges, investment performance, and amounts of benefit payments. We expect to contribute $90 million to pension and postretirement benefit plans in fiscal 2014, before consideration of voluntary contributions. These plans and our estimates of future contributions and benefit payments are more fully described in Note 16 to the Consolidated Financial Statements.

(5) Other long-term liabilities of $393 million are excluded from the table above as we are unable to estimate the timing of payment for these items.

Income Tax Matters

In connection with our separation from Tyco International in 2007, we entered into a Tax Sharing Agreement that generally governs our, Tyco International's, and Covidien's respective rights, responsibilities, and obligations after the distribution with respect to taxes, including ordinary course of

business taxes and taxes, if any, incurred as a result of any failure of the distribution of all of our shares or the shares of Covidien to qualify as a tax-free distribution for U.S. federal income tax purposes within the meaning of Section 355 of the Code or certain internal transactions undertaken in anticipation of the spin-offs to qualify for tax-favored treatment under the Code.

Pursuant to the Tax Sharing Agreement, upon separation, we entered into certain guarantee commitments and indemnifications with Tyco International and Covidien. Under the Tax Sharing Agreement, we, Tyco International, and Covidien share 31%, 27%, and 42%, respectively, of certain contingent liabilities relating to unresolved pre-separation tax matters of Tyco International. The effect of the Tax Sharing Agreement is to indemnify us for 69% of certain liabilities settled in cash by us with respect to unresolved pre-separation tax matters. Pursuant to that indemnification, we have made similar indemnifications to Tyco International and Covidien with respect to 31% of certain liabilities settled in cash by the companies relating to unresolved pre-separation tax matters. If any of the companies responsible for all or a portion of such liabilities were to default in its payment of costs or expenses related to any such liability, we would be responsible for a portion of the defaulting party or parties' obligation. We are responsible for all of our own taxes that are not shared pursuant to the Tax Sharing Agreement's sharing formula. In addition, Tyco International and Covidien are responsible for their tax liabilities that are not subject to the Tax Sharing Agreement's sharing formula.

Prior to separation, certain of our subsidiaries filed combined income tax returns with Tyco International. Those and other of our subsidiaries' income tax returns are periodically examined by various tax authorities. In connection with these examinations, tax authorities, including the IRS, have raised issues and proposed tax adjustments. Tyco International, as the U.S. income tax audit controlling party under the Tax Sharing Agreement, is reviewing and contesting certain of the proposed tax adjustments. Amounts related to these tax adjustments and other tax contingencies and related interest that management has assessed under the uncertain tax position provisions of ASC 740, which relate specifically to our entities have been recorded on the Consolidated Financial Statements. In addition, we may be required to fund portions of Tyco International's and Covidien's tax obligations. Estimates about these guarantees have also been recognized on the Consolidated Financial Statements. See Note 12 to the Consolidated Financial Statements for additional information.

During fiscal 2007, the IRS concluded its field examination of certain of Tyco International's U.S. federal income tax returns for the years 1997 through 2000 and issued Revenue Agent Reports that reflected the IRS' determination of proposed tax adjustments for the 1997 through 2000 period. Additionally, the IRS proposed civil fraud penalties against Tyco International arising from alleged actions of former executives in connection with certain intercompany transfers of stock in 1998 and 1999. The penalties were asserted against a prior subsidiary of Tyco International that was distributed to us in connection with the separation. Tyco International appealed certain of the proposed adjustments for the years 1997 through 2000, and Tyco International resolved all but one of the matters associated with the proposed tax adjustments, including reaching an agreement with the IRS on the penalty adjustment in the amount of $21 million. In October 2012, the IRS issued special agreement Forms 870-AD, effectively settling its audit of all tax matters for the period 1997 through 2000, excluding one issue that remains in dispute as described below. As a result of these developments, in fiscal 2013, we recognized an income tax benefit of $331 million and other expense of $231 million pursuant to the Tax Sharing Agreement with Tyco International and Covidien.

The disputed issue involves the tax treatment of certain intercompany debt transactions. The IRS field examination asserted that certain intercompany loans originating during the period 1997 through 2000 did not constitute debt for U.S. federal income tax purposes and disallowed approximately $2.7 billion of related interest deductions recognized during the period on Tyco International's U.S. income tax returns. In addition, if the IRS is ultimately successful in asserting its claim, it is likely to disallow an additional $6.6 billion of interest deductions reflected on U.S. income tax returns in years subsequent to fiscal 2000. Tyco International contends that the intercompany financing qualified as debt

for U.S. tax purposes and that the interest deductions reflected on the income tax returns are appropriate. The IRS and Tyco International were unable to resolve this matter through the IRS appeals process. On June 20, 2013, Tyco International advised us that it had received Notices of Deficiency from the IRS for certain former U.S. subsidiaries of Tyco International increasing taxable income by approximately $2.9 billion in connection with the audit of Tyco International's fiscal years 1997 through 2000. The Notices of Deficiency assert that Tyco International owes additional taxes totaling $778 million, associated penalties of $154 million, and withholding taxes of $105 million. In addition, Tyco International received Final Partnership Administrative Adjustments for certain U.S. partnerships owned by former U.S. subsidiaries with respect to which Tyco International estimates an additional tax deficiency of approximately $30 million will be asserted. The amounts asserted by the IRS exclude any applicable deficiency interest, and do not reflect any impact to subsequent period tax liabilities in the event that the IRS were to prevail on some or all of its assertions. We understand that Tyco International strongly disagrees with the IRS position and has filed petitions in the U.S. Tax Court contesting the IRS' proposed adjustments. Tyco International has advised us that it believes there are meritorious defenses for the tax filings in question and that the IRS positions with regard to these matters are inconsistent with the applicable tax laws and existing Treasury regulations.

Resolution of this matter in the U.S. Tax Court could take several years and no payments to the IRS with respect to these matters would be required until the matter is fully and finally resolved. In accordance with the terms of a tax sharing agreement, we, Tyco International, and Covidien would share 31%, 27%, and 42%, respectively, of any payments made in connection with these matters.

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

During fiscal 2013 and 2012, we made payments of $67 million and $70 million, respectively, for tax deficiencies related to undisputed tax adjustments for the years 1997 through 2000. Concurrent with remitting these payments, during fiscal 2013 and 2012, we were reimbursed $39 million and $51 million, respectively, from Tyco International and Covidien pursuant to their indemnifications for pre-separation tax matters.

During fiscal 2011, the IRS completed its field examination of certain Tyco International income tax returns for the years 2001 through 2004, issued Revenue Agent Reports which reflect the IRS' determination of proposed tax adjustments for the 2001 through 2004 period, and issued certain notices of deficiency. As a result of the completion of fieldwork and the settlement of certain tax matters in fiscal 2011, we recognized income tax benefits of $35 million and other expense of $14 million pursuant to the Tax Sharing Agreement. Also, in fiscal 2011, we made net cash payments of $154 million related to pre-separation deficiencies.

Tyco International's income tax returns for the years 2001 through 2004 remain subject to adjustment by the IRS upon ultimate resolution of the disputed issue involving certain intercompany loans originated during the period 1997 through 2000. The IRS commenced its audit of certain Tyco International income tax returns for the years 2005 through 2007 in fiscal 2011, and it is our understanding that fieldwork for this audit period is expected to be completed in fiscal 2014. Also, during fiscal 2012, the IRS commenced its audit of our income tax returns for the years 2008 through 2010. We expect fieldwork for the 2008 through 2010 audit to conclude in fiscal 2014. Over the next twelve months, we expect to pay approximately $182 million, inclusive of related indemnification payments, in connection with pre-separation tax matters.

At September 27, 2013 and September 28, 2012, we have reflected $15 million and $71 million, respectively, of income tax liabilities related to the audits of Tyco International's and our income tax returns in accrued and other current liabilities as certain of these matters could be resolved within the next twelve months.

We believe that the amounts recorded on our Consolidated Financial Statements relating to the matters discussed above are appropriate. However, the ultimate resolution is uncertain and could result in a material impact to our results of operations, financial position, or cash flows.

Legal Proceedings

In the ordinary course of business, we are subject to various legal proceedings and claims, including patent infringement claims, product liability matters, employment disputes, disputes on agreements, other commercial disputes, environmental matters, antitrust claims, and tax matters, including non-income tax matters such as value added tax, sales and use tax, real estate tax, and transfer tax. Management believes that these legal proceedings and claims likely will be resolved over an extended period of time. Although it is not feasible to predict the outcome of these proceedings, based upon our experience, current information, and applicable law, we do not expect that the outcome of these proceedings, either individually or in the aggregate, will have a material effect on our results of operations, financial position, or cash flows. However, the proceedings discussed above in "Income Tax Matters" could have a material effect on our results of operations, financial position, or cash flows. See "Part I. Item 3. Legal Proceedings" of our Annual Report on Form 10-K for the fiscal year ended September 27, 2013 filed with the SEC and Note 13 to the Consolidated Financial Statements for further information regarding legal proceedings.

At September 27, 2013, we had a contingent purchase price commitment of $80 million related to our fiscal 2001 acquisition of Com-Net. This represents the maximum amount payable to the former shareholders of Com-Net only after the construction and installation of a communications system was completed for and approved by the State of Florida in accordance with guidelines set forth in the contract. Under the terms of the purchase and sale agreement, we do not believe we have any obligation to the sellers. However, the sellers have contested our position and initiated a lawsuit in June 2006 in the Court of Common Pleas in Allegheny County, Pennsylvania, which is in the discovery phase. A liability for this contingency has not been recorded on the Consolidated Financial Statements as we do not believe that any payment is probable at this time.

Off-Balance Sheet Arrangements

In certain instances, we have guaranteed the performance of third parties and provided financial guarantees for uncompleted work and financial commitments. The terms of these guarantees vary with end dates ranging from fiscal 2014 through the completion of such transactions. The guarantees would be triggered in the event of nonperformance, and the potential exposure for nonperformance under the guarantees would not have a material effect on our results of operations, financial position, or cash flows.

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

At September 27, 2013, we had outstanding letters of credit and letters of guarantee in the amount of $376 million.

We have recorded liabilities for known indemnifications included as part of environmental liabilities. See Note 13 to the Consolidated Financial Statements for a discussion of these liabilities.

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

Pursuant to the Tax Sharing Agreement, upon separation, we entered into certain guarantee commitments and indemnifications with Tyco International and Covidien. Under the Tax Sharing Agreement, we, Tyco International, and Covidien share 31%, 27%, and 42%, respectively, of certain contingent liabilities relating to unresolved pre-separation tax matters of Tyco International. The effect of the Tax Sharing Agreement is to indemnify us for 69% of certain liabilities settled in cash by us with respect to unresolved pre-separation tax matters. Pursuant to that indemnification, we have made similar indemnifications to Tyco International and Covidien with respect to 31% of certain liabilities settled in cash by the companies relating to unresolved pre-separation tax matters. If any of the companies responsible for all or a portion of such liabilities were to default in its payment of costs or expenses related to any such liability, we would be responsible for a portion of the defaulting party or parties' obligation. These arrangements have been valued upon our separation from Tyco International in accordance with ASC 460 and, accordingly, liabilities amounting to $223 million were recorded on the Consolidated Balance Sheet at September 27, 2013. See Notes 12 and 13 to the Consolidated Financial Statements for additional information.

Critical Accounting Policies and Estimates

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

Revenue Recognition

Our revenue recognition policies are in accordance with ASC 605, *Revenue Recognition*. Our revenues are generated principally from the sale of our products. Revenue from the sale of products is recognized at the time title and the risks and rewards of ownership pass to the customer. This generally occurs when the products reach the shipping point, the sales price is fixed and determinable, and collection is reasonably assured. For those items where title has not yet transferred, we have deferred the recognition of revenue. A reserve for estimated returns is established at the time of sale based on historical return experience and is recorded as a reduction of sales. Other allowances include customer quantity and price discrepancies. A reserve for other allowances is generally established at the time of sale based on historical experience and is also recorded as a reduction of sales.

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

Goodwill and Other Intangible Assets

Acquired intangible assets include both indeterminable-lived residual goodwill and determinable-lived identifiable intangible assets. Intangible assets with a determinable life include primarily intellectual property, consisting of patents, trademarks, and unpatented technology, as well as customer relationships. Estimates of recoverability range from 1 to 50 years and are generally amortized on a straight-line basis. An evaluation of the remaining useful life of determinable-lived intangible assets is performed on a periodic basis and when events and circumstances warrant an evaluation. We assess determinable-lived intangible assets for impairment consistent with our policy for assessing other long-lived assets for impairment. Goodwill is assessed for impairment separately from determinable-lived intangible assets by comparing the carrying value of each reporting unit to its fair value on the first day of the fourth fiscal quarter of each year or whenever we believe a triggering event requiring a more frequent assessment has occurred. In assessing the existence of a triggering event, management relies on a number of reporting-unit-specific factors including operating results, business plans, economic projections, anticipated future cash flows, transactions, and market place data. There are inherent uncertainties related to these factors and management's judgment in applying these factors to the goodwill impairment analysis.

A reporting unit is generally an operating segment or one level below an operating segment that constitutes a business for which discrete financial information is available and regularly reviewed by segment management. At fiscal year end 2013, we had eight reporting units, seven of which contained goodwill. There is one reporting unit in the Transportation Solutions segment, three reporting units in the Network Solutions segment, and two reporting units in both the Industrial Solutions and Consumer Solutions segments. We review our reporting unit structure each year as part of our annual goodwill impairment test, or more frequently based on changes in our structure.

When testing for goodwill impairment, we follow the guidance prescribed in ASC 350, *Intangibles—Goodwill and Other*. First, we perform a step I goodwill impairment test to identify a potential impairment. In doing so, we compare the fair value of a reporting unit with its carrying amount. If the carrying amount of a reporting unit exceeds its fair value, goodwill may be impaired and a step II goodwill impairment test is performed to measure the amount of impairment, if any. In the step II goodwill impairment test, we compare the implied fair value of reporting unit goodwill with the carrying amount of that goodwill. If the carrying amount of reporting unit goodwill exceeds the implied fair value of that goodwill, an impairment loss is recognized in an amount equal to the excess. The implied fair value of goodwill is determined in a manner consistent with how goodwill is recognized in a business combination. We allocate the fair value of a reporting unit to all of the assets and liabilities of that unit, including intangible assets, as if the reporting unit had been acquired in a business combination. Any excess of the fair value of a reporting unit over the amounts assigned to its assets and liabilities is the implied fair value of goodwill.

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

We completed our annual goodwill impairment test in the fourth quarter of fiscal 2013 and determined that no impairment existed.

Income Taxes

In determining income for financial statement purposes, we must make certain estimates and judgments. These estimates and judgments affect the calculation of certain tax liabilities and the

determination of the recoverability of certain deferred tax assets, which arise from temporary differences between the income tax return and financial statement recognition of revenue and expense.

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

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

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

In addition, the calculation of our tax liabilities includes estimates for uncertainties in the application of complex tax regulations across multiple global jurisdictions where we conduct our operations. Under the uncertain tax position provisions of ASC 740, *Income Taxes*, we recognize liabilities for tax and related interest for issues in the U.S. and other tax jurisdictions based on our estimate of whether, and the extent to which, additional taxes and related interest will be due. These tax liabilities and related interest are reflected net of the impact of related tax loss carryforwards, as such tax loss carryforwards will be applied against these tax liabilities and will reduce the amount of cash tax payments due upon the eventual settlement with the tax authorities. These estimates may change due to changing facts and circumstances. Due to the complexity of these uncertainties, the ultimate resolution may result in a settlement that differs from our current estimate of the tax liabilities and related interest. Furthermore, management has reviewed with tax counsel the issues raised by certain taxing authorities and the adequacy of these recorded amounts. If our current estimate of tax and interest liabilities is less than the ultimate settlement, an additional charge to income tax expense may result. If our current estimate of tax and interest liabilities is more than the ultimate settlement, income tax benefits may be recognized. These tax liabilities and related interest are recorded in income taxes and accrued and other current liabilities on the Consolidated Balance Sheets.

Pension and Postretirement Benefits

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

fair value of plan assets represents the current market value of cumulative company and participant contributions made to irrevocable trust funds, held for the sole benefit of participants, which are invested by the trustee of the funds. The benefits under pension and postretirement plans are based on various factors, such as years of service and compensation.

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

Two critical assumptions in determining pension expense and obligations are the discount rate and expected long-term return on plan assets. We evaluate these assumptions at least annually. Other assumptions reflect demographic factors such as retirement, mortality, and employee turnover. These assumptions are evaluated periodically and updated to reflect our actual experience. Actual results may differ from actuarial assumptions. The discount rate represents the market rate for high-quality fixed income investments and is used to calculate the present value of the expected future cash flows for benefit obligations to be paid under our pension plans. A decrease in the discount rate increases the present value of pension benefit obligations. At fiscal year end 2013, a 25 basis point decrease in the discount rate would have increased the present value of our pension obligations by $124 million; a 25 basis point increase would have decreased the present value of our pension obligations by $112 million. We consider the current and expected asset allocations of our pension plans, as well as historical and expected long-term rates of return on those types of plan assets, in determining the expected long-term rate of return on plan assets. A 50 basis point decrease or increase in the expected long-term return on plan assets would have increased or decreased, respectively, our fiscal 2013 pension expense by $10 million.

During fiscal 2012, our investment committee made the decision to change the target asset allocation of the U.S. plans' master trust from a previous target of 30% equity and 70% fixed income to 10% equity and 90% fixed income in an effort to better protect the funded status of the U.S. plans' master trust. Asset reallocation will continue over a multi-year period based on the funded status, as defined by the Pension Protection Act of 2006 ("the Pension Act Funded Status"), of the U.S. plans' master trust and market conditions. We expect to reach our target allocation when the Pension Act Funded Status exceeds 100%. Based on the Pension Act Funded Status as of September 27, 2013, our target asset allocation is 45% equity and 55% fixed income.

Acquisitions

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

Critical estimates in valuing certain intangible assets include but are not limited to: future expected cash flows from customer and distributor relationships, acquired developed technologies, and patents; expected costs to develop in-process research and development into commercially viable products and estimated cash flows from projects when completed; brand awareness and market position, as well as assumptions about the period of time the brand will continue to be used in our product portfolio; customer and distributor attrition rates; royalty rates; and discount rates. Management's estimates of fair value are based upon assumptions believed to be reasonable, but which are inherently uncertain and unpredictable. As a result, actual results may differ from estimates.

Contingent Liabilities

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

Non-GAAP Financial Measures

Organic Net Sales Growth

Organic net sales growth is a non-GAAP financial measure. The difference between reported net sales growth (the most comparable GAAP measure) and organic net sales growth (the non-GAAP measure) consists of the impact from foreign currency exchange rates, acquisitions, divestitures, and an additional week in the fourth quarter of the fiscal year for fiscal years which are 53 weeks in length. Organic net sales growth is a useful measure of the underlying results and trends in our business. It excludes items that are not completely under management's control, such as the impact of changes in foreign currency exchange rates, and items that do not reflect the underlying growth of the company, such as acquisition and divestiture activity and the impact of an additional week in the fourth quarter of the fiscal year for fiscal years which are 53 weeks in length. The impact of the 53rd week was estimated using an average weekly sales figure for the last month of the fiscal year.

We believe organic net sales growth provides useful information to investors because it reflects the underlying growth from the ongoing activities of our business. Furthermore, it provides investors with a view of our operations from management's perspective. We use organic net sales growth to monitor and evaluate performance, as it is an important measure of the underlying results of our operations. Management uses organic net sales growth together with GAAP measures such as net sales growth and operating income in its decision making processes related to the operations of our reporting segments and our overall company. We believe that investors benefit from having access to the same financial measures that management uses in evaluating operations. The discussion and analysis of organic net sales growth in "Results of Operations" above utilizes organic net sales growth as management does internally. Because organic net sales growth calculations may vary among other companies, organic net sales growth amounts presented above may not be comparable with similarly titled measures of other companies. Organic net sales growth is a non-GAAP financial measure that is not meant to be considered in isolation or as a substitute for GAAP measures. The primary limitation of this measure is that it excludes items that have an impact on our net sales. This limitation is best addressed by evaluating organic net sales growth in combination with our GAAP net sales. The tables presented in "Results of Operations" above provide reconciliations of organic net sales growth to net sales growth calculated under GAAP.

Free Cash Flow

Free cash flow is a non-GAAP financial measure. The difference between net cash provided by continuing operating activities (the most comparable GAAP measure) and free cash flow (the non-GAAP measure) consists mainly of significant cash outflows and inflows that we believe are useful to identify. Free cash flow is a useful measure of our ability to generate cash. It also is a significant component in our incentive compensation plans. We believe free cash flow provides useful information

to investors as it provides insight into the primary cash flow metric used by management to monitor and evaluate cash flows generated from our operations.

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

Free cash flow as presented herein may not be comparable to similarly-titled measures reported by other companies. The primary limitation of this measure is that it excludes items that have an impact on our GAAP cash flow. Also, it subtracts certain cash items that are ultimately within management's and the board of directors' discretion to direct and may imply that there is less or more cash available for our programs than the most comparable GAAP measure indicates. This limitation is best addressed by using free cash flow in combination with the GAAP cash flow results. It should not be inferred that the entire free cash flow amount is available for future discretionary expenditures, as our definition of free cash flow does not consider certain non-discretionary expenditures, such as debt payments. In addition, we may have other discretionary expenditures, such as discretionary dividends, share repurchases, and business acquisitions, that are not considered in the calculation of free cash flow.

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

Forward-Looking Information

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

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

The following and other risks, which are described in greater detail in "Part I. Item 1A. Risk Factors" of our Annual Report on Form 10-K for the fiscal year ended September 27, 2013 filed with the SEC, as well as other risks described in this Annual Report, could also cause our results to differ materially from those expressed in forward-looking statements:

- conditions in the global or regional economies and global capital markets, and cyclical industry conditions;
- conditions affecting demand for products in the industries we serve, particularly the automotive industry;

- competition and pricing pressure;
- market acceptance of new product introductions and product innovations and product life cycles;
- raw material availability, quality, and cost;
- fluctuations in foreign currency exchange rates;
- financial condition and consolidation of customers and vendors;
- reliance on third-party suppliers;
- risks associated with future acquisitions and divestitures;
- global risks of business interruptions such as natural disasters and political, economic, and military instability;
- risks related to compliance with current and future environmental and other laws and regulations;
- our ability to protect our intellectual property rights;
- risks of litigation;
- our ability to operate within the limitations imposed by our debt instruments;
- risks relating to our separation on June 29, 2007 from Tyco International Ltd.;
- the possible effects on us of various U.S. and non-U.S. legislative proposals and other initiatives that, if adopted, could materially increase our worldwide corporate effective tax rate and negatively impact our U.S. government contracts business;
- various risks associated with being a Swiss corporation;
- the impact of fluctuations in the market price of our shares; and
- the impact of certain provisions of our articles of association on unsolicited takeover proposals.

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

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

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

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

Foreign Currency Exposures

As part of managing the exposure to changes in foreign currency exchange rates, we utilize foreign currency forward and swap contracts, a portion of which are designated as cash flow hedges. The objective of these contracts is to minimize impacts to cash flows and profitability due to changes in foreign currency exchange rates on intercompany and other cash transactions. A 10% appreciation or depreciation of the underlying currency in our foreign currency forward or swap contracts from the

September 27, 2013 market rates would have changed the unrealized value of our forward and swap contracts by $27 million. A 10% appreciation or depreciation of the underlying currency in our foreign currency forward or swap contracts from the September 28, 2012 market rates would have changed the unrealized value of our forward and swap contracts by $35 million. Such gains or losses on these contracts would be generally offset by the gains or losses on the revaluation or settlement of the underlying transactions.

Interest Rate and Investment Exposures

We issue debt, as needed, to fund our operations and capital requirements. Such borrowings can result in interest rate exposure. To manage the interest rate exposure, we use interest rate swaps to convert a portion of fixed-rate debt into variable-rate debt. We use forward starting interest rate swaps and options to enter into interest rate swaps ("swaptions") to manage interest rate exposure in periods prior to the anticipated issuance of fixed-rate debt. We also utilize investment swaps to manage earnings exposure on certain non-qualified deferred compensation liabilities.

During fiscal 2011, we entered into interest rate swaps designated as fair value hedges on $150 million principal amount of the 4.875% senior notes due 2021. The maturity dates of the interest rate swaps coincide with the maturity date of the notes. Under these contracts, we receive fixed amounts of interest applicable to the underlying notes and pay a floating amount based upon the three-month U.S. Dollar LIBOR.

Based on our floating rate debt balances of approximately $150 million at September 27, 2013 and $200 million at September 28, 2012, an increase in the levels of the U.S. Dollar interest rates by 0.5%, with all other variables held constant, would have resulted in an increase of annual interest expense of approximately $1 million in fiscal 2013 and 2012.

Commodity Exposures

Our worldwide operations and product lines may expose us to risks from fluctuations in commodity prices. To limit the effects of fluctuations in the future market price paid and related volatility in cash flows, we utilize commodity swap contracts designated as cash flow hedges. We continually evaluate the commodity market with respect to our forecasted usage requirements over the next eighteen months and periodically enter into commodity swap contracts in order to hedge a portion of usage requirements over that period. At September 27, 2013, our commodity hedges, which related to expected purchases of gold, silver, and copper, were in a net loss position of $27 million and had a notional value of $278 million. At September 28, 2012, our commodity hedges, which related to expected purchases of gold and silver, were in a net gain position of $17 million and had a notional value of $246 million. A 10% appreciation or depreciation of the price of a troy ounce of gold, a troy ounce of silver, and a pound of copper, from the September 27, 2013 prices would have changed the unrealized value of our forward contracts by $25 million. A 10% appreciation or depreciation of the price of a troy ounce of gold and a troy ounce of silver from the September 28, 2012 prices would have changed the unrealized value of our forward contracts by $26 million.

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

CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our chief executive officer and chief financial officer, evaluated the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Exchange Act) as of September 27, 2013. Based on that evaluation, our chief executive officer and chief financial officer concluded that our disclosure controls and procedures were effective as of September 27, 2013.

Management's Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act). Management, with the participation of our chief executive officer and chief financial officer, evaluated the effectiveness of our internal control over financial reporting based on the framework in *Internal Control—Integrated Framework* (1992) issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation, management has concluded our internal control over financial reporting was effective as of September 27, 2013.

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

Deloitte & Touche LLP, an independent registered public accounting firm, has issued an attestation report on our internal control over financial reporting as of September 27, 2013, which is included in this Annual Report.

Changes in Internal Control Over Financial Reporting

During the quarter ended September 27, 2013, there were no changes in our internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

TE CONNECTIVITY LTD.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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

We have audited the accompanying consolidated balance sheets of TE Connectivity Ltd. and subsidiaries (the ''Company'') as of September 27, 2013 and September 28, 2012, and the related consolidated statements of operations, comprehensive income, equity, and cash flows for each of the three fiscal years in the period ended September 27, 2013. Our audits also included the financial statement schedule listed in the Index. These consolidated financial statements and financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on the consolidated financial statements and financial statement schedule based on our audits.

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

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of the Company as of September 27, 2013 and September 28, 2012, and the results of its operations and its cash flows for each of the three fiscal years in the period ended September 27, 2013, in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, such financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company's internal control over financial reporting as of September 27, 2013, based on the criteria established in *Internal Control—Integrated Framework* (1992) issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated November 15, 2013 expressed an unqualified opinion on the Company's internal control over financial reporting.

/s/ Deloitte & Touche LLP

Philadelphia, Pennsylvania
November 15, 2013

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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

We have audited the internal control over financial reporting of TE Connectivity Ltd. and subsidiaries (the "Company") as of September 27, 2013, based on criteria established in *Internal Control—Integrated Framework* (1992) issued by the Committee of Sponsoring Organizations of the Treadway Commission. The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

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

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

Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of September 27, 2013, based on the criteria established in *Internal Control—Integrated Framework* (1992) issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements and financial statement schedule of the Company as of and for the fiscal year ended September 27, 2013, and our report dated November 15, 2013 expressed an unqualified opinion on those consolidated financial statements and financial statement schedule.

/s/ Deloitte & Touche LLP

Philadelphia, Pennsylvania
November 15, 2013

TE CONNECTIVITY LTD.

CONSOLIDATED STATEMENTS OF OPERATIONS

Fiscal Years Ended September 27, 2013, September 28, 2012, and September 30, 2011

	Fiscal		
	2013	**2012**	**2011**
	(in millions, except per share data)		
Net sales	$13,280	$13,282	$13,778
Cost of sales	8,951	9,236	9,507
Gross margin	4,329	4,046	4,271
Selling, general, and administrative expenses	1,773	1,685	1,728
Research, development, and engineering expenses	675	688	701
Acquisition and integration costs	14	27	19
Restructuring and other charges, net	311	128	136
Operating income	1,556	1,518	1,687
Interest income	17	23	22
Interest expense	(142)	(176)	(161)
Other income (expense), net	(183)	50	27
Income from continuing operations before income taxes	1,248	1,415	1,575
Income tax (expense) benefit	29	(249)	(347)
Income from continuing operations	1,277	1,166	1,228
Income (loss) from discontinued operations, net of income taxes	—	(51)	22
Net income	1,277	1,115	1,250
Less: net income attributable to noncontrolling interests	(1)	(3)	(5)
Net income attributable to TE Connectivity Ltd.	$ 1,276	$ 1,112	$ 1,245
Amounts attributable to TE Connectivity Ltd.:			
Income from continuing operations	$ 1,276	$ 1,163	$ 1,223
Income (loss) from discontinued operations	—	(51)	22
Net income	$ 1,276	$ 1,112	$ 1,245
Basic earnings per share attributable to TE Connectivity Ltd.:			
Income from continuing operations	$ 3.05	$ 2.73	$ 2.79
Income (loss) from discontinued operations	—	(0.12)	0.05
Net income	3.05	2.61	2.84
Diluted earnings per share attributable to TE Connectivity Ltd.:			
Income from continuing operations	$ 3.02	$ 2.70	$ 2.76
Income (loss) from discontinued operations	—	(0.11)	0.05
Net income	3.02	2.59	2.81
Dividends and cash distributions paid per common share of TE Connectivity Ltd.	$ 0.92	$ 0.78	$ 0.68
Weighted-average number of shares outstanding:			
Basic	418	426	438
Diluted	423	430	443

See Notes to Consolidated Financial Statements.

TE CONNECTIVITY LTD.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Fiscal Years Ended September 27, 2013, September 28, 2012, and September 30, 2011

	Fiscal		
	2013	2012	2011
		(in millions)	
Net income	$1,277	$1,115	$1,250
Other comprehensive income (loss):			
Currency translation	(28)	(131)	50
Adjustments to unrecognized pension and postretirement benefit costs, net of income taxes	131	(88)	152
Gain (loss) on cash flow hedges, net of income taxes	(29)	20	(20)
Other comprehensive income (loss)	74	(199)	182
Comprehensive income	1,351	916	1,432
Less: comprehensive income attributable to noncontrolling interests	(1)	(3)	(5)
Comprehensive income attributable to TE Connectivity Ltd.	$1,350	$ 913	$1,427

See Notes to Consolidated Financial Statements.

TE CONNECTIVITY LTD.

CONSOLIDATED BALANCE SHEETS

As of September 27, 2013 and September 28, 2012

	Fiscal Year End	
	2013	2012
	(in millions, except share data)	
Assets		
Current assets:		
Cash and cash equivalents	$ 1,403	$ 1,589
Accounts receivable, net of allowance for doubtful accounts of $48 and $41, respectively	2,323	2,343
Inventories	1,762	1,808
Prepaid expenses and other current assets	487	474
Deferred income taxes	334	289
Total current assets	6,309	6,503
Property, plant, and equipment, net	3,166	3,213
Goodwill	4,326	4,308
Intangible assets, net	1,244	1,352
Deferred income taxes	2,146	2,460
Receivable from Tyco International Ltd. and Covidien plc	1,002	1,180
Other assets	268	290
Total Assets	$18,461	$19,306
Liabilities and Equity		
Current liabilities:		
Current maturities of long-term debt	$ 711	$ 1,015
Accounts payable	1,383	1,292
Accrued and other current liabilities	1,762	1,576
Deferred revenue	68	121
Total current liabilities	3,924	4,004
Long-term debt	2,303	2,696
Long-term pension and postretirement liabilities	1,155	1,353
Deferred income taxes	321	448
Income taxes	1,979	2,311
Other liabilities	393	517
Total Liabilities	10,075	11,329
Commitments and contingencies (Note 13)		
Equity:		
TE Connectivity Ltd. shareholders' equity:		
Common shares, 428,527,307 shares authorized and issued, CHF 0.57 par value, and 439,092,124 shares authorized and issued, CHF 0.97 par value, respectively	189	193
Contributed surplus	6,136	6,837
Accumulated earnings	2,472	1,196
Treasury shares, at cost, 17,020,636 and 16,408,049 shares, respectively	(720)	(484)
Accumulated other comprehensive income	303	229
Total TE Connectivity Ltd. shareholders' equity	8,380	7,971
Noncontrolling interests	6	6
Total Equity	8,386	7,977
Total Liabilities and Equity	$18,461	$19,306

See Notes to Consolidated Financial Statements.

TE CONNECTIVITY LTD.

CONSOLIDATED STATEMENTS OF EQUITY

Fiscal Years Ended September 27, 2013, September 28, 2012, and September 30, 2011

	Common Shares		Treasury Shares		Contributed Surplus	Accumulated Earnings (Deficit)	Accumulated Other Comprehensive Income	TE Connectivity Ltd. Shareholders' Equity	Non-controlling Interests	Total Equity
	Shares	Amount	Shares	Amount						
						(in millions)				
Balance at September 24, 2010	468	$ 599	(25)	$ (721)	$8,085	$(1,161)	$ 246	$7,048	$ 8	$7,056
Net income	—	—	—	—	—	1,245	—	1,245	5	1,250
Other comprehensive income	—	—	—	—	—	—	182	182	—	182
Share-based compensation expense	—	—	—	—	73	—	—	73	—	73
Dividends approved	—	—	—	—	(308)	—	—	(308)	—	(308)
Exercise of share options	—	—	4	80	—	—	—	80	—	80
Restricted share award vestings and other activity	—	—	2	132	(111)	—	—	21	4	25
Repurchase of common shares	—	—	(25)	(867)	—	—	—	(867)	—	(867)
Cancellation of treasury shares	(5)	(6)	5	141	(135)	—	—	—	—	—
Dividends to noncontrolling interests	—	—	—	—	—	—	—	—	(7)	(7)
Balance at September 30, 2011	463	$ 593	(39)	$(1,235)	$7,604	$ 84	$ 428	$7,474	$10	$7,484
Net income	—	—	—	—	—	1,112	—	1,112	3	1,115
Other comprehensive loss	—	—	—	—	—	—	(199)	(199)	—	(199)
Share-based compensation expense	—	—	—	—	70	—	—	70	—	70
Distributions approved	—	(389)	—	33	—	—	—	(356)	—	(356)
Exercise of share options	—	—	2	60	—	—	—	60	—	60
Restricted share award vestings and other activity	—	—	3	51	(47)	—	—	4	—	4
Repurchase of common shares	—	—	(6)	(194)	—	—	—	(194)	—	(194)
Cancellation of treasury shares	(24)	(11)	24	801	(790)	—	—	—	—	—
Dividends to noncontrolling interests	—	—	—	—	—	—	—	—	(7)	(7)
Balance at September 28, 2012	439	$ 193	(16)	$ (484)	$6,837	$ 1,196	$ 229	$7,971	$ 6	$7,977
Net income	—	—	—	—	—	1,276	—	1,276	1	1,277
Other comprehensive income	—	—	—	—	—	—	74	74	—	74
Share-based compensation expense	—	—	—	—	78	—	—	78	—	78
Dividends approved	—	—	—	1	(413)	—	—	(412)	—	(412)
Exercise of share options	—	—	6	214	—	—	—	214	—	214
Restricted share award vestings and other activity	—	—	3	11	(3)	—	—	8	—	8
Repurchase of common shares	—	—	(20)	(829)	—	—	—	(829)	—	(829)
Cancellation of treasury shares	(10)	(4)	10	367	(363)	—	—	—	—	—
Dividends to noncontrolling interests	—	—	—	—	—	—	—	—	(1)	(1)
Balance at September 27, 2013	429	$ 189	(17)	$ (720)	$6,136	$ 2,472	$ 303	$8,380	$ 6	$8,386

See Notes to Consolidated Financial Statements.

TE CONNECTIVITY LTD.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Fiscal Years Ended September 27, 2013, September 28, 2012, and September 30, 2011

	Fiscal		
	2013	2012	2011
		(in millions)	
Cash Flows From Operating Activities:			
Net income	$ 1,277	$ 1,115	$ 1,250
(Income) loss from discontinued operations, net of income taxes	—	51	(22)
Income from continuing operations	1,277	1,166	1,228
Adjustments to reconcile income from continuing operations to net cash provided by operating activities:			
Depreciation and amortization	607	609	564
Non-cash restructuring charges	84	1	9
Deferred income taxes	30	(48)	103
Provision for losses on accounts receivable and inventories	59	58	18
Tax sharing (income) expense	181	(52)	(27)
Share-based compensation expense	78	68	71
Other	56	63	(12)
Changes in assets and liabilities, net of the effects of acquisitions and divestitures:			
Accounts receivable, net	(81)	17	26
Inventories	(61)	116	(239)
Inventoried costs on long-term contracts	18	7	31
Prepaid expenses and other current assets	11	103	190
Accounts payable	167	(189)	(38)
Accrued and other current liabilities	(13)	(92)	(225)
Income taxes	(371)	7	(54)
Other	6	54	77
Net cash provided by continuing operating activities	2,048	1,888	1,722
Net cash provided by (used in) discontinued operating activities	(2)	59	57
Net cash provided by operating activities	2,046	1,947	1,779
Cash Flows From Investing Activities:			
Capital expenditures	(615)	(533)	(574)
Proceeds from sale of property, plant, and equipment	39	23	65
Proceeds from sale of intangible assets	—	—	68
Proceeds from sale of short-term investments	—	—	155
Acquisition of businesses, net of cash acquired	(6)	(1,384)	(731)
Proceeds from divestiture of discontinued operations, net of cash retained by sold operations	14	394	—
Other	23	(9)	(8)
Net cash used in continuing investing activities	(545)	(1,509)	(1,025)
Net cash used in discontinued investing activities	—	(1)	(18)
Net cash used in investing activities	(545)	(1,510)	(1,043)
Cash Flows From Financing Activities:			
Net increase (decrease) in commercial paper	50	300	(100)
Proceeds from long-term debt	—	748	249
Repayment of long-term debt	(715)	(642)	(565)
Proceeds from exercise of share options	214	60	80
Repurchase of common shares	(844)	(185)	(865)
Payment of common share dividends and cash distributions to shareholders	(384)	(332)	(296)
Other	(1)	44	23
Net cash used in continuing financing activities	(1,680)	(7)	(1,474)
Net cash provided by (used in) discontinued financing activities	2	(58)	(38)
Net cash used in financing activities	(1,678)	(65)	(1,512)
Effect of currency translation on cash	(9)	(1)	5
Net increase (decrease) in cash and cash equivalents	(186)	371	(771)
Less: net increase in cash and cash equivalents related to discontinued operations	—	—	(1)
Cash and cash equivalents at beginning of fiscal year	1,589	1,218	1,990
Cash and cash equivalents at end of fiscal year	$ 1,403	$ 1,589	$ 1,218
Supplemental Cash Flow Information:			
Interest paid	$ 155	$ 181	$ 162
Income taxes paid, net of refunds	312	290	299

See Notes to Consolidated Financial Statements.

TE CONNECTIVITY LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of Presentation

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

Description of the Business

TE Connectivity Ltd. ("TE Connectivity" or the "Company," which may be referred to as "we," "us," or "our") is a world leader in connectivity. We design and manufacture products to connect power, data, and signal in a broad array of industries including automotive, energy, industrial, broadband communications, consumer devices, healthcare, and aerospace and defense. We help our customers solve the need for more energy efficiency, always-on communications, and ever-increasing productivity.

We consist of four reportable segments:

- *Transportation Solutions.* The Transportation Solutions segment is a leader in electronic components, including terminals and connectors, relays, and sensors, as well as application tooling, wire and heat shrink tubing, and other custom-engineered solutions for the automotive market including the industrial and commercial vehicle and hybrid and electric vehicle markets.
- *Network Solutions.* The Network Solutions segment is one of the world's largest suppliers of infrastructure components and systems for the telecommunications market and electronic components for the data communications market. Our products include connectors, fiber optics, wire and cable, racks and panels, and wireless products. We also are a leader in developing, manufacturing, installing, and maintaining some of the world's most advanced subsea fiber optic communications systems.
- *Industrial Solutions.* The Industrial Solutions segment is a leading supplier of products that connect and distribute power and data, including connectors, heat shrink tubing, relays, and wire and cable, as well as custom-engineered solutions. Our products are used primarily in the industrial; aerospace, defense, and marine; and energy markets.
- *Consumer Solutions.* The Consumer Solutions segment is a top supplier of electronic components, including connectors, circuit protection devices, relays, antennas, and heat shrink tubing, for the consumer devices and appliances markets.

Use of Estimates

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

1. Basis of Presentation (Continued)

Fiscal Year

Unless otherwise indicated, references in the Consolidated Financial Statements to fiscal 2013, fiscal 2012, and fiscal 2011 are to our fiscal years ended September 27, 2013, September 28, 2012, and September 30, 2011, respectively. Our fiscal year is a "52-53 week" year ending on the last Friday of September, such that each quarterly period is 13 weeks in length. For fiscal years in which there are 53 weeks, the fourth quarter reporting period will include 14 weeks. Fiscal 2013 and 2012 were each 52 weeks in length. Fiscal 2011 was a 53 week year.

Reclassifications

We have reclassified certain items on our Consolidated Financial Statements to conform to the current year presentation.

Company Name Change

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

2. Summary of Significant Accounting Policies

Principles of Consolidation

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

Revenue Recognition

Our revenues are generated principally from the sale of our products. Revenue from the sale of products is recognized at the time title and the risks and rewards of ownership pass to the customer. This generally occurs when the products reach the shipping point, the sales price is fixed and determinable, and collection is reasonably assured. For those items where title has not yet transferred, we have deferred the recognition of revenue.

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

We generally warrant that our products will conform to our or mutually agreed to specifications and that our products will be free from material defects in materials and workmanship for a limited time. We limit our warranty to the replacement or repair of defective parts or a refund or credit of the

2. Summary of Significant Accounting Policies (Continued)

price of the defective product. We accept returned goods only when the customer makes a verified claim and we have authorized the return. Returns result primarily from defective products or shipping discrepancies. A reserve for estimated returns is established at the time of sale based on historical return experience and is recorded as a reduction of sales.

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

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

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

Cash and Cash Equivalents

All highly liquid investments with maturities of three months or less from the time of purchase are considered to be cash equivalents.

Allowance for Doubtful Accounts

The allowance for doubtful accounts receivable reflects the best estimate of probable losses inherent in our outstanding receivables after consideration of aging, known troubled accounts, and other currently available information.

Inventories

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

Property, Plant, and Equipment, Net and Long-Lived Assets

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

We periodically evaluate, when events and circumstances warrant, the net realizable value of long-lived assets, including property, plant, and equipment and amortizable intangible assets, relying on a number of factors including operating results, business plans, economic projections, and anticipated

2. Summary of Significant Accounting Policies (Continued)

future cash flows. When indicators of potential impairment are present, the carrying values of the asset group are evaluated in relation to the operating performance and estimated future undiscounted cash flows of the underlying asset group. Impairment of the carrying value of an asset group is recognized whenever anticipated future undiscounted cash flows from an asset group are estimated to be less than its carrying value. The amount of impairment recognized is the difference between the carrying value of the asset group and its fair value. Fair value estimates are based on assumptions concerning the amount and timing of estimated future cash flows and discount rates, reflecting varying degrees of perceived risk.

Goodwill and Other Intangible Assets

Acquired intangible assets include both indeterminable-lived residual goodwill and determinable-lived identifiable intangible assets. Intangible assets with a determinable life include primarily intellectual property, consisting of patents, trademarks, and unpatented technology, as well as customer relationships. Estimates of recoverability range from 1 to 50 years and are generally amortized on a straight-line basis. See Note 9 for additional information regarding intangible assets. An evaluation of the remaining useful life of determinable-lived intangible assets is performed on a periodic basis and when events and circumstances warrant an evaluation. We assess determinable-lived intangible assets for impairment consistent with our policy for assessing other long-lived assets for impairment. Goodwill is assessed for impairment separately from determinable-lived intangible assets by comparing the carrying value of each reporting unit to its fair value on the first day of the fourth fiscal quarter of each year or whenever we believe a triggering event requiring a more frequent assessment has occurred. In assessing the existence of a triggering event, management relies on a number of reporting-unit-specific factors including operating results, business plans, economic projections, anticipated future cash flows, transactions, and market place data. There are inherent uncertainties related to these factors and management's judgment in applying these factors to the goodwill impairment analysis.

At fiscal year end 2013, we had eight reporting units, seven of which contained goodwill. There is one reporting unit in the Transportation Solutions segment, three reporting units in the Network Solutions segment, and two reporting units in both the Industrial Solutions and Consumer Solutions segments. See Note 8 for information regarding goodwill impairment testing. When changes occur in the composition of one or more reporting units, goodwill is reassigned to the reporting units affected based on their relative fair values.

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

2. Summary of Significant Accounting Policies (Continued)

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

Research and Development

Research and development expenditures are expensed when incurred and are included in research, development, and engineering expenses in our Consolidated Statements of Operations. Research and development expenses include salaries, direct costs incurred, and building and overhead expenses. The amounts expensed in fiscal 2013, 2012, and 2011 were $576 million, $595 million, and $593 million, respectively.

Income Taxes

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

Financial Instruments

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

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

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

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

2. Summary of Significant Accounting Policies (Continued)

Our derivative financial instruments present certain market and counterparty risks. Concentration of counterparty risk is mitigated, however, as we deal with financial institutions worldwide, substantially all of which have long-term Standard & Poor's, Moody's, and/or Fitch credit ratings of A/A2 or higher. In addition, only conventional derivative financial instruments are utilized. We are exposed to potential losses if a counterparty fails to perform according to the terms of its agreement. With respect to counterparty net asset positions recognized at September 27, 2013, we have assessed the likelihood of counterparty default as remote. We currently provide guarantees from a wholly-owned subsidiary to the counterparties to our commodity swap derivatives. The likelihood of performance on those guarantees has been assessed as remote. For all other derivative financial instruments, we are not required to provide, nor do we require counterparties to provide, collateral or other security.

See Note 14 for additional information regarding derivative financial instruments.

Fair Value Measurements

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

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

The following is a description of the valuation methodologies used for the respective financial assets and liabilities measured at fair value on a recurring basis:

- *Commodity swap contracts.* Fair value of these assets and liabilities is determined using quoted prices on futures exchanges (level 1).
- *Interest rate swaps and swaptions.* Fair value of these assets and liabilities is determined based on observable inputs other than quoted prices. The positions are primarily valued using market approach models that use readily observable interest rates as their basis (level 2).
- *Investment swap contracts.* Fair value of these assets is determined based on observable inputs other than quoted prices. The positions are primarily valued using market approach models that use readily observable equity returns as their basis (level 2).
- *Foreign currency contracts.* Fair value of these assets and liabilities is determined using the market approach. Values are based on observable market transactions of spot and forward currency rates (level 2).

2. Summary of Significant Accounting Policies (Continued)

- *Rabbi trust assets.* Rabbi trust assets are principally comprised of equity funds that are marked to fair value based on unadjusted quoted prices in active markets (level 1) and fixed income securities that are marked to fair value based on quoted market prices or other pricing determinations based on the results of market approach valuation models using observable market data such as recently reported trades, bid and offer information, and benchmark securities (level 2).

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

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

Pension and Postretirement Benefits

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

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

The measurement of benefit obligations and net periodic benefit cost is based on estimates and assumptions determined by our management. These valuations reflect the terms of the plans and use

2. Summary of Significant Accounting Policies (Continued)

participant-specific information such as compensation, age, and years of service, as well as certain assumptions, including estimates of discount rates, expected return on plan assets, rate of compensation increases, interest crediting rates, and mortality rates.

Share-Based Compensation

We determine the fair value of share awards on the date of grant. Share options are valued using the Black-Scholes-Merton valuation model; restricted share awards and performance awards are valued using our end-of-day share price on the date of grant. That fair value is expensed ratably over the expected service period, with an allowance made for estimated forfeitures based on historical employee activity. Estimates regarding the attainment of performance criteria are periodically reviewed; the cumulative impact of a change in estimate regarding the attainment of performance criteria is recorded in the period in which that change is made. See Note 22 for additional information related to share-based compensation.

Earnings Per Share

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

Currency Translation

For our non-U.S. Dollar functional currency subsidiaries, assets and liabilities are translated into U.S. Dollars using fiscal year end exchange rates. Sales and expenses are translated at average monthly exchange rates. Foreign currency translation gains and losses are included as a component of accumulated other comprehensive income within equity.

Gains and losses resulting from foreign currency transactions, which are included in earnings, were immaterial amounts in fiscal 2013 and 2011. Such gains were $18 million during fiscal 2012.

Restructuring Charges

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

The recognition of restructuring costs require that we make certain judgments and estimates regarding the nature, timing, and amount of costs associated with the planned exit activity. To the extent our actual results differ from our estimates and assumptions, we may be required to revise the

2. Summary of Significant Accounting Policies (Continued)

estimated liabilities, requiring the recognition of additional restructuring costs or the reduction of liabilities already recognized. At the end of each reporting period, we evaluate the remaining accrued balances to ensure these balances are properly stated and the utilization of the reserves are for their intended purpose in accordance with developed exit plans. See Note 3 for additional information on restructuring activities.

Acquisitions

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

Contingent Liabilities

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

3. Restructuring and Other Charges, Net

Restructuring and other charges consisted of the following:

	Fiscal		
	2013	2012	2011
	(in millions)		
Restructuring charges, net	$314	$128	$136
Gain on divestitures, net	(3)	—	—
	$311	$128	$136

3. Restructuring and Other Charges, Net (Continued)

Restructuring Charges, Net

Net restructuring charges by segment were as follows:

	Fiscal		
	2013	2012	2011
	(in millions)		
Transportation Solutions	$ 38	$ 18	$ (13)
Network Solutions	129	59	90
Industrial Solutions	61	28	24
Consumer Solutions	86	23	35
Restructuring charges, net	$314	$128	$136

3. Restructuring and Other Charges, Net (Continued)

Activity in our restructuring reserves is summarized as follows:

	Balance at Beginning of Fiscal Year	Charges	Changes in Estimate	Cash Payments	Non-Cash Items	Currency Translation and Other	Balance at End of Fiscal Year
				(in millions)			
Fiscal 2013 Activity:							
Fiscal 2013 Actions:							
Employee severance	$ —	$253	$ (8)	$ (79)	$ —	$ 2	$168
Facility and other exit costs	—	5	—	(4)	—	—	1
Property, plant, and equipment	—	58	—	—	(58)	—	—
Total	—	316	(8)	(83)	(58)	2	169
Fiscal 2012 Actions:							
Employee severance	79	7	(10)	(43)	—	2	35
Facility and other exit costs	2	1	—	(3)	—	—	—
Property, plant, and equipment	—	26	—	—	(26)	—	—
Total	81	34	(10)	(46)	(26)	2	35
Fiscal 2011 Actions:							
Employee severance	32	—	(16)	(9)	—	1	8
Facility and other exit costs	2	2	—	(2)	—	—	2
Total	34	2	(16)	(11)	—	1	10
Pre-Fiscal 2011 Actions:							
Employee severance	19	—	(5)	(6)	—	—	8
Facility and other exit costs	27	1	—	(5)	—	1	24
Total	46	1	(5)	(11)	—	1	32
Total fiscal 2013 activity	$161	$353	$(39)	$(151)	$(84)	$ 6	$246
Fiscal 2012 Activity:							
Fiscal 2012 Actions:							
Employee severance	$ —	$128	$ (3)	$ (46)	$ —	$—	$ 79
Facility and other exit costs	—	3	—	(1)	—	—	2
Property, plant, and equipment	—	1	—	—	(1)	—	—
Total	—	132	(3)	(47)	(1)	—	81
Fiscal 2011 Actions:							
Employee severance	104	6	(14)	(61)	—	(3)	32
Facility and other exit costs	5	3	(1)	(5)	—	—	2
Total	109	9	(15)	(66)	—	(3)	34
Pre-Fiscal 2011 Actions:							
Employee severance	33	3	(1)	(15)	—	(1)	19
Facility and other exit costs	33	4	(1)	(9)	—	—	27
Total	66	7	(2)	(24)	—	(1)	46
Total fiscal 2012 activity	$175	$148	$(20)	$(137)	$ (1)	$(4)	$161

3. Restructuring and Other Charges, Net (Continued)

	Balance at Beginning of Fiscal Year	Charges	Changes in Estimate	Cash Payments	Non-Cash Items	Currency Translation and Other	Balance at End of Fiscal Year
				(in millions)			
Fiscal 2011 Activity:							
Fiscal 2011 Actions:							
Employee severance	$ —	$155	$ (3)	$ (58)	$—	$10	$104
Facility and other exit costs	—	3	—	(4)	—	6	5
Property, plant, and equipment	—	7	—	—	(7)	—	—
Total	—	165	(3)	(62)	(7)	16[1]	109
Pre-Fiscal 2011 Actions:							
Employee severance	97	1	(30)	(38)	—	3	33
Facility and other exit costs	48	7	(6)	(17)	—	1	33
Property, plant, and equipment	—	2	—	—	(2)	—	—
Total	145	10	(36)	(55)	(2)	4	66
Total fiscal 2011 activity	$145	$175	$(39)	$(117)	$(9)	$20	$175

(1) Reflects $16 million of ADC Telecommunications, Inc. ("ADC") liabilities assumed.

Fiscal 2013 Actions

During fiscal 2013, we initiated a restructuring program associated with headcount reductions and manufacturing site closures impacting all segments. In connection with this program, we recorded net restructuring charges of $308 million primarily related to employee severance and benefits and fixed assets in connection with exited manufacturing sites' product lines. We expect to complete all restructuring programs commenced in fiscal 2013 by the end of fiscal 2015 and to incur total charges of approximately $355 million. Cash spending related to this program was $83 million in fiscal 2013.

The following table summarizes expected, incurred, and remaining charges for fiscal 2013 programs by type:

	Total Expected Charges	Charges Incurred	Remaining Expected Charges
		(in millions)	
Employee severance	$269	$245	$24
Facility and other exit costs	13	5	8
Property, plant, and equipment	73	58	15
Total	$355	$308	$47

3. Restructuring and Other Charges, Net (Continued)

The following table summarizes expected, incurred, and remaining charges for fiscal 2013 programs by segment:

	Total Expected Charges	Charges Incurred	Remaining Expected Charges
		(in millions)	
Transportation Solutions	$ 44	$ 37	$ 7
Network Solutions	132	111	21
Industrial Solutions	75	66	9
Consumer Solutions	104	94	10
Total	$355	$308	$47

Fiscal 2012 Actions

During fiscal 2012, we initiated a restructuring program to reduce headcount across all segments. Also, we initiated a restructuring program in the Transportation Solutions and Industrial Solutions segments associated with the acquisition of Deutsch Group SAS (“Deutsch”). In connection with these actions, in fiscal 2013 we recorded net restructuring charges of $24 million primarily related to a building impairment in the Network Solutions segment. In fiscal 2012, we recorded net restructuring charges of $129 million primarily related to employee severance and benefits. We do not expect to incur any additional expense related to restructuring programs commenced in fiscal 2012. Cash spending related to these plans was $46 million in fiscal 2013.

The following table summarizes expected and incurred charges (credits) for fiscal 2012 programs by type:

	Total Expected Charges	Charges (Credits) Incurred	
		Fiscal	
		2013	2012
		(in millions)	
Employee severance	$122	$(3)	$125
Facility and other exit costs	4	1	3
Property, plant, and equipment	27	26	1
Total	$153	$24	$129

3. Restructuring and Other Charges, Net (Continued)

The following table summarizes expected and incurred charges (credits) for fiscal 2012 programs by segment:

	Total Expected Charges	Charges (Credits) Incurred Fiscal 2013	Charges (Credits) Incurred Fiscal 2012
	(in millions)		
Transportation Solutions	$ 30	$ 3	$ 27
Network Solutions	76	20	56
Industrial Solutions	29	3	26
Consumer Solutions	18	(2)	20
Total	$153	$24	$129

Fiscal 2011 Actions

We initiated a restructuring program during fiscal 2011 which was primarily associated with the acquisition of ADC and related headcount reductions in the Network Solutions segment. Additionally, we instituted reductions-in-force across all segments as a result of economic conditions. In connection with these actions, during fiscal 2013, 2012, and 2011, we recorded net restructuring credits of $14 million, credits of $6 million, and charges of $162 million, respectively, primarily related to employee severance and benefits. We do not expect to incur any additional expenses related to restructuring programs commenced in fiscal 2011. Cash spending related to these plans was $11 million in fiscal 2013.

The following table summarizes expected and incurred charges (credits) for fiscal 2011 programs by type:

	Total Expected Charges	Charges (Credits) Incurred Fiscal 2013	Charges (Credits) Incurred Fiscal 2012	Charges (Credits) Incurred Fiscal 2011
	(in millions)			
Employee severance	$128	$(16)	$(8)	$152
Facility and other exit costs	7	2	2	3
Property, plant, and equipment	7	—	—	7
Total	$142	$(14)	$(6)	$162

3. Restructuring and Other Charges, Net (Continued)

The following table summarizes expected and incurred charges (credits) for fiscal 2011 programs by segment:

	Total Expected Charges	Charges (Credits) Incurred Fiscal 2013	2012	2011
		(in millions)		
Transportation Solutions	$ 2	$ —	$(6)	$ 8
Network Solutions	89	(2)	1	90
Industrial Solutions	23	(7)	(2)	32
Consumer Solutions	28	(5)	1	32
Total	$142	$(14)	$(6)	$162

Pre-Fiscal 2011 Actions

We initiated a restructuring program during fiscal 2010 primarily related to headcount reductions in the Transportation Solutions segment. During fiscal 2009, we initiated a restructuring program primarily related to headcount reductions and manufacturing site closures across all segments in response to economic conditions and implementation of our manufacturing simplification plan. Also, we initiated a restructuring program during fiscal 2008 primarily relating to the migration of product lines to lower-cost countries and the exit of certain manufacturing operations in the Transportation Solutions and Network Solutions segments. We have completed all restructuring programs commenced in fiscal 2010, 2009, and 2008.

In connection with these actions, during fiscal 2013, 2012, and 2011, we recorded net restructuring credits of $4 million, charges of $5 million, and credits of $26 million, respectively. The credits in fiscal 2011 related primarily to decreases in planned employee headcount reductions associated with the Industrial Solutions and Transportation Solutions segments. Cash spending related to pre-fiscal 2011 actions was $11 million in fiscal 2013.

Total Restructuring Reserves

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

	Fiscal Year End 2013	2012
	(in millions)	
Accrued and other current liabilities	$168	$118
Other liabilities	78	43
Restructuring reserves	$246	$161

4. Discontinued Operations

During fiscal 2012, we sold our Touch Solutions business for net cash proceeds of $380 million and recognized an insignificant pre-tax gain on the transaction. The agreement includes contingent earn-out provisions through 2015 based on business performance. In connection with the divestiture, we incurred an income tax charge of $65 million, which is included in income (loss) from discontinued operations, net of income taxes on the Consolidated Statement of Operations for fiscal 2012. This charge was primarily driven by the inability to fully realize a tax benefit associated with the write-off of goodwill at the time of the sale.

During fiscal 2012, we sold our TE Professional Services business for net cash proceeds of $28 million and recognized an insignificant pre-tax gain on the transaction. Additionally, during fiscal 2012, we recorded a pre-tax impairment charge of $28 million, which is included in income (loss) from discontinued operations, net of income taxes on the Consolidated Statement of Operations, to write the carrying value of this business down to its estimated fair value less costs to sell.

In December 2011, the New York Court of Claims entered judgment in our favor in the amount of $25 million, payment of which was received in fiscal 2012, in connection with our former Wireless Systems business's State of New York contract. This judgment resolved all outstanding issues between the parties in this matter. This partial recovery of a previously recognized loss, net of legal fees, is reflected in income (loss) from discontinued operations, net of income taxes on the Consolidated Statement of Operations for fiscal 2012.

The following table presents net sales, pre-tax income (loss), pre-tax gain (loss) on sale, and income tax (expense) benefit from discontinued operations:

	Fiscal		
	2013	2012	2011
	(in millions)		
Net sales from discontinued operations	$—	$355	$534
Pre-tax income (loss) from discontinued operations	$(1)	$ 19	$ 54
Pre-tax gain (loss) on sale of discontinued operations	(4)	7	(4)
Income tax (expense) benefit	5	(77)	(28)
Income (loss) from discontinued operations, net of income taxes	$—	$(51)	$ 22

The Touch Solutions, TE Professional Services, and Wireless Systems businesses met the discontinued operations criteria and have been included as such in all periods presented on our Consolidated Financial Statements. Prior to reclassification to discontinued operations, the Touch Solutions and TE Professional Services businesses were included in the former Communications and Industrial Solutions segment and the Network Solutions segment, respectively. The Wireless Systems business was a component of the former Wireless Systems segment.

5. Acquisitions

Fiscal 2012 Acquisition

On April 3, 2012, we acquired 100% of the outstanding shares of Deutsch Group SAS ("Deutsch"). The total value paid for the transaction amounted to €1.55 billion (approximately

5. Acquisitions (Continued)

$2.05 billion using an exchange rate of $1.33 per €1.00), net of cash acquired. The total value paid included $659 million related to the repayment of Deutsch's financial debt and accrued interest. Deutsch is a global leader in high-performance connectors for harsh environments, and significantly expands our product portfolio and enables us to better serve customers in the industrial and commercial transportation; aerospace, defense, and marine; and rail markets. We realized cost savings and other synergies through operational efficiencies. The acquired Deutsch businesses have been reported in the Transportation Solutions and Industrial Solutions segments from the date of acquisition.

During fiscal 2012, we finalized the valuation of the identifiable assets acquired and liabilities assumed. The following table summarizes the allocation of the purchase price to the fair value of identifiable assets acquired and liabilities assumed at the date of acquisition, in accordance with the acquisition method of accounting:

	(in millions)
Cash and cash equivalents	$ 152
Other current assets	330
Property, plant, and equipment	131
Goodwill	1,042
Intangible assets	827
Other long-term assets	11
Total assets acquired	2,493
Current maturities of long-term debt	642
Other current liabilities	143
Deferred income taxes	148
Other long-term liabilities	24
Total liabilities assumed	957
Net assets acquired	1,536
Cash and cash equivalents acquired	(152)
Net cash paid	$1,384

Other current assets primarily consisted of inventories of $189 million and trade accounts receivable of $121 million. Other current liabilities primarily consisted of accrued and other current liabilities of $76 million and trade accounts payable of $56 million.

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

5. Acquisitions (Continued)

Intangible assets acquired consisted of the following:

	Amount	Weighted-Average Amortization Period
	(in millions)	(in years)
Customer relationships	$490	15
Developed technology	165	12
Trade names and trademarks	150	20
Customer order backlog	22	< 1
Total	$827	15

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

Goodwill of $1,042 million was recognized in the transaction, representing the excess of the purchase price over the fair value of the tangible and intangible assets acquired and liabilities assumed. This goodwill is attributable primarily to cost savings and other synergies related to operational efficiencies including the consolidation of manufacturing, marketing, and general and administrative functions. The goodwill has been allocated to the Transportation Solutions and Industrial Solutions segments and is not deductible for tax purposes. However, prior to its merger with us, Deutsch completed certain acquisitions that resulted in approximately $215 million of goodwill that is deductible primarily for U.S. tax purposes, which we will deduct through 2025.

During fiscal 2012, Deutsch contributed net sales of $327 million and an operating loss of $54 million to our Consolidated Statement of Operations. The operating loss included charges of $75 million associated with the amortization of acquisition-related fair value adjustments primarily related to acquired inventories and customer order backlog, acquisition costs of $21 million, restructuring charges of $14 million, and integration costs of $6 million.

Fiscal 2011 Acquisition

In July 2010, we entered into an Agreement and Plan of Merger (the "Merger Agreement") to acquire 100% of the outstanding stock of ADC Telecommunications, Inc. ("ADC"), a provider of broadband communications network connectivity products and related solutions. Pursuant to the Merger Agreement, we commenced a tender offer through a subsidiary to purchase all of the issued and outstanding shares of ADC common stock at a purchase price of $12.75 per share in cash followed by a merger of the subsidiary with and into ADC, with ADC surviving as an indirect wholly-owned subsidiary. On December 8, 2010, we acquired 86.8% of the outstanding common shares of ADC. On December 9, 2010, we exercised our option under the Merger Agreement to purchase additional shares from ADC that, when combined with the shares purchased in the tender offer, were sufficient to give us ownership of more than 90% of the outstanding ADC common shares. On December 9, 2010, upon effecting a short-form merger under Minnesota law, we owned 100% of the outstanding shares of ADC for a total purchase price of approximately $1,263 million in cash (excluding cash acquired of $546 million) and $22 million representing the fair value of ADC share-based awards exchanged for TE Connectivity share options and stock appreciation rights.

5. Acquisitions (Continued)

Based on the terms and conditions of ADC's share option and stock appreciation right ("SAR") awards (the "ADC Awards"), all ADC Awards became exercisable upon completion of the acquisition. Each outstanding ADC Award was exchanged for approximately 0.4 TE Connectivity share options or SARs and resulted in approximately 3 million TE Connectivity share options being issued with a weighted-average exercise price of $38.88. Issued SARs and the associated liability were insignificant. The fair value associated with the exchange of ADC Awards for TE Connectivity awards was approximately $24 million based on Black-Scholes-Merton pricing valuation model, of which $22 million was recorded as consideration given in the acquisition, and the remaining $2 million was recorded as acquisition and integration costs on the Consolidated Statement of Operations during fiscal 2011.

The acquisition was made to accelerate our growth potential in the global broadband connectivity market. We realized cost savings and other synergies through operational efficiencies. The acquired ADC businesses have been included in the Network Solutions segment from the date of acquisition.

We completed the valuation of the identifiable assets acquired and liabilities assumed during fiscal 2011. The following table summarizes the allocation of the purchase price to the fair value of identifiable assets acquired and liabilities assumed at the date of acquisition, in accordance with the acquisition method of accounting:

	(in millions)
Cash and cash equivalents	$ 546
Short-term investments	155
Other current assets	540
Property, plant, and equipment	198
Goodwill	366
Intangible assets	308
Deferred income taxes	164
Other long-term assets	18
Total assets acquired	2,295
Current maturities of long-term debt	653
Other current liabilities	260
Long-term pension liabilities	74
Other long-term liabilities	19
Total liabilities assumed	1,006
Net assets acquired	1,289
Amounts attributable to noncontrolling interests	(4)
Conversion of ADC Awards to TE Connectivity share awards	(22)
Cash and cash equivalents acquired	(546)
Net cash paid	$ 717

Other current assets included trade accounts receivable of $171 million, inventories of $166 million, and deferred income taxes of $16 million. Other current assets also included assets held for sale of $109 million. Those assets were sold for net proceeds of $111 million, of which

5. Acquisitions (Continued)

approximately $106 million was received prior to September 30, 2011. Other current liabilities assumed include accrued and other current liabilities of $165 million and trade accounts payable of $88 million.

The fair values assigned to intangible assets were determined through the use of the income approach, specifically the relief from royalty, multi-period excess earnings, and avoided cost methods. The valuation of tangible assets was derived using a combination of the income, market, and cost approaches. Useful lives for intangible assets were determined based upon the remaining useful economic lives of the intangible assets that were expected to contribute directly or indirectly to future cash flows.

Intangible assets acquired consisted of the following:

	Amount	Weighted-Average Amortization Period
	(in millions)	(in years)
Customer relationships	$175	11
Developed technology and patents	118	12
Customer order backlog	11	< 1
Trade names and trademarks	4	1
Total	$308	11

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

The $366 million of goodwill is attributable to the excess of the purchase price over the fair value of the tangible and intangible assets acquired and liabilities assumed. The goodwill recognized is attributable primarily to cost savings and other synergies related to operational efficiencies including the consolidation of manufacturing, marketing, and general and administrative functions. All of the goodwill has been allocated to the Network Solutions segment and is not deductible for tax purposes. However, prior to its merger with us, ADC completed certain acquisitions that resulted in approximately $346 million of goodwill that is deductible for U.S. tax purposes, which we will deduct through 2021. These future tax deductions have been considered in our valuation allowance assessment of the realization of the ADC U.S. federal and U.S. state tax loss and credit carryforwards.

During fiscal 2011, ADC contributed net sales of $843 million and an operating loss of $53 million to our Consolidated Statement of Operations. The operating loss included restructuring charges of $80 million, charges of $39 million associated with the amortization of acquisition-related fair value adjustments primarily related to acquired inventories and customer order backlog, integration costs of $10 million, and acquisition costs of $9 million.

5. Acquisitions (Continued)

Pro Forma Financial Information

The following unaudited pro forma financial information reflects our consolidated results of operations had the Deutsch and ADC acquisitions occurred at the beginning of the preceding fiscal years:

	Fiscal	
	2012	2011
	(in millions, except per share data)	
Net sales	$13,625	$14,612
Net income attributable to TE Connectivity Ltd.	1,194	1,228
Diluted earnings per share attributable to TE Connectivity Ltd.	$ 2.78	$ 2.77

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

Pro forma results for fiscal 2012 were adjusted to exclude $30 million of charges related to the fair value adjustment to acquisition-date inventories, $29 million of interest expense based on pro forma changes in our capital structure, $20 million of income tax expense based on the estimated impact of combining Deutsch into our global tax position, $14 million of charges related to acquired customer order backlog, $13 million of acquisition costs, $4 million of charges related to other acquisition-related adjustments, $2 million of share-based compensation expense incurred by Deutsch as a result of the change in control of Deutsch, and $2 million of charges related to depreciation expense. In addition, pro forma results for fiscal 2012 were adjusted to include $10 million of charges related to the amortization of the fair value of acquired intangible assets.

Pro forma results for fiscal 2011 were adjusted to exclude $39 million of interest expense based on pro forma changes in our capital structure, $20 million of income tax expense based on the estimated impact of combining Deutsch into our global tax position, $15 million of share-based compensation expense incurred by ADC as a result of the change in control of ADC, $13 million of acquisition costs, and $5 million of charges related to depreciation expense. In addition, pro forma results for fiscal 2011 were adjusted to include $20 million of charges related to the amortization of the fair value of acquired intangible assets, $15 million of charges related to the fair value adjustment to acquisition-date inventories, $7 million of charges related to acquired customer order backlog, and $4 million of charges related to other acquisition-related adjustments.

Pro forma results do not include any synergies. Accordingly, the unaudited pro forma financial information is not necessarily indicative of either future results of operations or results that might have been achieved had the Deutsch and ADC acquisitions occurred at the beginning of the preceding fiscal years.

6. Inventories

Inventories consisted of the following:

	Fiscal Year End	
	2013	2012
	(in millions)	
Raw materials	$ 258	$ 282
Work in progress	597	573
Finished goods	870	896
Inventoried costs on long-term contracts	37	57
Inventories	$1,762	$1,808

7. Property, Plant, and Equipment, Net

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

	Fiscal Year End	
	2013	2012
	(in millions)	
Land and improvements	$ 251	$ 266
Buildings and improvements	1,503	1,470
Machinery and equipment	7,280	7,103
Construction in process	485	462
Gross property, plant, and equipment	9,519	9,301
Accumulated depreciation	(6,353)	(6,088)
Property, plant, and equipment, net	$ 3,166	$ 3,213

Depreciation expense was $496 million, $502 million, and $499 million in fiscal 2013, 2012, and 2011, respectively.

8. Goodwill

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

	Transportation Solutions	Network Solutions	Industrial Solutions	Consumer Solutions	Total
		(in millions)			
September 30, 2011[2]	$ 62	$989	$1,574	$663	$3,288
Acquisition	730	—	312	—	1,042
Currency translation	1	(8)	(10)	(5)	(22)
September 28, 2012[2]	793	981	1,876	658	4,308
Currency translation and other	4	(4)	13	5	18
September 27, 2013[2]	$797	$977	$1,889	$663	$4,326

(1) In connection with our change in segment structure during fiscal 2013, goodwill was re-allocated to reporting units using a relative fair value approach. See Note 23 for additional information regarding the change in our segment structure.

8. Goodwill (Continued)

(2) At fiscal year end 2013, 2012, and 2011, accumulated impairment losses for the Transportation Solutions, Network Solutions, Industrial Solutions, and Consumer Solutions segments were $2,191 million, $1,236 million, $641 million, and $607 million, respectively.

During fiscal 2012, we completed the acquisition of Deutsch and recognized $1,042 million of goodwill, which benefits the Transportation Solutions and Industrial Solutions segments. See Note 5 for additional information on the Deutsch acquisition.

We completed our annual goodwill impairment test in the fourth quarter of fiscal 2013 and determined that no impairment existed.

9. Intangible Assets, Net

Intangible assets consisted of the following:

	Fiscal Year End					
	2013			2012		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
	(in millions)					
Intellectual property	$1,144	$(499)	$ 645	$1,146	$(439)	$ 707
Customer relationships	658	(92)	566	655	(44)	611
Other	46	(13)	33	76	(42)	34
Total	$1,848	$(604)	$1,244	$1,877	$(525)	$1,352

Intangible asset amortization expense was $111 million, $107 million, and $65 million for fiscal 2013, 2012, and 2011, respectively.

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

	(in millions)
Fiscal 2014	$ 111
Fiscal 2015	111
Fiscal 2016	111
Fiscal 2017	111
Fiscal 2018	110
Thereafter	690
Total	$1,244

10. Accrued and Other Current Liabilities

Accrued and other current liabilities consisted of the following:

	Fiscal Year End	
	2013	2012
	(in millions)	
Accrued payroll and employee benefits	$ 498	$ 440
Dividends and cash distributions to shareholders payable	206	178
Tax Sharing Agreement guarantee liabilities pursuant to ASC 460	185	14
Restructuring reserves	168	118
Income taxes payable	112	139
Deferred income taxes	54	85
Interest payable	51	72
Warranty liability	21	31
Other	467	499
Accrued and other current liabilities	$1,762	$1,576

11. Debt

Debt was as follows:

	Fiscal Year End	
	2013	2012
	(in millions)	
Current maturities of long-term debt:		
6.00% senior notes due 2012	$ —	$ 714
5.95% senior notes due 2014	300	—
Commercial paper, at a weighted-average interest rate of 0.28% and 0.40%, respectively	350	300
Other	61	1
Total	711	1,015
Long-term debt:		
5.95% senior notes due 2014	—	300
1.60% senior notes due 2015	250	250
6.55% senior notes due 2017	727	732
4.875% senior notes due 2021	263	274
3.50% senior notes due 2022	498	498
7.125% senior notes due 2037	475	475
3.50% convertible subordinated notes due 2015	89	90
Other	1	77
Total	2,303	2,696
Total debt[1]	$3,014	$3,711

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

11. Debt (Continued)

Tyco Electronics Group S.A. ("TEGSA"), our 100%-owned subsidiary, has a five-year unsecured senior revolving credit facility ("Credit Facility") with total commitments of $1,500 million. The Credit Facility was amended in August 2013 primarily to extend the maturity date from June 2016 to August 2018 and reduce borrowing costs. TEGSA had no borrowings under the Credit Facility at September 27, 2013 and September 28, 2012.

Borrowings under the Credit Facility bear interest at a rate per annum equal to, at the option of TEGSA, (1) the London interbank offered rate ("LIBOR") plus an applicable margin based upon the senior, unsecured, long-term debt rating of TEGSA, or (2) an alternate base rate equal to the highest of (i) Deutsche Bank AG New York branch's base rate, (ii) the federal funds effective rate plus ½ of 1%, and (iii) one-month LIBOR plus 1%, plus, in each case, an applicable margin based upon the senior, unsecured, long-term debt rating of TEGSA. TEGSA is required to pay an annual facility fee ranging from 7.5 to 25.0 basis points based upon the amount of the lenders' commitments under the Credit Facility and the applicable credit ratings of TEGSA.

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

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

TEGSA's payment obligations under its senior notes, commercial paper, and Credit Facility are fully and unconditionally guaranteed by its parent, TE Connectivity Ltd. Neither TE Connectivity Ltd. nor any of its subsidiaries provides a guarantee as to payment obligations under the 3.50% convertible subordinated notes due 2015 issued by ADC prior to its acquisition in December 2010.

The aggregate amounts of total debt maturing are as follows:

	(in millions)
Fiscal 2014	$ 711
Fiscal 2015	339
Fiscal 2016	—
Fiscal 2017	—
Fiscal 2018	727
Thereafter	1,237
Total	$3,014

The fair value of our debt, based on indicative valuations, was approximately $3,180 million and $4,034 million at fiscal year end 2013 and 2012, respectively.

See Note 25 for information regarding TEGSA's redemption of its 5.95% senior notes due 2014.

12. Guarantees

Tax Sharing Agreement

Effective June 29, 2007, we became the parent company of the former electronics businesses of Tyco International Ltd. ("Tyco International"). On June 29, 2007, Tyco International distributed all of our shares, as well as its shares of its former healthcare businesses ("Covidien"), to its common shareholders (the "separation").

Upon separation, we entered into a Tax Sharing Agreement, under which we share responsibility for certain of our, Tyco International's, and Covidien's income tax liabilities based on a sharing formula for periods prior to and including June 29, 2007. We, Tyco International, and Covidien share 31%, 27%, and 42%, respectively, of U.S. income tax liabilities that arise from adjustments made by tax authorities to our, Tyco International's, and Covidien's U.S. income tax returns. The effect of the Tax Sharing Agreement is to indemnify us for 69% of certain liabilities settled in cash by us with respect to unresolved pre-separation tax matters. Pursuant to that indemnification, we have made similar indemnifications to Tyco International and Covidien with respect to 31% of certain liabilities settled in cash by the companies relating to unresolved pre-separation tax matters. All costs and expenses associated with the management of these shared tax liabilities are shared equally among the parties. We are responsible for all of our own taxes that are not shared pursuant to the Tax Sharing Agreement's sharing formula. In addition, Tyco International and Covidien are responsible for their tax liabilities that are not subject to the Tax Sharing Agreement's sharing formula.

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

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

Indemnification

Our indemnification created under the Tax Sharing Agreement qualifies as a guarantee of a third party entity's debt under ASC 460, *Guarantees*. ASC 460 addresses the measurement and disclosure of a guarantor's obligation to pay a debt incurred by a third party. To value the initial guarantee obligation, we considered a range of probability-weighted future cash flows that represented the likelihood of payment of each class of liability by each of the three post-separation companies. The expected cash flows incorporated interest and penalties that the companies believed would be incurred on each class of liabilities and were discounted to the present value to reflect the value associated with each at separation. The calculation of the guarantee liability also included a premium that reflected the cost for an insurance carrier to stand in and assume the payment obligation at the separation date.

12. Guarantees (Continued)

At inception of the guarantee, based on the probability-weighted future cash flows related to unresolved tax matters, we, under the Tax Sharing Agreement, faced a maximum potential liability of $3 billion, based on undiscounted estimates and interest and penalties used to determine the fair value of the guarantee and an assumption of 100% default on the parts of Tyco International and Covidien, a likelihood that management believes to be remote. In the event that we are required, due to bankruptcy or other business interruption on the part of Tyco International or Covidien, to pay more than the contractually determined 31%, we retain the right to seek payment from the effected entity.

At September 27, 2013, we had a liability representing the indemnifications made to Tyco International and Covidien pursuant to the Tax Sharing Agreement of $223 million of which $185 million was reflected in accrued and other current liabilities and $38 million was reflected in other liabilities on the Consolidated Balance Sheet. At September 28, 2012, the liability was $241 million and consisted of $14 million in accrued and other current liabilities and $227 million in other liabilities. The amount reflected in accrued and other current liabilities is our estimated cash obligation under the Tax Sharing Agreement to Tyco International and Covidien in connection with pre-separation tax matters that could be resolved within the next twelve months.

We have assessed the probable future cash payments to Tyco International and Covidien for pre-separation income tax matters pursuant to the terms of the Tax Sharing Agreement and determined that $223 million is sufficient to satisfy these expected obligations.

Other Matters

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

At September 27, 2013, we had outstanding letters of credit and letters of guarantee in the amount of $376 million.

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

We generally record estimated product warranty costs when contract revenues are recognized under the percentage-of-completion method for construction related contracts and at the time of sale for products. The estimation is primarily based on historical experience and actual warranty claims. Amounts accrued for warranty claims at fiscal year end 2013 and 2012 were $38 million and $48 million, respectively.

13. Commitments and Contingencies

General Matters

We have facility, land, vehicle, and equipment leases that expire at various dates. Rental expense under these leases was $154 million, $160 million, and $158 million for fiscal 2013, 2012, and 2011,

13. Commitments and Contingencies (Continued)

respectively. At fiscal year end 2013, the minimum lease payment obligations under non-cancelable lease obligations were as follows:

	(in millions)
Fiscal 2014	$125
Fiscal 2015	96
Fiscal 2016	58
Fiscal 2017	41
Fiscal 2018	30
Thereafter	70
Total	$420

Legal Proceedings

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

At September 27, 2013, we had a contingent purchase price commitment of $80 million related to our fiscal 2001 acquisition of Com-Net. This represents the maximum amount payable to the former shareholders of Com-Net only after the construction and installation of a communications system was completed for and approved by the State of Florida in accordance with guidelines set forth in the contract. Under the terms of the purchase and sale agreement, we do not believe we have any obligation to the sellers. However, the sellers have contested our position and initiated a lawsuit in June 2006 in the Court of Common Pleas in Allegheny County, Pennsylvania, which is in the discovery phase. A liability for this contingency has not been recorded on the Consolidated Financial Statements as we do not believe that any payment is probable at this time.

Income Tax Matters

In connection with the separation, we entered into a Tax Sharing Agreement that generally governs our, Tyco International's, and Covidien's respective rights, responsibilities, and obligations after the distribution with respect to taxes, including ordinary course of business taxes and taxes, if any, incurred as a result of any failure of the distribution of all of our shares or the shares of Covidien to qualify as a tax-free distribution for U.S. federal income tax purposes within the meaning of Section 355 of the Internal Revenue Code (the "Code") or certain internal transactions undertaken in anticipation of the spin-offs to qualify for tax-favored treatment under the Code.

Pursuant to the Tax Sharing Agreement, upon separation, we entered into certain guarantee commitments and indemnifications with Tyco International and Covidien. Under the Tax Sharing

13. Commitments and Contingencies (Continued)

Agreement, we, Tyco International, and Covidien share 31%, 27%, and 42%, respectively, of certain contingent liabilities relating to unresolved pre-separation tax matters of Tyco International. See Note 12 for additional information regarding the Tax Sharing Agreement.

Prior to separation, certain of our subsidiaries filed combined income tax returns with Tyco International. Those and other of our subsidiaries' income tax returns are periodically examined by various tax authorities. In connection with these examinations, tax authorities, including the Internal Revenue Service ("IRS"), have raised issues and proposed tax adjustments. Tyco International, as the U.S. income tax audit controlling party under the Tax Sharing Agreement, is reviewing and contesting certain of the proposed tax adjustments. Amounts related to these tax adjustments and other tax contingencies and related interest that management has assessed under the uncertain tax position provisions of ASC 740, *Income Taxes,* which relate specifically to our entities have been recorded on the Consolidated Financial Statements. In addition, we may be required to fund portions of Tyco International's and Covidien's tax obligations. Estimates about these guarantees have also been recognized on the Consolidated Financial Statements. See Note 12 for additional information.

During fiscal 2007, the IRS concluded its field examination of certain of Tyco International's U.S. federal income tax returns for the years 1997 through 2000 and issued Revenue Agent Reports that reflected the IRS' determination of proposed tax adjustments for the 1997 through 2000 period. Additionally, the IRS proposed civil fraud penalties against Tyco International arising from alleged actions of former executives in connection with certain intercompany transfers of stock in 1998 and 1999. The penalties were asserted against a prior subsidiary of Tyco International that was distributed to us in connection with the separation. Tyco International appealed certain of the proposed adjustments for the years 1997 through 2000, and Tyco International resolved all but one of the matters associated with the proposed tax adjustments, including reaching an agreement with the IRS on the penalty adjustment in the amount of $21 million. In October 2012, the IRS issued special agreement Forms 870-AD, effectively settling its audit of all tax matters for the period 1997 through 2000, excluding one issue that remains in dispute as described below. As a result of these developments, in fiscal 2013, we recognized an income tax benefit of $331 million and other expense of $231 million pursuant to the Tax Sharing Agreement with Tyco International and Covidien.

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

13. Commitments and Contingencies (Continued)

additional tax deficiency of approximately $30 million will be asserted. The amounts asserted by the IRS exclude any applicable deficiency interest, and do not reflect any impact to subsequent period tax liabilities in the event that the IRS were to prevail on some or all of its assertions. We understand that Tyco International strongly disagrees with the IRS position and has filed petitions in the U.S. Tax Court contesting the IRS' proposed adjustments. Tyco International has advised us that it believes there are meritorious defenses for the tax filings in question and that the IRS positions with regard to these matters are inconsistent with the applicable tax laws and existing Treasury regulations.

Resolution of this matter in the U.S. Tax Court could take several years and no payments to the IRS with respect to these matters would be required until the matter is fully and finally resolved. In accordance with the terms of a tax sharing agreement, we, Tyco International, and Covidien would share 31%, 27%, and 42%, respectively, of any payments made in connection with these matters.

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

During fiscal 2013 and 2012, we made payments of $67 million and $70 million, respectively, for tax deficiencies related to undisputed tax adjustments for the years 1997 through 2000. Concurrent with remitting these payments, during fiscal 2013 and 2012, we were reimbursed $39 million and $51 million, respectively, from Tyco International and Covidien pursuant to their indemnifications for pre-separation tax matters.

During fiscal 2011, the IRS completed its field examination of certain Tyco International income tax returns for the years 2001 through 2004, issued Revenue Agent Reports which reflect the IRS' determination of proposed tax adjustments for the 2001 through 2004 period, and issued certain notices of deficiency. As a result of the completion of fieldwork and the settlement of certain tax matters in fiscal 2011, we recognized income tax benefits of $35 million and other expense of $14 million pursuant to the Tax Sharing Agreement. Also, in fiscal 2011, we made net cash payments of $154 million related to pre-separation deficiencies.

Tyco International's income tax returns for the years 2001 through 2004 remain subject to adjustment by the IRS upon ultimate resolution of the disputed issue involving certain intercompany loans originated during the period 1997 through 2000. The IRS commenced its audit of certain Tyco International income tax returns for the years 2005 through 2007 in fiscal 2011, and it is our understanding that fieldwork for this audit period is expected to be completed in fiscal 2014. Also, during fiscal 2012, the IRS commenced its audit of our income tax returns for the years 2008 through 2010. We expect fieldwork for the 2008 through 2010 audit to conclude in fiscal 2014. Over the next twelve months, we expect to pay approximately $182 million, inclusive of related indemnification payments, in connection with pre-separation tax matters.

13. Commitments and Contingencies (Continued)

At September 27, 2013 and September 28, 2012, we have reflected $15 million and $71 million, respectively, of income tax liabilities related to the audits of Tyco International's and our income tax returns in accrued and other current liabilities as certain of these matters could be resolved within the next twelve months.

We believe that the amounts recorded on our Consolidated Financial Statements relating to the matters discussed above are appropriate. However, the ultimate resolution is uncertain and could result in a material impact to our results of operations, financial position, or cash flows.

Environmental Matters

We are involved in various stages of investigation and cleanup related to environmental remediation matters at a number of sites. The ultimate cost of site cleanup is difficult to predict given the uncertainties regarding the extent of the required cleanup, the interpretation of applicable laws and regulations, and alternative cleanup methods. As of fiscal year end 2013, we concluded that it was probable that we would incur remedial costs in the range of $12 million to $24 million. As of fiscal year end 2013, we concluded that the best estimate within this range is $13 million, of which $3 million is included in accrued and other current liabilities and $10 million is included in other liabilities on the Consolidated Balance Sheet. We believe that any potential payment of such estimated amounts will not have a material adverse effect on our results of operations, financial position, or cash flows.

14. Financial Instruments

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

Foreign Exchange Risks

As part of managing the exposure to changes in foreign currency exchange rates, we utilize foreign currency forward and swap contracts, a portion of which are designated as cash flow hedges. The objective of these contracts is to minimize impacts to cash flows and profitability due to changes in foreign currency exchange rates on intercompany and other cash transactions.

We expect that significantly all of the balance in accumulated other comprehensive income associated with the cash flow hedge-designated instruments addressing foreign exchange risks will be reclassified into the Consolidated Statements of Operations within the next twelve months.

Interest Rate and Investment Risk Management

We issue debt, as needed, to fund our operations and capital requirements. Such borrowings can result in interest rate exposure. To manage the interest rate exposure, we use interest rate swaps to convert a portion of fixed-rate debt into variable-rate debt. We use forward starting interest rate swaps and options to enter into interest rate swaps ("swaptions") to manage interest rate exposure in periods prior to the anticipated issuance of fixed-rate debt. We also utilize investment swaps to manage earnings exposure on certain non-qualified deferred compensation liabilities.

During fiscal 2012, in conjunction with the issuance of the 1.60% senior notes due 2015 and 3.50% senior notes due 2022, we terminated forward starting interest rate swaps and swaptions designated as cash flow hedges on notional amounts of $400 million originated in fiscal 2010, for a cash payment of

14. Financial Instruments (Continued)

$24 million. The effective portion of the forward starting interest rate swaps, a loss of approximately $24 million, was recorded in accumulated other comprehensive income and is being reclassified to interest expense through January 2016. The ineffective portion of the forward starting interest rate swaps and the remaining unamortized premium of the swaptions were insignificant and were recorded in interest expense during fiscal 2012. Also during fiscal 2012 and in conjunction with the issuance of the 3.50% senior notes due 2022, we entered into, and subsequently terminated, an interest rate swap designated as a cash flow hedge on a notional amount of $300 million for a cash payment of $2 million. That cash payment was recorded in accumulated other comprehensive income and is being reclassified to interest expense through January 2022.

During fiscal 2011, we entered into interest rate swaps designated as fair value hedges on $150 million principal amount of the 4.875% senior notes due 2021. The maturity dates of the interest rate swaps coincide with the maturity date of the notes. Under these contracts, we receive fixed amounts of interest applicable to the underlying notes and pay a floating amount based upon the three-month U.S. Dollar LIBOR.

We utilize swaps to manage exposure related to certain of our non-qualified deferred compensation liabilities. The notional amount of the swaps was $38 million and $30 million at September 27, 2013 and September 28, 2012, respectively. The swaps act as economic hedges of changes in a portion of the liabilities. The change in value of both the swap contracts and the non-qualified deferred compensation liabilities are recorded in selling, general, and administrative expenses on the Consolidated Statements of Operations.

Hedges of Net Investment

We hedge our net investment in certain foreign operations using intercompany non-derivative financial instruments denominated in the same currencies. The aggregate notional value of these hedges was $2,374 million and $2,981 million at September 27, 2013 and September 28, 2012, respectively. We reclassified foreign exchange losses of $18 million, gains of $21 million, and losses of $70 million in fiscal 2013, 2012, and 2011, respectively. These amounts were recorded as currency translation, a component of accumulated other comprehensive income, offsetting foreign exchange gains or losses attributable to the translation of the net investment. See Note 21 for additional information.

Commodity Hedges

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

At September 27, 2013 and September 28, 2012, our commodity hedges had notional values of $278 million and $246 million, respectively. We expect that significantly all of the balance in accumulated other comprehensive income associated with the commodity hedges will be reclassified into the Consolidated Statements of Operations within the next twelve months.

14. Financial Instruments (Continued)

Derivative Instrument Summary

The fair value of our derivative instruments is summarized below:

	Fiscal Year End			
	2013		2012	
	Fair Value of Asset Positions[1]	Fair Value of Liability Positions[2]	Fair Value of Asset Positions[1]	Fair Value of Liability Positions[2]
	(in millions)			
Derivatives designated as hedging instruments:				
Foreign currency contracts[3]	$ 1	$ 1	$ 2	$ 1
Interest rate swaps	14	—	26	—
Commodity swap contracts[3]	2	29	18	1
Total derivatives designated as hedging instruments	17	30	46	2
Derivatives not designated as hedging instruments:				
Foreign currency contracts[3]	—	1	2	2
Investment swaps	3	—	1	—
Total derivatives not designated as hedging instruments	3	1	3	2
Total derivatives	$20	$31	$49	$ 4

(1) All derivative instruments in asset positions that mature within one year of the balance sheet date are recorded in prepaid expenses and other current assets on the Consolidated Balance Sheets and totaled $5 million and $19 million at September 27, 2013 and September 28, 2012, respectively. All derivative instruments in asset positions that mature more than one year from the balance sheet date are recorded in other assets on the Consolidated Balance Sheets and totaled $15 million and $30 million at September 27, 2013 and September 28, 2012, respectively.

(2) All derivative instruments in liability positions that mature within one year of the balance sheet date are recorded in accrued and other current liabilities on the Consolidated Balance Sheets and totaled $29 million and $4 million at September 27, 2013 and September 28, 2012, respectively. All derivative instruments in liability positions that mature more than one year from the balance sheet date are recorded in other liabilities on the Consolidated Balance Sheets and totaled $2 million at September 27, 2013; there were no derivatives in other liabilities at September 28, 2012.

(3) Contracts are presented gross without regard to any right of offset that exists.

The effects of derivative instruments designated as fair value hedges on the Consolidated Statements of Operations were as follows:

	Gain Recognized			
		Fiscal		
Derivatives Designated as Fair Value Hedges	**Location**	**2013**	**2012**	**2011**
		(in millions)		
Interest rate swaps[1]	Interest expense	$ 5	$ 7	$ 6

(1) Certain interest rate swaps designated as fair value hedges were terminated in December 2008. Terminated interest rate swaps resulted in all gains presented in this table. Interest rate swaps in place at September 27, 2013 had no ineffective gain or loss recognized on the Consolidated Statements of Operations during fiscal 2013, 2012, or 2011.

14. Financial Instruments (Continued)

The effects of derivative instruments designated as cash flow hedges on the Consolidated Statements of Operations were as follows:

Derivatives Designated as Cash Flow Hedges	Gain (Loss) Recognized in OCI (Effective Portion)	Gain (Loss) Reclassified from Accumulated OCI into Income (Effective Portion)		Gain (Loss) Recognized in Income (Ineffective Portion and Amount Excluded From Effectiveness Testing)	
	Amount	Location	Amount	Location	Amount
			(in millions)		
Fiscal 2013:					
Foreign currency contracts	$ (1)	Cost of sales	$ —	Cost of sales	$—
Commodity swap contracts	(64)	Cost of sales	(20)	Cost of sales	—
Interest rate swaps[(1)]	—	Interest expense	(9)	Interest expense	—
Total	$(65)		$(29)		$—
Fiscal 2012:					
Foreign currency contracts	$ —	Cost of sales	$ (1)	Cost of sales	$—
Commodity swap contracts	28	Cost of sales	10	Cost of sales	—
Interest rate swaps and swaptions[(1)]	(5)	Interest expense	(10)	Interest expense	—
Total	$ 23		$ (1)		$—
Fiscal 2011:					
Foreign currency contracts	$ 1	Cost of sales	$ 5	Cost of sales	$—
Commodity swap contracts	29	Cost of sales	42	Cost of sales	—
Interest rate swaps and swaptions[(1)]	(9)	Interest expense	(5)	Interest expense	(1)
Total	$ 21		$ 42		$(1)

(1) As of fiscal year end 2013 and 2012, there were no outstanding interest rate swaps designated as cash flow hedges. During fiscal 2012, we terminated forward starting interest rate swaps and swaptions designated as cash flow hedges. Prior to the termination, the forward starting interest rate swaps generated losses of $3 million and $9 million in other comprehensive income related to the effective portions of the hedges during fiscal 2012 and 2011, respectively. Also during fiscal 2012, we entered into and terminated an interest rate swap designated as a cash flow hedge, recording a loss of $2 million in other comprehensive income. The forward starting interest rate swaps, subsequent to termination, and certain forward starting interest rate swaps designated as cash flow hedges that were terminated in September 2007 resulted in losses of $9 million, $10 million, and $5 million reflected in interest expense in fiscal 2013, 2012, and 2011, respectively. Swaptions terminated in fiscal 2012 resulted in losses of $1 million in interest expense in fiscal 2011 as a result of amounts excluded from the hedging relationship; losses in fiscal 2012 were insignificant.

14. Financial Instruments (Continued)

The effects of derivative instruments not designated as hedging instruments on the Consolidated Statements of Operations were as follows:

Derivatives not Designated as Hedging Instruments	Gain (Loss) Recognized			
		Fiscal		
	Location	2013	2012	2011
		(in millions)		
Foreign currency contracts	Selling, general, and administrative expenses	$(11)	$(33)	$ 7
Investment swaps	Selling, general, and administrative expenses	7	7	(1)
Total		$ (4)	$(26)	$ 6

During fiscal 2013, 2012, and 2011, we incurred losses of $11 million, losses of $33 million, and gains of $7 million, respectively, as a result of marking foreign currency derivatives not designated as hedging instruments to fair value. The impacts of these derivatives not designated as hedging instruments, which included losses of $20 million incurred in anticipation of the acquisition of Deutsch during fiscal 2012, were offset by gains or losses realized as a result of re-measuring underlying assets and liabilities denominated in foreign currencies to primarily the Euro or U.S. Dollar. The losses incurred in connection with the acquisition of Deutsch were offset by gains realized as a result of re-measuring certain non-U.S. Dollar-denominated intercompany non-derivative financial instruments to the U.S. Dollar.

15. Fair Value Measurements

Financial assets and liabilities recorded at fair value on a recurring basis were as follows:

Description	Fair Value Measurements Using Inputs Considered as		
	Level 1	Level 2	Fair Value
	(in millions)		
September 27, 2013:			
Assets:			
Commodity swap contracts	$ 2	$ —	$ 2
Interest rate swaps	—	14	14
Investment swaps	—	3	3
Foreign currency contracts[1]	—	1	1
Rabbi trust assets	3	80	83
Total assets at fair value	$ 5	$ 98	$103
Liabilities:			
Commodity swap contracts	$29	$ —	$ 29
Foreign currency contracts[1]	—	2	2
Total liabilities at fair value	$29	$ 2	$ 31
September 28, 2012:			
Assets:			
Commodity swap contracts	$18	$ —	$ 18
Interest rate swaps	—	26	26
Investment swaps	—	1	1
Foreign currency contracts[1]	—	4	4
Rabbi trust assets	4	79	83
Total assets at fair value	$22	$110	$132
Liabilities:			
Commodity swap contracts	$ 1	$ —	$ 1
Foreign currency contracts[1]	—	3	3
Total liabilities at fair value	$ 1	$ 3	$ 4

(1) Contracts are presented gross without regard to any right of offset that exists. See Note 14 for a reconciliation of amounts to the Consolidated Balance Sheets.

The majority of the derivatives that we enter into are valued using over-the-counter quoted market prices for similar instruments. We do not believe that the fair values of these derivative instruments differ materially from the amounts that would be realized upon settlement or maturity.

As of September 27, 2013 and September 28, 2012, we did not have significant financial assets or liabilities that were measured at fair value on a non-recurring basis. We also did not have any significant non-financial assets or liabilities that were measured at fair value as of September 27, 2013 and September 28, 2012.

16. Retirement Plans

Defined Benefit Pension Plans

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

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

	U.S. Plans			Non-U.S. Plans		
	Fiscal			Fiscal		
	2013	2012	2011	2013	2012	2011
	($ in millions)					
Service cost	$ 6	$ 7	$ 7	$ 55	$ 51	$ 65
Interest cost	46	51	52	70	76	88
Expected return on plan assets	(60)	(58)	(63)	(69)	(54)	(59)
Amortization of net actuarial loss	36	42	35	33	29	41
Other	—	(1)	—	(18)	(5)	(4)
Net periodic pension benefit cost	$ 28	$ 41	$ 31	$ 71	$ 97	$ 131
Weighted-average assumptions used to determine net pension benefit cost during the fiscal year:						
Discount rate	3.98%	4.71%	5.10%	3.27%	4.12%	3.97%
Expected return on plan assets	6.65%	7.10%	7.45%	6.31%	5.43%	5.37%
Rate of compensation increase	—%	4.00%	4.00%	2.88%	3.01%	3.50%

16. Retirement Plans (Continued)

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

	U.S. Plans		Non-U.S. Plans	
	Fiscal		Fiscal	
	2013	2012	2013	2012
	($ in millions)			
Change in benefit obligation:				
Benefit obligation at beginning of fiscal year	$1,177	$1,114	$2,206	$ 1,896
Service cost	6	7	55	51
Interest cost	46	51	70	76
Actuarial (gain) loss	(84)	69	48	248
Benefits and administrative expenses paid	(69)	(63)	(98)	(86)
New plans	—	—	—	47
Currency translation	—	—	(74)	(24)
Other	(2)	(1)	(26)	(2)
Benefit obligation at end of fiscal year	1,074	1,177	2,181	2,206
Change in plan assets:				
Fair value of plan assets at beginning of fiscal year	941	851	1,118	980
Actual return on plan assets	58	152	131	101
Employer contributions	2	1	94	95
Benefits and administrative expenses paid	(69)	(63)	(98)	(86)
Currency translation	—	—	(62)	4
Other	(1)	—	2	24
Fair value of plan assets at end of fiscal year	931	941	1,185	1,118
Funded status	$ (143)	$ (236)	$ (996)	$(1,088)
Amounts recognized on the Consolidated Balance Sheets:				
Other assets	$ —	$ —	$ 3	$ —
Accrued and other current liabilities	(3)	(4)	(20)	(18)
Long-term pension and postretirement liabilities	(140)	(232)	(979)	(1,070)
Net amount recognized	$ (143)	$ (236)	$ (996)	$(1,088)
Weighted-average assumptions used to determine pension benefit obligation at fiscal year end:				
Discount rate	4.84%	3.98%	3.38%	3.31%
Rate of compensation increase[1]	—%	—%	2.86%	2.88%

(1) During fiscal 2012, the sole remaining active U.S. defined benefit pension plan was frozen to new benefit accruals.

16. Retirement Plans (Continued)

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

	U.S. Plans		Non-U.S. Plans	
	Fiscal		Fiscal	
	2013	2012	2013	2012
	(in millions)			
Change in net loss:				
Unrecognized net loss at beginning of fiscal year	$438	$504	$ 705	$ 539
Current year change recorded in accumulated other comprehensive income	(82)	(24)	(80)	195
Amortization reclassified to earnings	(36)	(42)	(33)	(29)
Unrecognized net loss at end of fiscal year	$320	$438	$ 592	$ 705
Change in prior service credit:				
Unrecognized prior service credit at beginning of fiscal year	$ —	$ —	$(112)	$(120)
Current year change recorded in accumulated other comprehensive income	—	—	37	(1)
Amortization reclassified to earnings	—	—	7	9
Unrecognized prior service credit at end of fiscal year	$ —	$ —	$ (68)	$(112)

Unrecognized actuarial gains recorded in accumulated other comprehensive income for U.S. defined benefit pension plans in fiscal 2013 is principally the result of improved discount rates. Unrecognized actuarial gains recorded in accumulated other comprehensive income for non-U.S. defined benefit pension plans in fiscal 2013 are principally the result of improved asset performance and the effects of currency translation. Unrecognized actuarial losses recorded in accumulated other comprehensive income for non-U.S. defined benefit pension plans in fiscal 2012 are principally the result of declining discount rates. Amortization of prior service credit is included in other in the above table summarizing the components of net periodic pension benefit cost.

The estimated amortization of actuarial losses from accumulated other comprehensive income into net periodic pension benefit cost for U.S. and non-U.S. defined benefit pension plans in fiscal 2014 is expected to be $25 million and $24 million, respectively. The estimated amortization of prior service credit from accumulated other comprehensive income into net periodic pension benefit cost for non-U.S. defined benefit pension plans in fiscal 2014 is expected to be $5 million.

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

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

16. Retirement Plans (Continued)

During fiscal 2012, our investment committee made the decision to change the target asset allocation of the U.S. plans' master trust from a previous target of 30% equity and 70% fixed income to 10% equity and 90% fixed income in an effort to better protect the funded status of the U.S. plans' master trust. Asset reallocation will continue over a multi-year period based on the funded status, as defined by the Pension Protection Act of 2006 (the "Pension Act Funded Status"), of the U.S. plans' master trust and market conditions. We expect to reach our target allocation when the Pension Act Funded Status exceeds 100%. Based on the Pension Act Funded Status as of September 27, 2013, our target asset allocation is 45% equity and 55% fixed income.

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

	U.S. Plans			Non-U.S. Plans		
	Target[(1)]	Fiscal Year End 2013	Fiscal Year End 2012	Target	Fiscal Year End 2013	Fiscal Year End 2012
Asset Category:						
Equity securities	45%	45%	38%	43%	43%	41%
Debt securities	55	55	62	33	35	37
Insurance contracts and other investments	—	—	—	22	20	20
Real estate investments	—	—	—	2	2	2
Total	100%	100%	100%	100%	100%	100%

(1) Based on our Pension Act Funded Status as of September 27, 2013, equity securities of the U.S. plans' master trust cannot exceed 45%.

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

Our funding policy is to make contributions in accordance with the laws and customs of the various countries in which we operate as well as to make discretionary voluntary contributions from time to time. We anticipate that, at a minimum, we will make the minimum required contributions to our pension plans in fiscal 2014 of $3 million to U.S. plans and $84 million to non-U.S. plans.

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

	U.S. Plans	Non-U.S. Plans
	(in millions)	
Fiscal 2014	$ 68	$ 86
Fiscal 2015	66	77
Fiscal 2016	66	80
Fiscal 2017	67	82
Fiscal 2018	68	87
Fiscal 2019-2023	360	508

16. Retirement Plans (Continued)

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

	U.S. Plans Fiscal Year End		Non-U.S. Plans Fiscal Year End	
	2013	2012	2013	2012
	(in millions)			
Accumulated benefit obligation	$1,074	$1,177	$2,021	$2,004
Pension plans with accumulated benefit obligations in excess of plan assets:				
Accumulated benefit obligation	1,074	1,177	1,930	1,916
Fair value of plan assets	931	941	1,072	1,012
Pension plans with projected benefit obligations in excess of plan assets:				
Projected benefit obligation	1,074	1,177	2,120	2,206
Fair value of plan assets	931	941	1,122	1,118

16. Retirement Plans (Continued)

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

	U.S. Plans				Non-U.S. Plans			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
				(in millions)				
September 27, 2013[1]:								
Equity:								
Equity securities:								
U.S. equity securities[2]	$237	$ —	$—	$237	$ 57	$ —	$—	$ 57
Non-U.S. equity securities[2]	179	—	—	179	95	—	—	95
Commingled equity funds[3]	—	—	—	—	—	362	—	362
Fixed income:								
Government bonds[4]	—	77	—	77	—	143	—	143
Corporate bonds[5]	—	413	—	413	—	119	—	119
Commingled bond funds[6]	—	—	—	—	—	217	—	217
Other[7]	—	14	—	14	1	90	72	163
Subtotal	$416	$504	$—	920	$153	$931	$72	1,156
Items to reconcile to fair value of plan assets[8]				11				29
Fair value of plan assets				$931				$1,185
September 28, 2012[1]:								
Equity:								
Equity securities:								
U.S. equity securities[2]	$176	$ —	$—	$176	$ 52	$ —	$—	$ 52
Non-U.S. equity securities[2]	165	—	—	165	81	—	—	81
Commingled equity funds[3]	—	—	—	—	—	287	—	287
Fixed income:								
Government bonds[4]	—	89	—	89	—	186	—	186
Corporate bonds[5]	—	488	—	488	—	123	—	123
Commingled bond funds[6]	—	—	—	—	—	155	—	155
Other[7]	—	14	—	14	1	145	67	213
Subtotal	$341	$591	$—	932	$134	$896	$67	1,097
Items to reconcile to fair value of plan assets[8]				9				21
Fair value of plan assets				$941				$1,118

(1) During fiscal 2013, we corrected the fiscal 2012 presentation of assets held by non-U.S. plans by reclassifying $102 million of non-U.S. securities classified as level 1 within the fair value hierarchy as of September 28, 2012 to level 2, and changed certain non-U.S. asset categorizations.

16. Retirement Plans (Continued)

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

(3) Commingled equity funds are pooled investments, including common/collective trusts, in equity-type securities. Fair value, as determined by the custodian of a fund on a net asset value (“NAV”) basis, is calculated as the closing price of the underlying investments (an observable market condition) less fund liabilities, divided by the number of shares of the fund outstanding.

(4) Government bonds are marked to fair value based on market approach valuation models using observable market data such as quotes, spreads, and data points for yield curves or quoted market prices from markets that are not as actively traded as equity markets.

(5) Corporate bonds are marked to fair value based on market approach valuation models using observable market data such as quotes, spreads, and data points for yield curves or quoted market prices from markets that are not as actively traded as equity markets.

(6) Commingled bond funds are pooled investments, including common/collective trusts, in debt-type securities. Fair value, as determined by the custodian of a fund on a NAV basis, is calculated as the closing price of the underlying investments (an observable market condition) less fund liabilities, divided by the number of shares of the fund outstanding.

(7) Other investments are comprised of insurance contracts, derivatives, short-term investments, structured products such as collateralized obligations and mortgage- and asset-backed securities, real estate investments, and hedge funds. Insurance contracts are valued using cash surrender value, or face value of the contract if a cash surrender value is unavailable (level 2). These values represent the amount that the plan would receive on termination of the underlying contract. Derivatives, short-term investments, and structured products are marked to fair value using models that are supported by observable market based data (level 2). Real estate investments include investments in commingled real estate funds. The investments are valued at their net asset value which is calculated using unobservable inputs that are supported by little or no market activity (level 3). Hedge funds are valued at their net asset value which is calculated using unobservable inputs that are supported by little or no market activity (level 3).

(8) Items to reconcile to fair value of plan assets include amounts receivable for securities sold, amounts payable for securities purchased, and any cash balances, considered to be carried at book value, that are held in the plans.

The following table sets forth a summary of changes in the fair value of Level 3 assets contained in the non-U.S. plans:

	Real Estate	Hedge Funds
	(in millions)	
Balance at September 30, 2011	$20	$34
Return on assets held at end of fiscal year	(1)	2
Purchases, sales, and settlements, net	—	12
Balance at September 28, 2012	19	48
Return on assets held at end of fiscal year	(2)	4
Purchases, sales, and settlements, net	3	—
Balance at September 27, 2013	$20	$52

Defined Contribution Retirement Plans

We maintain several defined contribution retirement plans, the most significant of which is located in the U.S. These plans include 401(k) matching programs, as well as qualified and nonqualified profit sharing and share bonus retirement plans. Expense for the defined contribution plans is computed as a percentage of participants’ compensation and was $61 million, $61 million, and $65 million for fiscal 2013, 2012, and 2011, respectively.

16. Retirement Plans (Continued)

Deferred Compensation Plans and Rabbi Trusts

We maintain nonqualified deferred compensation plans, which permit eligible employees to defer a portion of their compensation. A record keeping account is set up for each participant and the participant chooses from a variety of measurement funds for the deemed investment of their accounts. The measurement funds correspond to a number of funds in our 401(k) plans and the account balance fluctuates with the investment returns on those funds. Total deferred compensation liabilities were $99 million and $83 million at fiscal year end 2013 and 2012, respectively. See Note 14 for additional information regarding our risk management strategy related to deferred compensation liabilities.

Additionally, we have established rabbi trusts, related to certain acquired companies, through which the assets may be used to pay non-qualified plan benefits. The trusts primarily hold bonds and equities. The rabbi trust assets are subject to the claims of our creditors in the event of our insolvency; plan participants are general creditors of ours with respect to these benefits. The value of the assets held by these trusts, included in other assets on the Consolidated Balance Sheets, was $83 million at each of fiscal year end 2013 and 2012. Total liabilities related to the assets held by the rabbi trust and reflected on the Consolidated Balance Sheets were $13 million and $17 million at fiscal year end 2013 and 2012, respectively, and include certain deferred compensation liabilities (referred to above), split dollar life insurance policy liabilities, and an unfunded pension plan in the U.S. Plan participants are general creditors of ours with respect to these benefits.

Postretirement Benefit Plans

In addition to providing pension and 401(k) benefits, we also provide certain health care coverage continuation for qualifying retirees from the date of retirement to age 65.

Net periodic postretirement benefit cost was $4 million in fiscal 2013 and $3 million in each of fiscal 2012 and 2011 and consisted primarily of service and interest costs. The weighted-average assumptions used to determine net postretirement benefit cost were as follows:

	Fiscal		
	2013	2012	2011
Discount rate	3.85%	5.00%	4.95%
Rate of compensation increase	3.35%	4.00%	4.00%

The accrued postretirement benefit obligation was $39 million and $55 million at fiscal year end 2013 and 2012, respectively. The fair value of plan assets was $3 million at each of fiscal year end 2013 and 2012. The underfunded status of the postretirement benefit plans was primarily included in long-term pension and postretirement liabilities on the Consolidated Balance Sheets. The weighted-average assumptions used to determine the postretirement benefit obligation were as follows:

	Fiscal Year End	
	2013	2012
Discount rate	4.85%	3.85%
Rate of compensation increase	4.00%	3.35%

16. Retirement Plans (Continued)

Unrecognized prior service costs and actuarial gains of $6 million and losses of $11 million at fiscal year end 2013 and 2012, respectively, were recorded in accumulated other comprehensive income. Amortization of these balances into net periodic postretirement benefit cost is expected to be insignificant in fiscal 2014.

Our investment strategy for our postretirement benefit plans is to achieve a reasonable return on assets, subject to a prudent level of portfolio risk. The plan is invested in debt securities, which are considered level 2 in the fair value hierarchy, and equity securities, which are considered level 1 in the fair value hierarchy, and targets an allocation of 50% in each category.

We anticipate that we will make insignificant contributions to our postretirement benefit plans in fiscal 2014.

Benefit payments, which reflect future expected service, as appropriate, are expected to be $3 million annually from fiscal 2014 through fiscal 2018 and $13 million in total from fiscal 2019 through fiscal 2023. Health care cost trend assumptions used to determine the postretirement benefit obligation were as follows:

	Fiscal Year End	
	2013	2012
Health care cost trend rate assumed for next fiscal year	7.33%	7.51%
Rate to which the cost trend rate is assumed to decline	4.50%	4.50%
Fiscal year the ultimate trend rate is achieved	2029	2029

A one-percentage point change in assumed healthcare cost trend rates would have the following effects:

	One Percentage Point Increase	One Percentage Point Decrease
	(in millions)	
Effect on total of service and interest cost	$—	$—
Effect on postretirement benefit obligation	3	(3)

17. Income Taxes

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

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

	Fiscal		
	2013	2012	2011
	(in millions)		
Current:			
U.S.:			
Federal	$ (295)	$ 92	$ 50
State	(85)	11	20
Non-U.S.	321	194	174
Current income tax provision (benefit)	(59)	297	244
Deferred:			
U.S.:			
Federal	71	(50)	55
State	(1)	4	—
Non-U.S.	(40)	(2)	48
Deferred income tax provision (benefit)	30	(48)	103
Provision (benefit) for income taxes	$ (29)	$ 249	$ 347

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

	Fiscal		
	2013	2012	2011
	(in millions)		
U.S.	$ (238)	$ (96)	$ 134
Non-U.S.	1,486	1,511	1,441
Income from continuing operations before income taxes	$1,248	$1,415	$1,575

17. Income Taxes (Continued)

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

	Fiscal		
	2013	2012	2011
	(in millions)		
Notional U.S. federal income tax provision at the statutory rate	$ 437	$ 495	$ 551
Adjustments to reconcile to the income tax provision (benefit):			
U.S. state income tax provision (benefit), net	(56)	10	13
Other (income) expense—Tax Sharing Agreement	64	(18)	(9)
Tax law changes	—	21	(4)
Tax credits	(11)	(9)	(9)
Non-U.S. net earnings[1]	(277)	(225)	(253)
Nondeductible charges	3	3	14
Change in accrued income tax liabilities	(162)	95	30
Valuation allowance	(31)	(107)	1
Other	4	(16)	13
Provision (benefit) for income taxes	$ (29)	$ 249	$ 347

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

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

We assessed the realization of ADC's tax loss and credit carryforwards that we acquired in connection with our purchase of ADC, and we believe it is more likely than not that a tax benefit will be realized on additional U.S. federal and state net operating losses. Based upon the fiscal years 2011 through 2013 U.S. operating results of the ADC business under our management, we reduced the valuation allowance provided at the date of acquisition and recorded a tax benefit of $63 million. As of fiscal year end 2013, we continue to maintain a valuation allowance of $177 million related to U.S. federal and state ADC tax attributes due to the uncertainty of their realization in the future.

The tax provision for fiscal 2012 reflects an income tax benefit of $107 million recognized in connection with a reduction in the valuation allowance associated with tax loss carryforwards in certain non-U.S. locations. In addition, the tax provision for fiscal 2012 reflects $17 million of income tax expense associated with certain non-U.S. tax rate changes enacted in the quarter ended December 30, 2011.

The tax provision for fiscal 2011 reflects income tax benefits of $35 million associated with the completion of fieldwork and the settlement of certain U.S. tax matters.

17. Income Taxes (Continued)

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

	Fiscal Year End	
	2013	2012
	(in millions)	
Deferred tax assets:		
Accrued liabilities and reserves	$ 320	$ 270
Tax loss and credit carryforwards	3,431	3,382
Inventories	55	54
Pension and postretirement benefits	235	331
Deferred revenue	5	15
Interest	372	342
Unrecognized income tax benefits	364	469
Other	19	22
	4,801	4,885
Deferred tax liabilities:		
Intangible assets	(778)	(764)
Property, plant, and equipment	(64)	(101)
Other	(38)	(85)
	(880)	(950)
Net deferred tax asset before valuation allowance	3,921	3,935
Valuation allowance	(1,816)	(1,719)
Net deferred tax asset	$ 2,105	$ 2,216

Unrecognized income tax benefits decreased primarily due to the effective settlement of the IRS's audit of all tax matters for the period 1997 through 2000, excluding the disputed issue involving the tax treatment of certain intercompany debt transactions. See Note 13 for additional information regarding the effective settlement. Pension and postretirement benefits decreased primarily due to a reduction in the pension obligation. See Note 16 for additional information regarding the retirement plans.

At fiscal year end 2013, we had approximately $1,597 million of U.S. federal and $124 million of U.S. state net operating loss carryforwards (tax effected) which will expire in future years through 2033. In addition, at fiscal year end 2013, we had approximately $171 million of U.S. federal tax credit carryforwards, of which $46 million have no expiration and $125 million will expire in future years through 2033, and $37 million of U.S. state tax credits carryforwards which will expire in future years through 2028.

At fiscal year end 2013, we had approximately $1,461 million of net operating loss carryforwards (tax effected) in certain non-U.S. jurisdictions, of which $1,300 million have no expiration and $161 million will expire in future years through 2033. Also, at fiscal year end 2013, there were $1 million of non-U.S. tax credit carryforwards which have no expiration. In addition, $40 million of non-U.S. capital loss carryforwards (tax effected) have no expiration.

17. Income Taxes (Continued)

The valuation allowance for deferred tax assets of $1,816 million and $1,719 million at fiscal year end 2013 and 2012, respectively, relates principally to the uncertainty of the utilization of certain deferred tax assets, primarily tax loss, capital loss, and credit carryforwards in various jurisdictions. We believe that we will generate sufficient future taxable income to realize the income tax benefits related to the remaining net deferred tax assets on our Consolidated Balance Sheet. The valuation allowance was calculated in accordance with the provisions of ASC 740, *Income Taxes*, which require that a valuation allowance be established or maintained when it is more likely than not that all or a portion of deferred tax assets will not be realized. At fiscal year end 2013, approximately $79 million of the valuation allowance relates to share-based compensation and will be recorded to equity if certain net operating losses and tax credit carryforwards are utilized.

The calculation of our tax liabilities includes estimates for uncertainties in the application of complex tax regulations across multiple global jurisdictions where we conduct our operations. Under the uncertain tax position provisions of ASC 740, we recognize liabilities for tax and related interest for issues in the U.S. and other tax jurisdictions based on our estimate of whether, and the extent to which, additional taxes and related interest will be due. These tax liabilities and related interest are reflected net of the impact of related tax loss carryforwards, as such tax loss carryforwards will be applied against these tax liabilities and will reduce the amount of cash tax payments due upon the eventual settlement with the tax authorities. These estimates may change due to changing facts and circumstances. Due to the complexity of these uncertainties, the ultimate resolution may result in a settlement that differs from our current estimate of the tax liabilities and related interest. Furthermore, management has reviewed with tax counsel the issues raised by certain taxing authorities and the adequacy of these recorded amounts. If our current estimate of tax and interest liabilities is less than the ultimate settlement, an additional charge to income tax expense may result. If our current estimate of tax and interest liabilities is more than the ultimate settlement, income tax benefits may be recognized.

We have provided income taxes for earnings that are currently distributed as well as the taxes associated with several subsidiaries' earnings that are expected to be distributed in the future. No additional provision has been made for Swiss or non-Swiss income taxes on the undistributed earnings of subsidiaries or for unrecognized deferred tax liabilities for temporary differences related to basis differences in investments in subsidiaries, as such earnings are expected to be permanently reinvested, the investments are essentially permanent in duration, or we have concluded that no additional tax liability will arise as a result of the distribution of such earnings. As of September 27, 2013, certain subsidiaries had approximately $18 billion of cumulative undistributed earnings that have been retained indefinitely and reinvested in our global manufacturing operations, including working capital, property, plant, and equipment, intangible assets, and research and development activities. A liability could arise if our intention to permanently reinvest such earnings were to change and amounts are distributed by such subsidiaries or if such subsidiaries are ultimately disposed. It is not practicable to estimate the additional income taxes related to permanently reinvested earnings or the basis differences related to investments in subsidiaries. As of September 27, 2013, we had approximately $4.5 billion of cash, cash equivalents, and intercompany deposits, principally in our subsidiaries, that we have the ability to distribute to TEGSA, our Luxembourg subsidiary, which is the obligor of substantially all of our debt, and to TE Connectivity Ltd., our Swiss parent company, but we consider to be permanently reinvested. We estimate that up to approximately $1.5 billion of tax expense would be recognized on our Consolidated Financial Statements if our intention to permanently reinvest these amounts were to change. Our current plans do not demonstrate a need to repatriate cash, cash equivalents, and

17. Income Taxes (Continued)

intercompany deposits that are designated as permanently reinvested in order to fund our operations, including investing and financing activities.

Uncertain Tax Position Provisions of ASC 740

As of September 27, 2013, we had total unrecognized income tax benefits of $1,620 million. If recognized in future periods, $1,471 million of these currently unrecognized income tax benefits would impact the income tax provision and effective tax rate. As of September 28, 2012, we had total unrecognized income tax benefits of $1,795 million. If recognized in future periods, $1,714 million of these unrecognized income tax benefits would impact the income tax provision and effective tax rate. The following table summarizes the activity related to unrecognized income tax benefits:

	Fiscal		
	2013	2012	2011
		(in millions)	
Balance at beginning of fiscal year	$1,795	$1,783	$1,689
Additions related to prior periods tax positions	90	41	123
Reductions related to prior periods tax positions	(271)	(36)	(98)
Additions related to current period tax positions	88	31	43
Acquisitions	—	7	45
Settlements	(8)	(12)	(3)
Reductions due to lapse of applicable statute of limitations	(74)	(19)	(16)
Balance at end of fiscal year	$1,620	$1,795	$1,783

We record accrued interest as well as penalties related to uncertain tax positions as part of the provision for income taxes. As of September 27, 2013, we had recorded $1,018 million of accrued interest and penalties related to uncertain tax positions on the Consolidated Balance Sheet of which $1,015 million was recorded in income taxes and $3 million was recorded in accrued and other current liabilities. As of September 28, 2012, the balance of accrued interest and penalties was $1,335 million of which $1,299 million was recorded in income taxes and $36 million was recorded in accrued and other current liabilities. The decrease in the accrued interest and penalties from fiscal year end 2012 is due mainly to the effective settlement of all undisputed tax matters for the period 1997 through 2000. During fiscal 2013, 2012, and 2011, we recognized a benefit of $247 million, expense of $95 million, and expense of $86 million, respectively, related to interest and penalties on the Consolidated Statements of Operations.

For tax years 1997 through 2004, Tyco International has resolved all matters, excluding one disputed issue related to the tax treatment of certain intercompany debt transactions. The IRS commenced its audit of certain Tyco International income tax returns for the years 2005 through 2007 in fiscal 2011, and it is our understanding that fieldwork for this audit period is expected to be completed in fiscal 2014. Also, during fiscal 2012, the IRS commenced its audit of our income tax returns for the years 2008 through 2010. We expect fieldwork for the 2008 through 2010 audit to conclude in fiscal 2014. See Note 13 for additional information regarding the status of IRS examinations.

17. Income Taxes (Continued)

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

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

As of September 27, 2013, under applicable statutes, the following tax years remained subject to examination in the major tax jurisdictions indicated:

Jurisdiction	Open Years
Belgium	2011 through 2013
Brazil	2008 through 2013
Canada	2002 and 2005 through 2013
China	2003 through 2013
Czech Republic	2010 through 2013
France	2010 through 2013
Germany	2008 through 2013
Hong Kong	2007 through 2013
India	2006 through 2013
Italy	2008 through 2013
Japan	2007 through 2013
Korea	2007 through 2013
Luxembourg	2008 through 2013
Netherlands	2008 through 2013
Portugal	2009 through 2013
Singapore	2006 through 2013
Spain	2009 through 2013
Switzerland	2011 through 2013
United Kingdom	2011 through 2013
U.S.—federal and state and local	1997 through 2013

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

Although it is difficult to predict the timing or results of our worldwide examinations, we estimate that up to approximately $190 million of unrecognized income tax benefits, excluding the impact relating to accrued interest and penalties, could be resolved within the next twelve months.

We are not aware of any other matters that would result in significant changes to the amount of unrecognized income tax benefits reflected on the Consolidated Balance Sheet as of September 27, 2013.

18. Other Income (Expense), Net

In fiscal 2013, 2012, and 2011, we recorded net other expense of $183 million, net other income of $50 million, and net other income of $27 million, respectively, primarily pursuant to the Tax Sharing Agreement with Tyco International and Covidien. See Note 12 for further information regarding the Tax Sharing Agreement. The net other expense in fiscal 2013 included $231 million related to the effective settlement of all undisputed tax matters for the period 1997 through 2000. See Note 13 for additional information.

19. Earnings Per Share

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

	Fiscal		
	2013	2012	2011
	(in millions)		
Basic	418	426	438
Dilutive impact of share-based compensation arrangements	5	4	5
Diluted	423	430	443

Certain share options were not included in the computation of diluted earnings per share because the instruments' underlying exercise prices were greater than the average market prices of our common shares and inclusion would be antidilutive. Share options not included in the computation totaled 3 million, 12 million, and 13 million for fiscal 2013, 2012, and 2011, respectively.

20. Equity

Common Shares

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

Subject to certain conditions specified in our articles of association, we are authorized to increase our share capital by issuing new shares in aggregate not exceeding 50% of our authorized shares. In March 2013, our shareholders reapproved and extended through March 6, 2015 our board of directors' authorization to issue additional new shares, subject to certain conditions specified in the articles, in aggregate not exceeding 50% of the amount of our authorized shares.

Common Shares Held in Treasury

At September 27, 2013, approximately 17 million common shares were held in treasury, of which 8 million were owned by one of our subsidiaries. At September 28, 2012, approximately 16 million common shares were held in treasury, of which 11 million were owned by one of our subsidiaries. Shares held both directly by us and by our subsidiary are presented as treasury shares on the Consolidated Balance Sheets.

20. Equity (Continued)

In March 2013, our shareholders approved the cancellation of 10 million shares repurchased under our share repurchase program during the period from December 31, 2011 to December 28, 2012. The capital reduction by cancellation of shares was subject to a notice period and filing with the commercial register and became effective in May 2013.

In March 2012, our shareholders approved the cancellation of 24 million shares repurchased under our share repurchase program during the period from December 25, 2010 to December 30, 2011. The capital reduction by cancellation of shares was subject to a notice period and filing with the commercial register and became effective in May 2012.

In March 2011, our shareholders approved the cancellation of 5 million shares repurchased under our share repurchase program during the period from July 27, 2010 to December 24, 2010. The capital reduction by cancellation of shares was subject to a notice period and filing with the commercial register and became effective in May 2011.

Contributed Surplus

Contributed surplus established for Swiss tax and statutory purposes ("Swiss Contributed Surplus"), subject to certain conditions, is a freely distributable reserve. Distributions to shareholders from Swiss Contributed Surplus are free from withholding tax. As of September 27, 2013 and September 28, 2012, Swiss Contributed Surplus was CHF 9,342 million and CHF 9,745 million, respectively (equivalent to $8,520 million and $8,940 million, respectively).

Dividends and Distributions to Shareholders

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

In March 2010, our shareholders approved a cash distribution to shareholders in the form of a capital reduction to the par value of our common shares of CHF 0.72 (equivalent to $0.64) per share, payable in four equal quarterly installments of $0.16 per share beginning in the third quarter of fiscal 2010 through the second quarter of fiscal 2011. We paid the third and fourth installments of the distribution during the quarters ended December 24, 2010 and March 25, 2011, respectively. These capital reductions reduced the par value of our common shares from CHF 1.73 (equivalent to $1.60) to CHF 1.37 (equivalent to $1.28).

In March 2011, our shareholders approved a dividend payment to shareholders of CHF 0.68 (equivalent to $0.72) per share out of contributed surplus, payable in four equal quarterly installments beginning in the third quarter of fiscal 2011 through the second quarter of fiscal 2012. We paid the installments of the dividend at a rate of $0.18 per share during each of the quarters ended June 24, 2011, September 30, 2011, December 30, 2011, and March 30, 2012.

In March 2012, our shareholders approved a cash distribution to shareholders in the form of a capital reduction to the par value of our common shares of CHF 0.80 (equivalent to $0.84) per share, payable in four equal quarterly installments beginning in the third quarter of fiscal 2012 through the second quarter of fiscal 2013. We paid the installments of the distribution at a rate of $0.21 per share

20. Equity (Continued)

during each of the quarters ended June 29, 2012, September 28, 2012, December 28, 2012 and March 29, 2013. These capital reductions reduced the par value of our common shares from CHF 1.37 (equivalent to $1.28) to CHF 0.57 (equivalent to $0.44).

In March 2013, our shareholders approved a dividend payment to shareholders of CHF 0.96 (equivalent to $1.00) per share out of contributed surplus, payable in four equal quarterly installments beginning in the third quarter of fiscal 2013 through the second quarter of fiscal 2014. We paid the first and second installments of the dividend at a rate of $0.25 per share during each of the quarters ended June 28, 2013 and September 27, 2013.

Upon approval by the shareholders of a dividend payment or cash distribution in the form of a capital reduction, we record a liability with a corresponding charge to contributed surplus or common shares. At September 27, 2013 and September 28, 2012, the unpaid portion of the dividends and distributions recorded in accrued and other current liabilities on the Consolidated Balance Sheets totaled $206 million and $178 million, respectively.

Share Repurchase Program

During fiscal 2013, 2012, and 2011, we repurchased approximately 20 million of our common shares for $829 million, approximately 6 million of our common shares for $194 million, and approximately 25 million of our common shares for $867 million, respectively. At September 27, 2013, we had $478 million of availability remaining under our share repurchase authorization. See additional information regarding the share repurchase program in Note 25.

21. Accumulated Other Comprehensive Income

The components of accumulated other comprehensive income were as follows:

	Currency Translation[1]	Unrecognized Pension and Postretirement Benefit Costs	Gain (Loss) on Cash Flow Hedges	Accumulated Other Comprehensive Income
	(in millions)			
Balance at September 24, 2010	$1,040	$(764)	$(30)	$ 246
Pre-tax current period change	50	238	(21)	267
Income tax (expense) benefit	—	(86)	1	(85)
Balance at September 30, 2011	1,090	(612)	(50)	428
Pre-tax current period change	(131)	(114)	24	(221)
Income tax (expense) benefit	—	26	(4)	22
Balance at September 28, 2012	959	(700)	(30)	229
Pre-tax current period change	(28)	204	(36)	140
Income tax (expense) benefit	—	(73)	7	(66)
Balance at September 27, 2013	$ 931	$(569)	$(59)	$ 303

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

22. Share Plans

Equity awards (primarily restricted share awards, performance share awards, and share options) granted by us are administered by the management development and compensation committee of our board of directors, which consists exclusively of independent directors. Our plans, of which the TE Connectivity Ltd. 2007 Stock and Incentive Plan, as amended and restated, is the primary plan, provide for the award of annual performance bonuses and long-term performance awards, including share options, restricted and performance units, deferred stock units, and other share-based awards (collectively, "Awards") and allow for the use of unissued shares or treasury shares to be used to satisfy such Awards. As of September 27, 2013, our plans provided for a maximum of 67 million shares to be issued as Awards, subject to adjustment as provided under the terms of the plans. A total of 26 million shares remained available for issuance under our plans as of September 27, 2013.

Share-Based Compensation Expense

Total share-based compensation expense, which was primarily included in selling, general, and administrative expenses on the Consolidated Statements of Operations, was $78 million, $68 million, and $71 million during fiscal 2013, 2012, and 2011, respectively. We have recognized a related tax benefit associated with our share-based compensation arrangements of $24 million, $21 million, and $22 million in fiscal 2013, 2012, and 2011, respectively.

Restricted Share Awards

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

A summary of restricted share award activity is presented below:

	Shares	Weighted-Average Grant-Date Fair Value
Non-vested at September 28, 2012	4,585,994	$30.09
Granted	1,764,936	34.69
Vested	(1,906,890)	26.65
Forfeited	(460,115)	32.50
Non-vested at September 27, 2013	3,983,925	$33.50

The weighted-average grant-date fair value of restricted share awards granted during fiscal 2013, 2012, and 2011 was $34.69, $34.63, and $34.14, respectively.

22. Share Plans (Continued)

As of September 27, 2013, there was $81 million of unrecognized compensation cost related to non-vested restricted share awards. The cost is expected to be recognized over a weighted-average period of 1.7 years.

Performance Share Awards

Performance share awards, which are generally in the form of performance share units, are granted with pay-out subject to vesting requirements and certain performance conditions that are determined at the time of grant. Based on our performance, the pay-out of performance share units can range from 0% to 200% of the number of units originally granted. Certain employees who receive performance share awards also are granted an opportunity to earn additional performance shares subject to the attainment of additional performance criteria which are set at the time of grant. Attainment of the performance criteria will result in an additional pay-out of performance share units equal to 100% of the performance share units paid out under the original performance share award. The grant date fair value of performance share awards is expensed over the period of performance once achievement of the performance criteria is deemed probable. Recipients of performance share units have no voting rights but do receive dividend equivalents. Performance share awards generally vest after a period of three years as determined by the management development and compensation committee of the board of directors.

A summary of performance share award activity is presented below:

	Shares	Weighted-Average Grant-Date Fair Value
Outstanding at September 28, 2012	—	$ —
Granted	327,226	34.16
Forfeited	(15,807)	34.05
Outstanding at September 27, 2013	311,419	$34.17

As of September 27, 2013, there was $7 million of unrecognized compensation cost related to non-vested performance share awards. The cost is expected to be recognized over a weighted-average period of 2.1 years.

Share Options

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

22. Share Plans (Continued)

A summary of share option award activity is presented below:

	Shares	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term	Aggregate Intrinsic Value
			(in years)	(in millions)
Outstanding at September 28, 2012	20,552,689	$32.25		
Granted	2,854,600	34.27		
Exercised	(6,507,750)	32.79		
Expired	(423,261)	39.77		
Forfeited	(644,414)	32.44		
Outstanding at September 27, 2013	15,831,864	$32.18	5.9	$314
Vested and expected to vest at September 27, 2013	15,393,747	$32.15	5.9	$306
Exercisable at September 27, 2013	9,088,414	$31.39	4.3	$188

The weighted-average exercise price of share option awards granted during fiscal 2013, 2012, and 2011 were $34.27, $34.49, and $33.86, respectively.

As of September 27, 2013, there was $38 million of unrecognized compensation cost related to non-vested share options granted under our share option plans. The cost is expected to be recognized over a weighted-average period of 1.7 years.

At acquisition, all share options and stock appreciation right (“SAR”) awards related to ADC were converted into share options and SARs related to our common shares. See Note 5 for additional information regarding the conversion of ADC share options and SARs.

Share-Based Compensation Assumptions

The grant-date fair value of each share option grant was estimated using the Black-Scholes-Merton option pricing model. Use of a valuation model requires management to make certain assumptions with respect to selected model inputs. Expected share price volatility was calculated based on the historical volatility of the stock of a composite of our peers and implied volatility derived from exchange traded options on that same composite of peers. The average expected life was based on the contractual term of the option and expected employee exercise and post-vesting employment termination behavior. The risk-free interest rate was based on U.S. Treasury zero-coupon issues with a remaining term that approximated the expected life assumed at the date of grant. The expected annual dividend per share was based on our expected dividend rate. The recognized share-based compensation expense was net of estimated forfeitures, which are based on voluntary termination behavior as well as an analysis of actual option forfeitures.

22. Share Plans (Continued)

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

	Fiscal		
	2013	2012	2011
Weighted-average grant-date fair value	$8.62	$9.49	$9.13
Assumptions:			
Expected share price volatility	34%	36%	36%
Risk free interest rate	0.9%	1.3%	1.2%
Expected annual dividend per share	$0.84	$0.84	$0.72
Expected life of options (in years)	6.0	6.0	5.1

The total intrinsic value of options exercised during fiscal 2013, 2012, and 2011 was $69 million, $31 million, and $50 million, respectively. The total fair value of restricted share awards that vested during fiscal 2013, 2012, and 2011 was $51 million, $42 million, and $54 million, respectively. We received cash related to the exercise of options of $214 million, $60 million, and $80 million in fiscal 2013, 2012, and 2011, respectively. The related excess cash tax benefit classified as a financing cash inflow on the Consolidated Statements of Cash Flows for fiscal 2013, 2012, and 2011 was not material.

23. Segment and Geographic Data

Effective for the first quarter of fiscal 2013, we reorganized our management and segments to better align the organization around our strategy. We now operate through four reporting segments: Transportation Solutions, Network Solutions, Industrial Solutions, and Consumer Solutions. See Note 1 for a description of the segments in which we operate. We aggregate our operating segments into reportable segments based upon similar economic characteristics and business groupings of products, services, and customers.

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

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

23. Segment and Geographic Data (Continued)

Net sales and operating income by segment were as follows:

	Net Sales			Operating Income		
	Fiscal			Fiscal		
	2013	2012	2011	2013	2012	2011
	(in millions)					
Transportation Solutions	$ 5,485	$ 5,128	$ 4,912	$ 972	$ 754	$ 729
Network Solutions	3,066	3,310	3,671	136	247	300
Industrial Solutions	3,007	2,987	3,144	359	378	477
Consumer Solutions	1,722	1,857	2,051	89	139	181
Total	$13,280	$13,282	$13,778	$1,556	$1,518	$1,687

No single customer accounted for a significant amount of our net sales in fiscal 2013, 2012, and 2011.

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

Depreciation and amortization and capital expenditures were as follows:

	Depreciation and Amortization			Capital Expenditures		
	Fiscal			Fiscal		
	2013	2012	2011	2013	2012	2011
	(in millions)					
Transportation Solutions	$ 296	$ 271	$ 234	$ 325	$ 288	$ 264
Network Solutions	139	164	158	86	104	119
Industrial Solutions	92	86	86	109	67	90
Consumer Solutions	80	88	86	95	74	101
Total	$ 607	$ 609	$ 564	$ 615	$ 533	$ 574

23. Segment and Geographic Data (Continued)

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

	Segment Assets		
	Fiscal Year End		
	2013	2012	2011
	(in millions)		
Transportation Solutions	$ 2,977	$ 2,877	$ 2,732
Network Solutions	1,684	1,857	1,955
Industrial Solutions	1,603	1,549	1,499
Consumer Solutions	987	1,081	1,173
Total segment assets[1]	7,251	7,364	7,359
Other current assets	2,224	2,352	2,762
Other non-current assets	8,986	9,590	7,602
Total assets	$18,461	$19,306	$17,723

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

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

	Net Sales[1]			Property, Plant, and Equipment, Net		
	Fiscal			Fiscal Year End		
	2013	2012	2011	2013	2012	2011
	(in millions)					
Americas:						
U.S.	$ 3,811	$ 3,664	$ 3,657	$ 958	$ 1,042	$ 968
Other Americas	566	624	652	80	84	65
Total Americas	4,377	4,288	4,309	1,038	1,126	1,033
Europe/Middle East/Africa:						
Switzerland	3,689	3,719	3,870	54	52	59
Germany	123	120	426	356	339	381
Other Europe/Middle East/Africa	750	663	662	702	692	677
Total Europe/Middle East/Africa	4,562	4,502	4,958	1,112	1,083	1,117
Asia–Pacific:						
China	2,197	2,159	2,172	516	432	395
Other Asia–Pacific	2,144	2,333	2,339	500	572	595
Total Asia–Pacific	4,341	4,492	4,511	1,016	1,004	990
Total	$13,280	$13,282	$13,778	$ 3,166	$ 3,213	$ 3,140

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

24. Quarterly Financial Data (unaudited)

Summarized quarterly financial data was as follows:

	Fiscal							
	2013				2012			
	First Quarter(1)	Second Quarter	Third Quarter	Fourth Quarter(2)	First Quarter	Second Quarter	Third Quarter(3)	Fourth Quarter(4)
	(in millions, except per share data)							
Net sales	$3,134	$3,265	$3,449	$3,432	$3,170	$3,249	$3,499	$3,364
Gross margin	989	1,052	1,132	1,156	943	1,021	1,018	1,064
Acquisition and integration costs	5	3	3	3	4	4	15	4
Restructuring and other charges, net	92	81	67	71	18	32	36	42
Amounts attributable to TE Connectivity Ltd.:								
Income from continuing operations	279	278	332	387	238	267	260	398
Income (loss) from discontinued operations, net of income taxes	(2)	(1)	3	—	22	(10)	(61)	(2)
Net income	277	277	335	387	260	257	199	396
Basic earnings per share attributable to TE Connectivity Ltd.:								
Income from continuing operations	$ 0.66	$ 0.66	$ 0.80	$ 0.94	$ 0.56	$ 0.63	$ 0.61	$ 0.93
Income (loss) from discontinued operations, net of income taxes	—	—	0.01	—	0.05	(0.03)	(0.15)	—
Net income	0.66	0.66	0.81	0.94	0.61	0.60	0.46	0.93
Diluted earnings per share attributable to TE Connectivity Ltd.:								
Income from continuing operations	$ 0.65	$ 0.66	$ 0.79	$ 0.92	$ 0.55	$ 0.62	$ 0.60	$ 0.93
Income (loss) from discontinued operations, net of income taxes	—	—	0.01	—	0.06	(0.02)	(0.14)	(0.01)
Net income	0.65	0.65	0.80	0.92	0.61	0.60	0.46	0.92
Weighted-average number of shares outstanding:								
Basic	422	420	415	413	425	427	428	426
Diluted	426	424	421	420	429	431	431	429

(1) Results for the first quarter of fiscal 2013 include $331 million of income tax benefits associated with the effective settlement of an audit of prior year tax returns as well as the related impact of $231 million to other expense pursuant to the tax sharing agreement with Tyco International and Covidien. Results for the first quarter of fiscal 2013 also include $30 million of income tax expense related to adjustments to prior year income tax returns and the estimated impacts of certain intercompany dividends.

24. Quarterly Financial Data (unaudited) (Continued)

(2) Results for the fourth quarter of fiscal 2013 include $63 million of income tax benefits recognized in connection with a reduction in the valuation allowance associated with certain ADC tax loss carryforwards.

(3) Results for the third quarter of fiscal 2012 include $68 million of charges associated with the amortization of acquisition-related fair value adjustments primarily related to acquired inventories and customer order backlog associated with Deutsch.

(4) Results for the fourth quarter of fiscal 2012 include $107 million of income tax benefits recognized in connection with a reduction in the valuation allowance associated with tax loss carryforwards in certain non-U.S. locations.

25. Subsequent Events

On October 18, 2013, TEGSA called for redemption all of its outstanding 5.95% senior notes due 2014, representing $300 million aggregate principal amount. The redemption date will be November 18, 2013. We expect to pay an immaterial premium in connection with this early redemption.

On October 29, 2013, our board of directors authorized an increase of $1 billion in the share repurchase program.

26. Tyco Electronics Group S.A.

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

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

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

	TE Connectivity Ltd.	TEGSA	Other Subsidiaries	Consolidating Adjustments	Total
			(in millions)		
Net sales	$ —	$ —	$13,280	$ —	$13,280
Cost of sales	—	—	8,951	—	8,951
Gross margin	—	—	4,329	—	4,329
Selling, general, and administrative expenses	156	3	1,614	—	1,773
Research, development, and engineering expenses	—	—	675	—	675
Acquisition and integration costs	—	—	14	—	14
Restructuring and other charges, net	—	—	311	—	311
Operating income (loss)	(156)	(3)	1,715	—	1,556
Interest income	—	—	17	—	17
Interest expense	—	(135)	(7)	—	(142)
Other expense, net	—	—	(183)	—	(183)
Equity in net income of subsidiaries	1,445	1,533	—	(2,978)	—
Intercompany interest and fees	(13)	54	(41)	—	—
Income from continuing operations before income taxes	1,276	1,449	1,501	(2,978)	1,248
Income tax (expense) benefit	—	(4)	33	—	29
Net income	1,276	1,445	1,534	(2,978)	1,277
Less: net income attributable to noncontrolling interests	—	—	(1)	—	(1)
Net income attributable to TE Connectivity Ltd., TEGSA, or Other Subsidiaries	1,276	1,445	1,533	(2,978)	1,276
Other comprehensive income	74	74	64	(138)	74
Comprehensive income attributable to TE Connectivity Ltd., TEGSA, or Other Subsidiaries	$1,350	$1,519	$ 1,597	$(3,116)	$ 1,350

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

Condensed Consolidating Statement of Operations
For the Fiscal Year Ended September 28, 2012

	TE Connectivity Ltd.	TEGSA	Other Subsidiaries	Consolidating Adjustments	Total
			(in millions)		
Net sales	$ —	$ —	$13,282	$ —	$13,282
Cost of sales	—	—	9,236	—	9,236
Gross margin	—	—	4,046	—	4,046
Selling, general, and administrative expenses, net[1]	102	(122)	1,705	—	1,685
Research, development, and engineering expenses	—	—	688	—	688
Acquisition and integration costs	1	2	24	—	27
Restructuring and other charges, net	—	—	128	—	128
Operating income (loss)	(103)	120	1,501	—	1,518
Interest income	—	—	23	—	23
Interest expense	—	(168)	(8)	—	(176)
Other income, net	—	—	50	—	50
Equity in net income of subsidiaries	1,277	1,256	—	(2,533)	—
Equity in net loss of subsidiaries of discontinued operations	(51)	(51)	—	102	—
Intercompany interest and fees	(11)	69	(58)	—	—
Income from continuing operations before income taxes	1,112	1,226	1,508	(2,431)	1,415
Income tax expense	—	—	(249)	—	(249)
Income from continuing operations	1,112	1,226	1,259	(2,431)	1,166
Loss from discontinued operations, net of income taxes	—	—	(51)	—	(51)
Net income	1,112	1,226	1,208	(2,431)	1,115
Less: net income attributable to noncontrolling interests	—	—	(3)	—	(3)
Net income attributable to TE Connectivity Ltd., TEGSA, or Other Subsidiaries	1,112	1,226	1,205	(2,431)	1,112
Other comprehensive loss	(199)	(199)	(203)	402	(199)
Comprehensive income attributable to TE Connectivity Ltd., TEGSA, or Other Subsidiaries	$ 913	$1,027	$ 1,002	$(2,029)	$ 913

(1) TEGSA selling, general, and administrative expenses include gains of $125 million related to intercompany transactions. These gains are offset by corresponding losses recorded by Other Subsidiaries.

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

Condensed Consolidating Statement of Operations
For the Fiscal Year Ended September 30, 2011

	TE Connectivity Ltd.	TEGSA	Other Subsidiaries	Consolidating Adjustments	Total
			(in millions)		
Net sales	$ —	$ —	$13,778	$ —	$13,778
Cost of sales	—	—	9,507	—	9,507
Gross margin	—	—	4,271	—	4,271
Selling, general, and administrative expenses	177	91	1,460	—	1,728
Research, development, and engineering expenses	—	—	701	—	701
Acquisition and integration costs	3	—	16	—	19
Restructuring and other charges, net	—	—	136	—	136
Operating income (loss)	(180)	(91)	1,958	—	1,687
Interest income	—	—	22	—	22
Interest expense	—	(150)	(11)	—	(161)
Other income, net	—	—	27	—	27
Equity in net income of subsidiaries	1,422	1,572	—	(2,994)	—
Equity in net income of subsidiaries of discontinued operations	22	22	—	(44)	—
Intercompany interest and fees	(19)	91	(72)	—	—
Income from continuing operations before income taxes	1,245	1,444	1,924	(3,038)	1,575
Income tax expense	—	—	(347)	—	(347)
Income from continuing operations	1,245	1,444	1,577	(3,038)	1,228
Income from discontinued operations, net of income taxes	—	—	22	—	22
Net income	1,245	1,444	1,599	(3,038)	1,250
Less: net income attributable to noncontrolling interests	—	—	(5)	—	(5)
Net income attributable to TE Connectivity Ltd., TEGSA, or Other Subsidiaries	1,245	1,444	1,594	(3,038)	1,245
Other comprehensive income	182	182	187	(369)	182
Comprehensive income attributable to TE Connectivity Ltd., TEGSA, or Other Subsidiaries	$1,427	$1,626	$ 1,781	$(3,407)	$ 1,427

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

Condensed Consolidating Balance Sheet
As of September 27, 2013

	TE Connectivity Ltd.	TEGSA	Other Subsidiaries	Consolidating Adjustments	Total
			(in millions)		
Assets					
Current assets:					
Cash and cash equivalents	$ —	$ —	$ 1,403	$ —	$ 1,403
Accounts receivable, net	—	—	2,323	—	2,323
Inventories	—	—	1,762	—	1,762
Intercompany receivables	1,823	222	255	(2,300)	—
Prepaid expenses and other current assets	6	1	480	—	487
Deferred income taxes	—	—	334	—	334
Total current assets	1,829	223	6,557	(2,300)	6,309
Property, plant, and equipment, net	—	—	3,166	—	3,166
Goodwill	—	—	4,326	—	4,326
Intangible assets, net	—	—	1,244	—	1,244
Deferred income taxes	—	—	2,146	—	2,146
Investment in subsidiaries	7,014	17,040	—	(24,054)	—
Intercompany loans receivable	18	2,120	9,489	(11,627)	—
Receivable from Tyco International Ltd. and Covidien plc	—	—	1,002	—	1,002
Other assets	—	28	240	—	268
Total Assets	$8,861	$19,411	$28,170	$(37,981)	$18,461
Liabilities and Equity					
Current liabilities:					
Current maturities of long-term debt	$ —	$ 650	$ 61	$ —	$ 711
Accounts payable	1	—	1,382	—	1,383
Accrued and other current liabilities	213	49	1,500	—	1,762
Deferred revenue	—	—	68	—	68
Intercompany payables	256	—	2,044	(2,300)	—
Total current liabilities	470	699	5,055	(2,300)	3,924
Long-term debt	—	2,213	90	—	2,303
Intercompany loans payable	5	9,485	2,137	(11,627)	—
Long-term pension and postretirement liabilities	—	—	1,155	—	1,155
Deferred income taxes	—	—	321	—	321
Income taxes	—	—	1,979	—	1,979
Other liabilities	—	—	393	—	393
Total Liabilities	475	12,397	11,130	(13,927)	10,075
Total Equity	8,386	7,014	17,040	(24,054)	8,386
Total Liabilities and Equity	$8,861	$19,411	$28,170	$(37,981)	$18,461

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

Condensed Consolidating Balance Sheet
As of September 28, 2012

	TE Connectivity Ltd.	TEGSA	Other Subsidiaries	Consolidating Adjustments	Total
			(in millions)		
Assets					
Current assets:					
Cash and cash equivalents	$ —	$ —	$ 1,589	$ —	$ 1,589
Accounts receivable, net	1	—	2,342	—	2,343
Inventories	—	—	1,808	—	1,808
Intercompany receivables	16	—	29	(45)	—
Prepaid expenses and other current assets	2	1	471	—	474
Deferred income taxes	—	—	289	—	289
Total current assets	19	1	6,528	(45)	6,503
Property, plant, and equipment, net	—	—	3,213	—	3,213
Goodwill	—	—	4,308	—	4,308
Intangible assets, net	—	—	1,352	—	1,352
Deferred income taxes	—	—	2,460	—	2,460
Investment in subsidiaries	8,192	17,341	—	(25,533)	—
Intercompany loans receivable	11	2,779	8,361	(11,151)	—
Receivable from Tyco International Ltd. and Covidien plc	—	—	1,180	—	1,180
Other assets	—	40	250	—	290
Total Assets	$8,222	$20,161	$27,652	$(36,729)	$19,306
Liabilities and Equity					
Current liabilities:					
Current maturities of long-term debt	$ —	$ 1,014	$ 1	$ —	$ 1,015
Accounts payable	2	—	1,290	—	1,292
Accrued and other current liabilities	210	70	1,296	—	1,576
Deferred revenue	—	—	121	—	121
Intercompany payables	29	—	16	(45)	—
Total current liabilities	241	1,084	2,724	(45)	4,004
Long-term debt	—	2,529	167	—	2,696
Intercompany loans payable	4	8,356	2,791	(11,151)	—
Long-term pension and postretirement liabilities	—	—	1,353	—	1,353
Deferred income taxes	—	—	448	—	448
Income taxes	—	—	2,311	—	2,311
Other liabilities	—	—	517	—	517
Total Liabilities	245	11,969	10,311	(11,196)	11,329
Total Equity	7,977	8,192	17,341	(25,533)	7,977
Total Liabilities and Equity	$8,222	$20,161	$27,652	$(36,729)	$19,306

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

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

	TE Connectivity Ltd.	TEGSA	Other Subsidiaries	Consolidating Adjustments	Total
			(in millions)		
Cash Flows From Operating Activities:					
Net cash provided by continuing operating activities	$ 3,621	$ 1,972	$ 2,331	$(5,876)	$ 2,048
Net cash used in discontinued operating activities	—	—	(2)	—	(2)
Net cash provided by operating activities	3,621	1,972	2,329	(5,876)	2,046
Cash Flows From Investing Activities:					
Capital expenditures	—	—	(615)	—	(615)
Proceeds from sale of property, plant, and equipment	1	—	38	—	39
Acquisition of business, net of cash acquired	—	—	(6)	—	(6)
Proceeds from divestiture of discontinued operations, net of cash retained by sold operations	—	—	14	—	14
Intercompany distributions[1]	—	1,100	—	(1,100)	
Change in intercompany loans	—	1,566	—	(1,566)	—
Other	(3)	—	26	—	23
Net cash provided by (used in) investing activities	(2)	2,666	(543)	(2,666)	(545)
Cash Flows From Financing Activities:					
Changes in parent company equity[2]	(826)	(174)	1,000	—	—
Net increase in commercial paper	—	50	—	—	50
Repayment of long-term debt	—	(714)	(1)	—	(715)
Proceeds from exercise of share options	—	—	214	—	214
Repurchase of common shares	(602)	—	(242)	—	(844)
Payment of common share dividends and cash distributions to shareholders	(391)	—	7	—	(384)
Intercompany distributions[1]	—	(3,800)	(3,176)	6,976	—
Loan activity with parent	(1,800)	—	234	1,566	—
Other	—	—	(1)	—	(1)
Net cash used in continuing financing activities	(3,619)	(4,638)	(1,965)	8,542	(1,680)
Net cash provided by discontinued financing activities	—	—	2	—	2
Net cash used in financing activities	(3,619)	(4,638)	(1,963)	8,542	(1,678)
Effect of currency translation on cash	—	—	(9)	—	(9)
Net decrease in cash and cash equivalents	—	—	(186)	—	(186)
Cash and cash equivalents at beginning of fiscal year	—	—	1,589	—	1,589
Cash and cash equivalents at end of fiscal year	$ —	$ —	$ 1,403	$ —	$ 1,403

(1) During fiscal 2013, other subsidiaries made distributions to TEGSA in the amount of $3,176 million and TEGSA made distributions to TE Connectivity Ltd. of $3,800 million. Cash flows are presented based upon the nature of the distributions.

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

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

Condensed Consolidating Statement of Cash Flows
For the Fiscal Year Ended September 28, 2012

	TE Connectivity Ltd.	TEGSA	Other Subsidiaries	Consolidating Adjustments	Total
			(in millions)		
Cash Flows From Operating Activities:					
Net cash provided by (used in) continuing operating activities	$ (97)	$ 171	$ 2,098	$ (284)	$ 1,888
Net cash provided by discontinued operating activities	—	—	59	—	59
Net cash provided by (used in) operating activities	(97)	171	2,157	(284)	1,947
Cash Flows From Investing Activities:					
Capital expenditures	—	—	(533)	—	(533)
Proceeds from sale of property, plant, and equipment	7	—	16	—	23
Acquisition of businesses, net of cash acquired	—	—	(1,384)	—	(1,384)
Proceeds from divestiture of discontinued operations, net of cash retained by sold operations	—	—	394	—	394
Change in intercompany loans	(22)	2,160	—	(2,138)	—
Other	—	—	(9)	—	(9)
Net cash provided by (used in) continuing investing activities	(15)	2,160	(1,516)	(2,138)	(1,509)
Net cash used in discontinued investing activities	—	—	(1)	—	(1)
Net cash provided by (used in) investing activities	(15)	2,160	(1,517)	(2,138)	(1,510)
Cash Flows From Financing Activities:					
Changes in parent company equity(1)	639	(3,371)	2,732	—	—
Net increase in commercial paper	—	300	—	—	300
Proceeds from long-term debt	—	748	—	—	748
Repayment of long-term debt	—	—	(642)	—	(642)
Proceeds from exercise of share options	—	—	60	—	60
Repurchase of common shares	(185)	—	—	—	(185)
Payment of common share dividends and cash distributions to shareholders	(342)	—	10	—	(332)
Intercompany distributions	—	—	(284)	284	—
Loan activity with parent	—	—	(2,138)	2,138	—
Other	—	(8)	52	—	44
Net cash provided by (used in) continuing financing activities	112	(2,331)	(210)	2,422	(7)
Net cash used in discontinued financing activities	—	—	(58)	—	(58)
Net cash provided by (used in) financing activities	112	(2,331)	(268)	2,422	(65)
Effect of currency translation on cash	—	—	(1)	—	(1)
Net increase in cash and cash equivalents	—	—	371	—	371
Cash and cash equivalents at beginning of fiscal year	—	—	1,218	—	1,218
Cash and cash equivalents at end of fiscal year	$ —	$ —	$ 1,589	$ —	$ 1,589

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

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

Condensed Consolidating Statement of Cash Flows
For the Fiscal Year Ended September 30, 2011

	TE Connectivity Ltd.	TEGSA	Other Subsidiaries	Consolidating Adjustments	Total
			(in millions)		
Cash Flows From Operating Activities:					
Net cash provided by (used in) continuing operating activities[1]	$ 3,100	$ (151)	$ 2,073	$(3,300)	$ 1,722
Net cash provided by discontinued operating activities	—	—	57	—	57
Net cash provided by (used in) operating activities	3,100	(151)	2,130	(3,300)	1,779
Cash Flows From Investing Activities:					
Capital expenditures	—	—	(574)	—	(574)
Proceeds from sale of property, plant, and equipment	—	—	65	—	65
Proceeds from sale of intangible assets	—	—	68	—	68
Proceeds from sale of short-term investments	—	—	155	—	155
Acquisition of businesses, net of cash acquired	—	—	(731)	—	(731)
Change in intercompany loans	9	4,418	—	(4,427)	—
Other	—	—	(8)	—	(8)
Net cash provided by (used in) continuing investing activities	9	4,418	(1,025)	(4,427)	(1,025)
Net cash used in discontinued investing activities	—	—	(18)	—	(18)
Net cash provided by (used in) investing activities	9	4,418	(1,043)	(4,427)	(1,043)
Cash Flows From Financing Activities:					
Changes in parent company equity[2]	(1,936)	(1,116)	3,052	—	—
Net decrease in commercial paper	—	(100)	—	—	(100)
Proceeds from long-term debt	—	249	—	—	249
Repayment of long-term debt	—	—	(565)	—	(565)
Proceeds from exercise of share options	—	—	80	—	80
Repurchase of common shares	(865)	—	—	—	(865)
Payment of common share dividends and cash distributions to shareholders	(308)	—	12	—	(296)
Intercompany distributions[1]	—	(3,300)	—	3,300	—
Loan activity with parent	—	—	(4,427)	4,427	—
Other	—	—	23	—	23
Net cash used in continuing financing activities	(3,109)	(4,267)	(1,825)	7,727	(1,474)
Net cash used in discontinued financing activities	—	—	(38)	—	(38)
Net cash used in financing activities	(3,109)	(4,267)	(1,863)	7,727	(1,512)
Effect of currency translation on cash	—	—	5	—	5
Net decrease in cash and cash equivalents	—	—	(771)	—	(771)
Less: net increase in cash and cash equivalents related to discontinued operations	—	—	(1)	—	(1)
Cash and cash equivalents at beginning of fiscal year	—	—	1,990	—	1,990
Cash and cash equivalents at end of fiscal year	$ —	$ —	$ 1,218	$ —	$ 1,218

(1) During fiscal 2011, TEGSA made a $3,300 million distribution to TE Connectivity Ltd.

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

27. Disclosures Required by Swiss Law

We are subject to statutory reporting requirements in Switzerland. The following disclosures are presented in accordance with, and are based on definitions contained in, the Swiss Code of Obligations.

Personnel Expenses

Total personnel expenses were $3,967 million and $3,876 million in fiscal 2013 and 2012, respectively.

Fire Insurance Value

The fire insurance values of property, plant, and equipment were $11,641 million and $11,555 million at fiscal year end 2013 and 2012, respectively.

Risk Assessment

Our board of directors is responsible for appraising our major risks and overseeing that appropriate risk management and control procedures are in place. The audit committee of the board meets to review and discuss, as determined to be appropriate, our major financial and accounting risk exposures and related policies and practices with management, the internal auditor, and the independent registered public accountants to assess and control such exposures, and assist the board in fulfilling its oversight responsibilities regarding our policies and guidelines with respect to risk assessment and risk management.

Our risk assessment process was in place during fiscal 2013 and 2012 and followed by the board of directors.

TE CONNECTIVITY LTD.

SCHEDULE II—VALUATION AND QUALIFYING ACCOUNTS

Fiscal Years Ended September 27, 2013, September 28, 2012, and September 30, 2011

Description	Balance at Beginning of Year	Additions Charged to Costs and Expenses	Acquisitions, Divestitures, and Other	Deductions	Balance at End of Year
			(in millions)		
Fiscal 2013					
Allowance for doubtful accounts receivable	$ 41	$ 11	$ —	$ (4)	$ 48
Valuation allowance on deferred tax assets	1,719	323	—	(226)	1,816
Fiscal 2012					
Allowance for doubtful accounts receivable	$ 38	$ 7	$ 2	$ (6)	$ 41
Valuation allowance on deferred tax assets	1,921	54	31	(287)	1,719
Fiscal 2011					
Allowance for doubtful accounts receivable	$ 43	$ (2)	$ 1	$ (4)	$ 38
Valuation allowance on deferred tax assets	2,231	50	260	(620)	1,921

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

To the General meeting of
TE CONNECTIVITY LTD., SCHAFFHAUSEN

Report of the Statutory Auditor on the consolidated financial statements

As Statutory Auditor, we have audited the accompanying consolidated financial statements of TE Connectivity Ltd. (the "Company"), which comprise the consolidated statement of operations, statement of comprehensive income, balance sheet, statement of shareholders' equity, statement of cash flows and notes (pages 53 – 128) for the year ended September 27, 2013.

Board of Directors' Responsibility

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

Auditor's Responsibility

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

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

Opinion

In our opinion, the consolidated financial statements for the year ended September 27, 2013 present fairly, in all material respects, the financial position of the Company and the result of its operations and its cash flows in accordance with accounting principles generally accepted in the United States of America, and comply with Swiss law.

Report on Other Legal Requirements

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

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

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

Deloitte AG

/s/ Martin Welser
Licensed Audit Expert
Auditor in charge

/s/ Matthias Gschwend
Licensed Audit Expert

Zurich, November 15, 2013

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TE CONNECTIVITY LTD.

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TE CONNECTIVITY LTD.

SWISS STATUTORY FINANCIAL STATEMENTS

STATEMENTS OF OPERATIONS

For the fiscal years ended September 27, 2013 and September 28, 2012

	September 27, 2013		September 28, 2012	
	U.S. dollars	Swiss francs	U.S. dollars	Swiss francs
	(in millions)			
Income				
Income from distributions made by a subsidiary (Note 3)	$3,800	CHF 3,518	$—	CHF —
Insurance premiums charged to subsidiaries	14	13	15	14
Income from capital reductions on shares held in treasury	—	—	8	8
Pre-separation tax settlement income, net (Note 4)	32	30	56	52
Remeasurement gain on foreign currency transactions	—	—	18	17
Total income	3,846	3,561	97	91
Expenses				
Salary and social costs	10	9	3	2
General and administrative costs	4	4	4	4
Legal and consulting costs	8	7	9	8
Insurance premiums	17	16	18	17
Expenses for services provided by subsidiaries	38	36	39	37
Remeasurement loss on foreign currency transactions	21	19	—	—
Intercompany interest expense, net (Note 4)	13	13	10	10
Total expenses	111	104	83	78
Net income	$3,735	CHF 3,457	$14	CHF 13

See Notes to Swiss Statutory Financial Statements.

TE CONNECTIVITY LTD.

SWISS STATUTORY FINANCIAL STATEMENTS

BALANCE SHEETS

As of September 27, 2013 and September 28, 2012

	September 27, 2013		September 28, 2012	
	U.S. dollars	Swiss francs	U.S. dollars	Swiss francs
	(in millions, except share data)			
Assets				
Current assets:				
Accounts receivable	$ —	CHF —	$ 1	CHF 1
Accounts receivable from subsidiaries (Note 4)	1,834	1,671	34	32
Prepaid expenses and other current assets	8	7	3	3
Shares held in treasury (Note 5)	398	373	193	186
Total current assets	2,240	2,051	231	222
Investment in subsidiaries (Note 3)	9,541	10,344	9,536	10,340
Total Assets	$11,781	CHF 12,395	$ 9,767	CHF 10,562
Liabilities and Shareholders' Equity				
Current liabilities:				
Accounts payable	$ —	CHF —	$ 2	CHF 1
Accounts payable to subsidiaries (Note 4)	47	43	321	302
Loans from subsidiaries (Note 4)	222	202	186	175
Accrued and other current liabilities	12	11	30	28
Approved but unpaid distributions to shareholders (Note 5)	210	201	182	173
Total current liabilities	491	457	721	679
Unrealized translation gains (Note 3)	—	574	—	558
Loans from subsidiaries (Note 4)	—	—	701	659
Total Liabilities	491	1,031	1,422	1,896
Commitments, contingencies, and guarantees (Note 4)				
Shareholders' equity (Note 5):				
Share capital, 428,527,307 and 439,092,124 shares authorized and issued, CHF 0.57 and 0.97 par value, respectively	189	244	378	426
Approved but unpaid distributions to shareholders	—	—	(182)	(173)
Legal reserves:				
General reserve	—	—	—	—
Reserve for treasury shares	723	684	502	528
Free reserves:				
Reserves from capital contributions	8,520	9,342	8,940	9,745
Unappropriated accumulated earnings (deficit)	1,858	1,094	(1,293)	(1,860)
Total Shareholders' Equity	11,290	11,364	8,345	8,666
Total Liabilities and Shareholders' Equity	$11,781	CHF 12,395	$ 9,767	CHF 10,562

See Notes to Swiss Statutory Financial Statements.

TE CONNECTIVITY LTD.

NOTES TO SWISS STATUTORY FINANCIAL STATEMENTS

1. Basis of Presentation

TE Connectivity Ltd. ("TE Connectivity" or the "Company," which may be referred to as "we," "us," or "our") is the ultimate holding company of TE Connectivity Ltd. and its subsidiaries (the "TE Group") with a listing on the New York Stock Exchange.

The accompanying statements of operations reflect the results of operations for the fiscal years ended September 27, 2013 and September 28, 2012, and have been prepared in accordance with the requirements of Swiss law for companies, the Swiss Code of Obligations. The financial statements present the results of the holding company on a stand-alone basis and do not represent the consolidated operations of the TE Group.

On January 1, 2013, changes in Swiss company law became effective and the requirements of the law must be adopted by January 1, 2015. As of September 27, 2013, we have not adopted the provisions of this law and are continuing to assess the impact of the changes to our financial statements, including the impact on treasury shares held by our subsidiary.

Notes 6 through 9 are consistent with, and prepared on the substantially same basis as, similar information publicly available via regulatory filings with the U.S. Securities and Exchange Commission (the "SEC") and, consequently, are presented in U.S. dollars only.

Fiscal Year

Unless otherwise indicated, references in the financial statements to fiscal 2013 and fiscal 2012 are to our fiscal years ended September 27, 2013 and September 28, 2012. Our fiscal year is a "52-53 week" year ending on the last Friday of September. Fiscal 2013 and 2012 were 52 week years.

2. Risk Assessment

Our board of directors is responsible for appraising the TE Group's major risks and overseeing that appropriate risk management and control procedures are in place. The audit committee of the board meets to review and discuss, as determined to be appropriate, the TE Group's major financial and accounting risk exposures and related policies and practices with management, the internal auditor, and the independent registered public accountants to assess and control such exposures, and assist the board in fulfilling its oversight responsibilities regarding the TE Group's policies and guidelines with respect to risk assessment and risk management.

The TE Group's risk assessment process was in place for the reporting periods presented and followed by the board of directors. TE Connectivity Ltd., as the ultimate holding company of the TE Group, is fully integrated into the TE Group-wide risk assessment process.

3. Summary of Significant Accounting Policies

Shares Held in Treasury and Reserve for Treasury Shares

Shares held in treasury that are held directly by us for the purpose of retirement are presented at historical cost. Treasury shares held for purposes other than retirement are presented at the lower of cost or market ("LCM"). LCM adjustments on shares held in treasury are reflected in remeasurement loss in our statements of operations.

3. Summary of Significant Accounting Policies (Continued)

As of September 27, 2013 and September 28, 2012, all shares held in treasury that are held directly by us are held for the purpose of retirement and are presented as current assets because we expect to retire the shares within the next year.

Our reserve for treasury shares represents all shares held in treasury, whether held by us or a subsidiary, and is recorded at historical cost. We established the reserve for treasury shares during fiscal 2013 and 2012 by charging accumulated earnings (deficit).

Investment in Subsidiaries

Investments in subsidiaries are equity interests held on a long-term basis for the purpose of our business activities. Investments in subsidiaries, on an aggregate basis, are carried at a value no higher than cost less adjustments for impairment. No impairments were recorded during fiscal 2013 or fiscal 2012.

During fiscal 2013, a subsidiary distributed $3,800 million (equivalent to CHF 3,518 million) to us. The distributions are included in income from distributions made by a subsidiary in our statements of operations.

Currency Translation

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

Salaries and Social Charges

Salaries and social charges include cash and equity compensation paid to our directors. During fiscal 2013, we determined that an accrual to reflect deferred stock units granted but not yet distributed to our directors was necessary and accrued CHF 6 million via a charge to salaries and social charges. Historically, we recorded such charges when a director left our board.

4. Commitments, Contingencies, and Guarantees

Affiliated Debt and Loans Receivable

During fiscal 2012, we entered into a credit line with a wholly-owned subsidiary (the "2012 TEGSA Line") that bears interest at the 1-month London interbank offered rate ("LIBOR") plus 0.40% (0.58% and 0.61% at September 27, 2013 and September 28, 2012, respectively). The 2012 TEGSA Line has a $500 million limit (CHF 455 million) on the principal drawable and matures in

4. Commitments, Contingencies, and Guarantees (Continued)

September 2017. At September 28, 2012, CHF 470 million, which included accumulated interest payable on maturity, was outstanding under the 2012 TEGSA Line. During fiscal 2013, we used a portion of the proceeds from the distributions referred to in "Investment in Subsidiaries" above to pay down the 2012 TEGSA Line.

We have another credit line with a wholly-owned subsidiary (the "2011 TEGSA Line") that bears interest at 1-month LIBOR plus 0.40%. The 2011 TEGSA Line has a $200 million limit (CHF 182 million) on the principal drawable and matures in September 2016. At September 28, 2012, CHF 189 million, which included accumulated interest payable on maturity, was outstanding under the 2011 TEGSA Line. During fiscal 2013, we used a portion of the proceeds from the distributions referred to in "Investment in Subsidiaries" above to pay down the 2011 TEGSA Line.

Both the 2012 TEGSA Line and the 2011 TEGSA Line remained open with no borrowings outstanding as of September 27, 2013.

We utilize a cash pooling relationship with a wholly-owned subsidiary (the "Cash Pool") to help fund our operations. The Cash Pool does not have an expiration date and accrues interest based on LIBOR. At September 27, 2013, our Cash Pool positions were an asset of CHF 1,645 million included in accounts receivable from subsidiaries and a liability of CHF 9 million included in accounts payable to subsidiaries. At September 28, 2012, our Cash Pool positions were an asset of CHF 15 million included in accounts receivable from subsidiaries and a liability of CHF 272 million included in accounts payable to subsidiaries. During fiscal 2013, we used a portion of the proceeds from the distribution referred to in "Investment in Subsidiaries" above to pay down our cash pool liabilities and increase the cash pool asset.

We maintain a revolving credit line with a wholly-owned subsidiary (the "Schaffhausen Line") that bears interest at 1-month LIBOR plus 0.40%. The Schaffhausen Line does not have a limit on the amount drawable and matures in April 2017. At September 27, 2013 and September 28, 2012, there were no borrowings under the Schaffhausen Line.

In order to minimize currency exposure related to distributions to shareholders approved in Swiss francs and paid in U.S. dollars, we entered into an arrangement with a wholly-owned subsidiary in March 2013 in which we borrowed CHF 305 million from, and simultaneously loaned $322 million (equivalent to CHF 305 million) to, the subsidiary. As distributions to shareholders that were approved in March 2013 are paid, both the borrowing and the loan are partially settled. As of September 27, 2013, the borrowing totaled CHF 202 million; the loan receivable was included in the Cash Pool asset referred to above. Similar transactions were entered into in fiscal 2012 related to the distributions to shareholders approved by shareholders in March 2012. As of September 28, 2012, the borrowing totaled CHF 175 million; the loan receivable was netted against the Cash Pool liability referred to above.

We have fully and unconditionally guaranteed the debt of a subsidiary, Tyco Electronics Group S.A., totaling approximately CHF 2,608 million and CHF 3,328 million at September 27, 2013 and September 28, 2012, respectively. As of September 27, 2013, we have not been required to perform on our guarantee.

4. Commitments, Contingencies, and Guarantees (Continued)

Tax Sharing Agreement

We are a party to the Tax Sharing Agreement ("TSA") with Tyco International Ltd. ("Tyco International") and Covidien plc ("Covidien"), under which we share responsibility for certain of our, Tyco International's, and Covidien's income tax liabilities based on a sharing formula for periods prior to and including June 29, 2007. We, Tyco International, and Covidien share 31%, 27%, and 42%, respectively, of U.S. income tax liabilities that arise from adjustments made by tax authorities to our, Tyco International's, and Covidien's U.S. income tax returns. The effect of the TSA is to indemnify us for 69% of certain liabilities settled in cash by us with respect to unresolved pre-separation tax matters. Pursuant to that indemnification, we have made similar indemnifications to Tyco International and Covidien with respect to 31% of certain liabilities settled in cash by the companies relating to unresolved pre-separation tax matters. All costs and expenses associated with the management of these shared tax liabilities are shared equally among the parties. We are responsible for all of our own taxes that are not shared pursuant to the TSA's sharing formula. In addition, Tyco International and Covidien are responsible for their tax liabilities that are not subject to the TSA's sharing formula.

During fiscal 2013 and 2012, we recorded net income of CHF 30 million and CHF 52 million, respectively, related to the TSA and tax settlements involving Tyco International, Covidien, and us. These amounts are presented in pre-separation tax settlement income, net in our statements of operations.

Performance Guarantees

From time to time, we provide performance guarantees and surety bonds in favor of our subsidiaries. At September 27, 2013 and September 28, 2012, these performance guarantees totaled CHF 469 million and CHF 535 million, respectively. In addition to these amounts, all of which are quantifiable, we have issued a parent company guarantee in favor of a U.S.-based aerospace customer that does not have a limit. We do not anticipate having to perform under these guarantees.

We are the leader of a Swiss value-added tax ("VAT") group ("VAT Group"). All companies in the VAT Group maintain primary responsibility for their own VAT liabilities. However, in the event of non-compliance by any company in the VAT Group, all companies within the VAT Group assume joint and several responsibility for any VAT liabilities.

5. Equity

Changes in Equity Accounts

The following table presents activity related to our equity accounts during fiscal 2013 and 2012 in U.S. dollars.

			Legal Reserves			Free Reserves		
	Share Capital	Approved but Unpaid Distributions to Shareholders	General Reserve	Reserves from Capital Contributions	Reserve for Treasury Shares	Reserves from Capital Contributions	Unappropriated Accumulated Earnings (Deficit)	Total Shareholders' Equity
	(USD millions)							
September 30, 2011	$ 593	$ —	$—	$ 8,940	$1,235	$ —	$(1,250)	$ 9,518
Approved capital reductions	—	(369)	—	—	—	—	—	(369)
Capital reductions distributed	(184)	184	—	—	—	—	—	—
Retirement of treasury shares	(31)	—	—	—	(821)	—	31	(821)
Transfer of reserve for treasury shares	—	3	—	—	88	—	(88)	3
Reclassification of reserves from capital contributions from legal to free reserves	—	—	—	(8,940)	—	8,940	—	—
Net income	—	—	—	—	—	—	14	14
September 28, 2012	378	(182)	—	—	502	8,940	(1,293)	8,345
Approved dividends	—	—	—	—	—	(420)	—	(420)
Capital reductions distributed	(185)	182	—	—	—	—	—	(3)
Retirement of treasury shares	(4)	—	—	—	(367)	—	4	(367)
Transfer of reserve for treasury shares	—	—	—	—	588	—	(588)	—
Net income	—	—	—	—	—	—	3,735	3,735
September 27, 2013	$ 189	$ —	$—	$ —	$ 723	$8,520	$ 1,858	$11,290

Common Shares

Our share capital at September 27, 2013 and September 28, 2012 was CHF 244 million and CHF 426 million, respectively, with outstanding common shares of 429 million and 439 million at fiscal 2013 and 2012, respectively. The par value of common shares at September 27, 2013 and September 28, 2012 was CHF 0.57 and CHF 0.97, respectively.

Authorized Share Capital

In March 2013, our shareholders reapproved and extended through March 6, 2015 our board of directors' authorization to issue additional new shares, subject to certain conditions specified in the articles, in aggregate not exceeding 50% of the amount of our authorized shares. This authorization can be renewed for additional two-year periods upon shareholder approval. As of September 27, 2013, no authorized shares had been issued.

Conditional Share Capital

Subject to certain conditions specified in our articles of association, we are authorized to increase our share capital by issuing new shares in aggregate not exceeding 50% of our authorized shares. As of September 27, 2013, no conditional shares had been issued.

5. Equity (Continued)

Common Shares Held in Treasury

During the fiscal years ended September 27, 2013 and September 28, 2012, activity related to common shares held in treasury by us was as follows:

	Number of Shares (in millions)	Total Cost (in millions CHF)
Common shares held as of September 30, 2011	24	CHF 708
Additions	6	186
Shareholder-approved retirements	(24)	(708)
Common shares held as of September 28, 2012	6	186
Additions	13	539
Shareholder-approved retirements	(10)	(352)
Common shares held as of September 27, 2013	9	CHF 373

In March 2012, our shareholders approved the cancellation of 24 million shares purchased under our share repurchase program during the period from December 25, 2010 to December 30, 2011. The capital reduction by cancellation of shares was subject to a notice period and filing with the commercial register and became effective in May 2012.

In March 2013, our shareholders approved the cancellation of 10 million shares purchased under our share repurchase program during the period from December 31, 2011 to December 28, 2012. The capital reduction by cancellation of shares was subject to a notice period and filing with the commercial register and became effective in May 2013.

We acquire treasury shares with the intent to retire using a virtual secondary trading line (“Secondary Line”). Pursuant to this Secondary Line, we acquired 13 million shares at a historical cost of CHF 539 million in fiscal 2013, and 6 million shares at a historical cost of CHF 186 million during the fourth quarter of fiscal 2012 (subsequent to the shareholder-approved reclassification of reserves from capital contributions from legal reserves to free reserves).

Treasury shares held by us and a subsidiary at September 27, 2013 totaled 9 million and 8 million, respectively, with a combined historical cost of CHF 684 million. Treasury shares held by us and a subsidiary at September 28, 2012 totaled 6 million and 10 million, respectively, with a combined historical cost of CHF 528 million. Because we had freely distributable equity reserves when we repurchased treasury shares during fiscal 2013 and 2012, the reserve for treasury shares was created out of accumulated earnings (deficit).

We and our subsidiary repurchased approximately 20 million of our common shares for $829 million (equivalent to CHF 775 million) and approximately 6 million of our common shares for $194 million (equivalent to CHF 187 million) during fiscal 2013 and 2012, respectively. At September 27, 2013, we had $478 million of availability remaining under our share repurchase authorization. Purchases made both pursuant to the Secondary Line and by a subsidiary are subject to this authorization. On October 29, 2013, our board of directors authorized an increase of $1 billion in the share repurchase program.

5. Equity (Continued)

Reserves from Capital Contributions

Reserves from capital contributions, subject to certain conditions, are freely distributable reserves. As of September 27, 2013 and September 28, 2012, reserves from capital contributions were CHF 9,342 (equivalent to $8,520 million) and CHF 9,745 million (equivalent to $8,940 million), respectively.

At September 30, 2011, due to on-going discussions with the Swiss Federal Tax Administration ("FTA") regarding classification of reserves that were distributable free from Swiss withholding tax, we provisionally reclassified CHF 9,745 million from contributed surplus (a free reserve) to reserves from capital contributions (a legal reserve). Our shareholders ratified that reclassification during the second quarter of fiscal 2012. Also during the second quarter of fiscal 2012, we received a favorable outcome from the FTA related to our classification of reserves from capital contributions that confirms our presentation of reserves from capital contributions as a free reserve on our balance sheets. In July 2012, our shareholders approved a resolution to reclassify reserves from capital contributions as of March 30, 2012 in the amount of CHF 9,745 million from legal reserves (reserves from capital contributions) to free reserves (reserves from capital contributions), with effect as of March 30, 2012.

During fiscal 2011, we received a ruling from the FTA that all quarterly distributions from contributed surplus approved by shareholders in March 2011 (see "Distributions to Shareholders" below), including the two installments paid in December 2011 and March 2012, were not subject to withholding tax.

General Reserve

To comply with the Swiss Code of Obligations, 5% of annual net income must be appropriated to our general reserve until the general reserve equals 20% of share capital. Because of our accumulated deficit position through September 28, 2012, we had not proposed any appropriations to the general reserve. We intend to seek shareholder approval to appropriate approximately CHF 49 million of retained earnings, an amount equal to 20% of our share capital, for the general reserve at the fiscal 2014 annual meeting of shareholders. The general reserve is not a distributable reserve.

Distributions to Shareholders

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

As of September 30, 2011, capital reductions previously approved by our shareholders and filed with the commercial register had reduced the par value of our common shares from CHF 2.60 (equivalent to $2.40), our par value at our change of domicile in June 2009, to CHF 1.37 (equivalent to $1.28).

During the quarters ended December 30, 2011 and March 30, 2012, we paid the third and fourth installments of the dividend distribution from contributed surplus originally approved in March 2011 at a rate of $0.18 per installment.

5. Equity (Continued)

In March 2012, our shareholders approved a cash distribution to shareholders in the form of a capital reduction to the par value of our common shares of CHF 0.80 (equivalent to $0.84) per share, payable in four equal quarterly installments beginning in the third quarter of fiscal 2012 through the second quarter of fiscal 2013. We paid the installments of the capital reduction at a rate of $0.21 per share during each of the quarters ended June 29, 2012, September 28, 2012, December 28, 2012, and March 29, 2013. These capital reductions reduced the par value of our common shares from CHF 1.37 (equivalent to $1.28) to CHF 0.57 (equivalent to $0.44).

In March 2013, our shareholders approved a dividend payment to shareholders of CHF 0.96 (equivalent to $1.00) per share out of reserves from capital contributions, payable in four equal quarterly installments beginning in the third quarter of fiscal 2013 through the second quarter of fiscal 2014 to shareholders of record on specified dates in each of the four quarters. We paid the installments of the dividend at a rate of $0.25 per share during each of the quarters ended June 28, 2013 and September 27, 2013. We have reflected a liability related to the unpaid distributions in approved but unpaid distributions to shareholders on our balance sheets.

6. Executive Compensation

The following table summarizes the compensation of our chief executive officer and the chief financial officers and the three other most highly compensated executive officers as a group for fiscal 2013 and 2012 (the "named executive officers").

Name and Principal Position	Year	Salary[3] ($)	Bonus[4] ($)	Stock Awards[5] ($)	Option Awards[6] ($)	Non-Equity Incentive Plan Compensation[7] ($)	Change in Pension Value and Nonqualified Deferred Compensation Earnings[8] ($)	All Other Compensation[9] ($)	Total ($)
Thomas Lynch, Chief Executive Officer	2013	$1,074,615	—	$3,602,490	$3,358,155	$2,098,800	—	$ 338,968	$10,473,028
	2012	$1,000,000	—	$2,083,196	$5,301,950	$1,062,500	—	$ 383,295	$ 9,830,941
Chief Financial Officers[1] and three other most highly compensated executive officers[2]	2013	$2,392,906	$850,000	$4,065,912	$3,789,656	$2,987,680	—	$2,977,120	$17,063,274
	2012	$2,320,837	$850,000	$4,074,182	$5,150,425	$1,842,832	$125,471	$1,580,830	$15,944,577

(1) In July 2012, we announced the appointment of a new chief financial officer effective August 1, 2012. The information included in all tables referencing the chief financial officers includes the compensation associated with both the former and current chief financial officers for fiscal 2012.

(2) For fiscal 2013 and 2012, one executive was paid in part outside the U.S. in another currency, while all other executives were paid in U.S. dollars. Due to the timing of payments the following range of exchange rates, primarily as determined by TE Connectivity finance, was used to convert to U.S. dollars: $0.159—$0.163:CNY 1 in fiscal 2013 and $0.157—$0.159:CNY 1 in fiscal 2012.

(3) Amounts shown are not reduced to reflect the named executive officers' elections, if any, to defer receipt of salary into the Tyco Electronics Corporation Supplemental Savings and Retirement Plan ("SSRP").

6. Executive Compensation (Continued)

(4) Our chief financial officer received a cash sign-on bonus to compensate for bonus and equity forfeited when he left his previous employer. Half of the sign-on bonus was paid in fiscal 2012, and the remaining half was paid in the first quarter of fiscal 2013.

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

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

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

(8) Represents the aggregate change in actuarial present value of the accumulated benefits for one executive in both fiscal 2013 and 2012. For fiscal 2013, the change in pension value is a decrease from fiscal 2012. Rather than report a negative value, a change of $0 is reported.

(9) See the All Other Compensation table below for a detailed breakdown of the amounts shown, which include perquisites and company match on employee contributions to the TE Connectivity Ltd. Employee Stock Purchase Plan (the ''ESPP''), our qualified and nonqualified defined contribution plans, dividend equivalent units, and other amounts. The amounts reflected in the table for perquisites are our incremental cost. We also provide group life, health, hospitalization, and medical reimbursement plans which do not discriminate in scope, terms, or operation in favor of officers and are available to all full-time employees; the value of these benefits is not shown in the table.

All Other Compensation

Name and Principal Position	Year	Perquisites[a] ($)	Insurance Premiums[b] ($)	Dollar Value of Dividends not factored into Grant Date Fair Value[c] ($)	ESPP Company Match[d] ($)	Company Contributions to DC Plans[e] ($)	All Other Compen-sation ($)
Thomas Lynch, Chief Executive Officer	2013	$ 37,289	—	$194,919	—	$106,760	$ 338,968
	2012	$ 123,329	—	$143,716	$3,750	$112,500	$ 383,295
Chief Financial Officers and three other most highly compensated executive officers	2013	$2,493,548	$532	$230,865	—	$252,175	$2,977,120
	2012	$1,192,424	$497	$134,940	—	$252,969	$1,580,830

(a) Amounts reflect a cash perquisite allowance paid for the first quarter of fiscal 2013 and for all of fiscal 2012 under the executive flexible perquisites allowance program which provides a cash allowance of 10% of base salary for executives whose employment is based in the United States. As of January 1, 2013, the chief executive officer and his direct reports, including the named executive officers, were no longer eligible for the flexible perquisites allowance program. Amounts for fiscal 2013 and 2012 also include, for our chief executive officer, amounts for non-business use of our aircraft. We own an aircraft that we use for business purposes. Mr. Lynch uses the aircraft for business purposes, but occasionally he will make a non-business related stop while on a business trip, provide travel to a family member while on a business trip, or travel on the aircraft to attend meetings of the Thermo Fisher Scientific Inc. board of directors, of which he is a member. The amounts listed above include the direct variable costs associated with travel to attend Thermo Fisher Scientific Inc. board meetings during fiscal 2013 and the direct variable costs and the value of the lost corporate tax benefits associated with travel provided to family members while Mr. Lynch was on a business trip and travel to attend Thermo Fisher Scientific Inc. board meetings during fiscal 2012. Amounts for fiscal 2013 and 2012 include various miscellaneous repatriation expenses, German tax payments and U.S. tax gross-up payments pertaining to a 2011 expatriate assignment in Germany for one executive, and cash allowances (goods, services and utilities), housing and management fees, language

6. Executive Compensation (Continued)

training, home leave travel costs, miscellaneous fees and expenses, China tax payments, U.S. tax gross-up payments, personal tax preparation assistance, and car and driver expenses for another executive on expatriate assignment in China. Housing, utilities, car and driver expenses, and local tax payments were reported in local currency. Due to the timing of payments the following range of exchange rates, primarily as determined by TE Connectivity finance, were used to convert to U.S. dollars: $1.28—$1.34:EUR 1 and $0.159—$0.163:CNY 1 in fiscal 2013 and $0.157—$0.159:CNY 1 in fiscal 2012. For our chief financial officer, amounts include a relocation benefit value in fiscal 2013, and a relocation benefit value and direct variable costs associated with travel on our aircraft that was provided to him while he was transitioning to the company as a new hire in fiscal 2012.

(b) Represents the additional income reported for one executive for participation in a company paid life insurance program.

(c) Represents the value of dividend equivalent units credited in the fiscal year using the close price on the date of the crediting.

(d) Represents the company matching contribution made under the ESPP for fiscal 2012. None of the named executive officers participated in the ESPP for fiscal 2013.

(e) Reflects contributions made on behalf of the named executive officers under our qualified defined contribution plan, and accruals on behalf of the named executive officers under the SSRP (also a defined contribution plan), as follows:

Name	Year	Company Matching Contribution (Qualified Plan)	Company Contribution (Non-Qualified Plan)
Thomas Lynch, Chief Executive Officer	2013	$12,750	$ 94,010
	2012	$12,500	$100,000
Chief Financial Officers and three other most highly compensated executive officers(*)	2013	$64,215	$187,960
	2012	$62,996	$189,973

(*) Included in the amount above is an additional matching contribution of $5,500 for fiscal 2013 and $5,390 for fiscal 2012 for one of the referenced executives as a result of a frozen defined benefit plan.

No loans or guarantees were granted to named executive officers in fiscal 2013.

7. Compensation of Non-Employee Directors

Fiscal 2013 compensation of each director who is not our salaried employee or an employee of our subsidiaries was set at $215,000 per annum, payable $80,000 in cash and $135,000 in equity value. The chair of the audit committee received an additional $25,000 cash retainer and the chairs of the management development and compensation committee and nominating, governance and compliance committee each received an additional $15,000 cash retainer. The chairman of the board, who effective January 7, 2013 was appointed lead independent director, received an additional retainer fee of $160,000 ($100,000 in cash and $60,000 in equity value). Audit committee members, including the chair, each received an additional $10,000 in cash compensation. Directors who are employees of us or our subsidiaries, including our current chairman of the board who was appointed effective January 7, 2013, do not receive any compensation for their services as directors.

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

7. Compensation of Non-Employee Directors (Continued)

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

Effective for fiscal 2014, compensation for non-employee directors will increase to $250,000 per annum, payable $90,000 in cash and $160,000 in equity value. Lead independent director and committee fees will remain the same as those in effect for fiscal 2013.

We reimburse our board members for expenses incurred in attending board and committee meetings or performing other services for us in their capacities as directors. Such expenses include food, lodging, and transportation.

The following table discloses the cash and equity awards paid to each of our non-employee directors during fiscal 2013 and 2012.

Name	Fiscal Year	Fees Earned or Paid in Cash[1] ($)	Stock Awards[2] ($)	Option Awards ($)	All Other Compensation[3] ($)	Total ($)
Pierre Brondeau	2013	$ 90,000	$138,958	—	$30,782	$259,740
	2012	$ 90,000	$133,925	—	$ 8,949	$232,874
Juergen Gromer	2013	$ 90,000	$138,958	—	$28,434	$257,392
	2012	$ 85,000	$133,925	—	$20,406	$239,331
Robert Hernandez[4]	2012	$ 33,333	$ 66,945	—	$14,091	$114,369
William Jeffrey[5]	2013	$ 80,000	$138,958	—	—	$218,958
	2012	$ 46,667	$ 77,166	—	$13,333	$137,166
Yong Nam[5]	2013	$ 80,000	$138,958	—	—	$218,958
	2012	$ 46,667	$ 77,166	—	$40,000	$163,833
Daniel Phelan	2013	$ 80,000	$138,958	—	$21,242	$240,200
	2012	$ 80,000	$133,925	—	$20,244	$234,169
Frederic Poses	2013	$195,000	$200,725	—	$22,092	$417,817
	2012	$195,000	$193,454	—	$20,027	$408,481
Lawrence Smith	2013	$115,000	$138,958	—	$22,969	$276,927
	2012	$115,000	$133,925	—	$21,975	$270,900
Paula Sneed	2013	$ 80,000	$138,958	—	$23,240	$242,198
	2012	$ 85,000	$133,925	—	$24,900	$243,825
David Steiner	2013	$ 95,000	$138,958	—	$20,782	$254,740
	2012	$ 95,000	$133,925	—	$18,949	$247,874
John Van Scoter	2013	$ 80,000	$138,958	—	$ 5,787	$224,745
	2012	$ 80,000	$133,925	—	$ 6,795	$220,720

(1) The amounts shown represent the amount of cash compensation earned for board and committee services. Mr. Poses received additional fees for his work for fiscal 2012 and until January 7, 2013 as the board chair, and then as lead independent director for the remainder of fiscal 2013. For fiscal 2013 and 2012, Mr. Poses, Mr. Smith, and Mr. Steiner each received additional fees for their roles as chair of the nominating, governance and compliance committee, the audit committee, and the management development and compensation committee, respectively. For fiscal 2013, Dr. Brondeau, Dr. Gromer, and Mr. Smith each received for the full year the additional audit committee cash retainer for serving on the committee. For fiscal 2012, Dr. Brondeau and Mr. Smith each received for the full year the additional cash retainer for

7. Compensation of Non-Employee Directors (Continued)

serving on the audit committee. Ms. Sneed received an additional partial cash retainer for serving on the audit committee for the first two quarters of fiscal year 2012; Dr. Gromer received an additional partial cash retainer for serving on the audit committee for the final two quarters of fiscal year 2012. The amount for Dr. Gromer reflects the U.S. dollar equivalent for fees earned as Dr. Gromer is paid in euros.

(2) On November 12, 2012, Dr. Brondeau, Dr. Jeffrey, Mr. Nam, Mr. Phelan, Mr. Poses, Mr. Smith, Ms. Sneed, Mr. Steiner and Mr. Van Scoter each received a grant of 4,081 common shares. Dr. Gromer received an award of 4,081 DSUs. Mr. Poses received an additional 1,814 shares in equity compensation for serving as chairman until January 7, 2013 and for serving as lead independent director for the remainder of fiscal 2013. On November 14, 2011, each director then serving on our board of directors received a grant of 3,883 common shares, except for Dr. Gromer who received his award in the form of DSUs. Mr. Poses received an additional 1,726 shares in equity compensation as chairman. In fiscal 2013, in determining the number of common shares and DSUs to be issued, we used the average daily closing price for the 20 day period prior to the grant date ($33.08 per share), the same methodology used to determine employee equity awards. The grant date fair value of these awards, as shown above for fiscal 2013, was calculated by using the closing price of TE Connectivity Ltd. common shares on the date of grant ($34.05 per share). In fiscal 2012, in determining the number of common shares and DSUs to be issued, we used the average daily closing price for the 20 day period prior to the grant date ($34.77 per share), the same methodology used to determine fiscal 2012 employee equity awards. The grant date fair value of these awards, as shown above for fiscal 2012, was calculated by using the closing price of TE Connectivity Ltd. common shares on the date of grant ($34.49 per share). As newly elected members of the board of directors, on March 7, 2012, Dr. Jeffrey and Mr. Nam each received a grant of 2,206 common shares. In determining the number of common shares issued, we used the average daily closing price for the 20 day period prior to the grant date ($35.70 per share). The grant date fair value of these awards, as shown above for fiscal 2012, was calculated by using the closing price of TE Connectivity Ltd. common shares on the date of grant ($34.98 per share). The common shares and DSUs vested immediately and non-employee directors receive dividend equivalents in connection with any DSU award granted to them.

(3) Amounts shown represent the value of dividend equivalent units earned on current and prior DSU awards calculated using the market value on the date of the dividend, company matching gift contributions made on behalf of certain directors under TE Connectivity's matching gift program, and amounts reimbursed to Mr. Phelan and Mr. Smith in fiscal 2013 and to Mr. Phelan and Ms. Sneed in fiscal 2012 for expenses incurred when attending continuing education courses. Our board governance principles encourage directors to attend certain continuing education courses that are related to their duties as directors, and provide that we will reimburse the costs associated with attending one course every two years. The $28,434 amount reported for Dr. Gromer in fiscal 2013 is the dividend equivalent unit amount earned on his DSU awards. In fiscal 2012 for Dr. Jeffrey and Mr. Nam, amounts also include fees paid for consulting services performed prior to being elected to the board.

(4) On November 14, 2011, Mr. Hernandez received a fiscal 2012 stock award of 1,941 common shares, and left the board effective March 7, 2012. The number of common shares issued to Mr. Hernandez was determined in the same manner applied to all grants on November 14, 2011 and reflects a pro-ration of his service during fiscal 2012. Cash compensation for Mr. Hernandez was pro-rated for his service during fiscal 2012.

(5) On March 7, 2012, Dr. Jeffrey and Mr. Nam were elected to our board of directors. Cash compensation for Dr. Jeffrey and Mr. Nam was pro-rated for their service during fiscal 2012.

No loans or guarantees were granted to members of the board of directors in fiscal 2013. During fiscal 2013, the TE Group engaged in commercial transactions in the normal course of business with companies where our directors were employed and served as officers. Purchases from such companies aggregated less than one percent of our consolidated net sales during fiscal 2013.

8. Security Ownership of Board of Directors and Executive Officers

The following table sets forth the shares, options and stock units held as of September 27, 2013 by each member of our board of directors, our chief executive officer and the other executive officers as a group whose compensation is aggregated in the compensation table in Note 6 for fiscal 2013.

	Shares Held	Options Held[(1)]	Options Exercise Price	Fiscal Years of Expiration	RSUs/PSUs/DSUs Held[(2)]
Board of Directors:					
Pierre Brondeau	15,254	—	—	—	11,881
Juergen Gromer	77,477	—	—	—	31,291
William Jeffrey	4,714	—	—	—	—
Thomas Lynch[(3)]	307,456	4,028,524	$14.56–$41.38	2015–2023	214,643
Yong Nam	4,714	—	—	—	—
Daniel Phelan	13,759	—	—	—	11,881
Frederic Poses	181,610	—	—	—	13,318
Lawrence Smith	24,694[(4)]	—	—	—	15,900
Paula Sneed	14,959	—	—	—	14,584
David Steiner	13,759	—	—	—	11,881
John Van Scoter	16,355	—	—	—	6,363
Executive Officers:					
Thomas Lynch[(3)]	307,456	4,028,524	$14.56–$41.38	2015–2023	214,643
Other executive officers	74,282	2,262,813	$14.11–$39.97	2017–2023	239,761

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

(2) Executive officers hold RSUs (Mr. Lynch—149,819; other executive officers—166,607) and PSUs (Mr. Lynch—64,824; other executive officers—73,154) and directors hold DSUs. Subject to acceleration upon certain events, the RSUs vest over time on anniversaries of the grant dates, are settled in shares upon vesting on a one-for-one basis, and receive dividend equivalent stock units. The PSU amounts assume achievement of target level of performance including target dividend equivalents through fiscal 2013. Under the terms of the PSUs, shares of stock are reserved based on the company's earnings per share growth relative to the Standard & Poor's 500 Non-Financial Companies Index over a three-year performance cycle, subject to various conditions, and the PSUs earn dividend equivalents. Subject to acceleration upon certain events, vesting of reserved PSUs occurs when the management development and compensation committee certifies year three results following the close of the three-year performance cycle. The DSUs are vested upon issuance, generally will be settled in shares on a one-for-one basis within 30 days following the director's termination, and receive dividend equivalent stock units.

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

(4) Includes 1,860 shares held in a trust and 3,000 shares held in a family limited partnership over which Mr. Smith has dispositive power. Mr. Smith disclaims beneficial ownership of such shares.

9. Significant Shareholders

The following table sets forth the information indicated for persons or groups known to us to be beneficial owners of more than 5% of our outstanding shares beneficially owned as of September 27, 2013.

Name and Address of Beneficial Owner	Number of Shares	Percentage of Class
Dodge & Cox[(1)] 555 California Street, 40th Floor San Francisco, CA 94104	36,424,495	8.9%
Janus Capital Management LLC[(2)] 151 Detroit Street Denver, CO 80206	26,851,938	6.5%
Harris Associates L.P.[(3)] Two North LaSalle Street, Suite 500 Chicago, IL 60602	25,969,545	6.3%
Artisan Partners Holdings LP[(4)] 875 East Wisconsin Avenue, Suite 800 Milwaukee, WI 53202	21,922,970	5.3%
Capital World Investors[(5)] 333 South Hope Street Los Angeles, CA 90071	21,146,500	5.1%

(1) This information is based on a Schedule 13G/A filed with the SEC on February 13, 2013 by Dodge & Cox, which reported sole voting power and sole dispositive power as follows: sole voting power—34,919,469 and sole dispositive power—36,424,495.

(2) This information is based on a Schedule 13G/A filed with the SEC on February 14, 2013 by Janus Capital Management LLC ("Janus Capital"). Janus Capital reported the following information in its Schedule 13G/A. It has a direct 95.67% ownership stake in INTECH Investment Management ("INTECH") and a direct 77.8% ownership stake in Perkins Investment Management LLC ("Perkins"). Due to the above ownership structure, holdings for Janus Capital, Perkins and INTECH are aggregated for purposes of the Schedule 13G/A filing. Janus Capital, Perkins and INTECH are registered investment advisers, each furnishing investment advice to various investment companies registered under Section 8 of the Investment Company Act of 1940 and to individual and institutional clients (collectively, the "Managed Portfolios"). As a result of its role as investment adviser or sub-adviser to the Managed Portfolios, Janus Capital may be deemed to be the beneficial owner of 26,703,938 shares held by the Managed Portfolios and has sole voting and dispositive power with respect to these shares. As a result of its role as investment adviser or sub-adviser to the Managed Portfolios, INTECH may be deemed to be the beneficial owner of 148,000 shares held by the Managed Portfolios and Janus Capital has shared voting and dispositive power with respect to these shares.

(3) This information is based on a Schedule 13G/A filed with the SEC on February 11, 2013 by Harris Associates L.P. and its general partner, Harris Associates Inc., which reported sole voting power and sole dispositive power as follows: sole voting power—24,353,587 and sole dispositive power—24,353,587. As a result of advisory and other relationships with persons who own the shares, Harris Associates L.P. may be deemed to be the beneficial owner of the shares.

(4) This information is based on a Schedule 13G filed with the SEC on February 6, 2013 by Artisan Partners Limited Partnership ("Artisan Partners"), an investment adviser registered under Section 203 of the Investment Advisers Act of 1940; Artisan Partners Holdings LP ("Artisan Holdings"), the sole limited partner of Artisan Partners; Artisan Investments GP LLC, the general partner of Artisan Partners; Artisan Investment Corporation ("Artisan Corp"), the general partner of Artisan Holdings; ZFIC, Inc. ("ZFIC"), the sole stockholder of Artisan Corp.; Andrew A. Ziegler and

9. Significant Shareholders (Continued)

Carlene M. Ziegler, the principal stockholders of ZFIC; which reported shared voting power and shared dispositive power as follows: shared voting power—19,654,149 and shared dispositive power—21,922,970. Shares reported have been acquired on behalf of discretionary clients of Artisan Partners.

(5) This information is based on a Schedule 13G/A filed with the SEC on February 13, 2013 by Capital World Investors, a division of Capital Research and Management Company ("CRMC"), which reported sole voting and sole dispositive power as follows: sole voting power—21,146,500 and sole dispositive power—21,146,500. As a result of CRMC's role as investment advisor to various investment companies, Capital World Investors may be deemed to be the beneficial owner of the shares.

10. Subsidiaries of the Company

We are the ultimate holding company of all subsidiaries of the TE Group. Our direct subsidiaries and significant subsidiaries of the TE Group, as determined based on net sales or total assets and all of which are wholly-owned indirectly by us, were as follows as of September 27, 2013:

Entity Name	Jurisdiction	Direct or Indirect Holding	Nominal Capital(1)	Purpose(2)
Tyco Electronics Group S.A.	Luxembourg	Direct	$ 1	F
Tyco Electronics Holdings (Bermuda) No. 7 Ltd.	Bermuda	Direct	$ —	F
Tyco Electronics Verwaltungs GmbH	Germany	Direct	EUR —	F
ADC Telecommunications, Inc.	United States	Indirect	$ 68	M
TE Connectivity HK Limited.	Hong Kong	Indirect	$ 380	S
TE Connectivity Solutions GmbH	Switzerland	Indirect	CHF —	S
Tyco Electronics (Shanghai) Co., Ltd.	China	Indirect	CNY 6	M
Tyco Electronics AMP GmbH	Germany	Indirect	EUR 78	M
Tyco Electronics AMP Korea Limited	South Korea	Indirect	KRW 6,000	M
Tyco Electronics Brasil Ltda.	Brazil	Indirect	BRL 63	M
Tyco Electronics Corporation	United States	Indirect	$ 460	M
Tyco Electronics Holding S.à r.l.	Luxembourg	Indirect	$ 583	F
Tyco Electronics Japan G.K.	Japan	Indirect	JPY 21,776	M
Tyco Electronics Czech s.r.o.	Czech Republic	Indirect	CZK 268	M
Tyco Electronics Services GmbH	Switzerland	Indirect	$ 2	F
Tyco Electronics Singapore Pte Ltd.	Singapore	Indirect	$ 177	M
Tyco Electronics Subsea Communications LLC	United States	Indirect	$ 130	M
Tyco Electronics UK Ltd.	United Kingdom	Indirect	GBP 245	M

(1) Nominal capital is presented in millions for the currencies noted as of September 27, 2013. Nominal capital denoted with a "—" is insignificant.

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

Proposed Appropriation of Available Earnings

Our board of directors will propose, in conjunction with our annual general meeting, an appropriation of CHF 49 million from unappropriated accumulated earnings to establish a general reserve in accordance with Art. 671 of the Swiss Code of Obligations. The remaining balance of unappropriated accumulated earnings, CHF 1,045 million, will be carried forward.

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

To the General meeting of
TE CONNECTIVITY LTD., SCHAFFHAUSEN

Report of the Statutory Auditor on the financial statements

As Statutory Auditor, we have audited the accompanying financial statements of TE Connectivity Ltd. (the "Company"), which comprise the statement of operations, balance sheet and notes (pages 133 – 151) for the year ended September 27, 2013.

Board of Directors' Responsibility

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

Auditor's Responsibility

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

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

Opinion

In our opinion, the financial statements for the year ended September 27, 2013 comply with Swiss law and the Company's articles of association.

Report on Other Legal Requirements

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

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

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

Deloitte AG

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

Zurich, November 15, 2013

BOARD OF DIRECTORS

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Chief Executive Officer,
TE Connectivity Ltd.

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

Dr. Juergen W. Gromer
Retired President,
Tyco Electronics

Dr. William A. Jeffrey
Chief Executive Officer
& President,
HRL Laboratories, LLC

Yong Nam
Advisor to the CEO,
Daelim Industrial Co. Ltd.

Daniel J. Phelan
Retired Chief of Staff,
GlaxoSmithKline plc

Frederic M. Poses*
Chief Executive Officer & Partner,
Ascend Performance Materials

Lawrence S. Smith
Retired Executive
Vice President & Co-CFO,
Comcast Corporation

Paula A. Sneed
Chair & Chief Executive Officer,
Phelps Prescott Group, LLC

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

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

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

LEADERSHIP TEAM AND OFFICERS

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Chief Executive Officer

Mario Calastri
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Treasurer

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President, Network Solutions

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Robert N. Shaddock
Executive Vice President,
Chief Technology Officer

Amy B. Shah
Senior Vice President,
Chief Marketing Officer

Joan E. Wainwright
President,
Channel & Customer Experience

CORPORATE DATA

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1700 Market Street
Philadelphia, PA 19103

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General Guisan-Quai 38
CH-8022 Zurich
Switzerland

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

FORM 10-K
Copies of the company's Annual Report on Form 10-K for the fiscal year ended September 27, 2013 may be obtained by shareholders without charge upon written request to TE Connectivity Ltd., Rheinstrasse 20, CH-8200 Schaffhausen, Switzerland. The Annual Report on Form 10-K is also available on the company's website at **www.te.com**

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

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

www.te.com

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

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

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