

**Safety and Industrial Business:**

	Three months ended June 30,		Six months ended June 30,	
	2023	2022	2023	2022
Sales (millions)	\$ 2,765	\$ 2,924	\$ 5,544	\$ 5,975
Sales change analysis:				
Organic sales	(4.6) %		(5.3) %	
Translation	(0.9)		(1.9)	
Total sales change	(5.5) %		(7.2) %	
Business segment operating income (loss) (millions)	\$ 534	\$ (707)	\$ 1,135	\$ (80)
Percent change	(175.6) %		N/M	
Percent of sales	19.3 %	(24.2) %	20.5 %	(1.3) %
Adjusted business segment operating income (millions) (non-GAAP measure)	\$ 614	\$ 630	\$ 1,176	\$ 1,320
Percent change	(2.4) %		(10.9) %	
Percent of sales	22.2 %	21.5 %	21.2 %	22.1 %

The preceding table also displays business segment operating income (loss) information adjusted for special items. For Safety and Industrial these adjustments include net costs related to respirator mask/asbestos (Aearo-related and non-Aearo related). During the voluntary Aearo chapter 11 bankruptcy period (which began in July 2022 and ended in June 2023 —see Note 14), net costs related to Aearo-respirator mask/asbestos matters were reflected as corporate special items in Corporate and Unallocated while those associated with non-Aearo respirator mask/asbestos matters continued to be reflected as special items in the Safety and Industrial business segment. Prior to the bankruptcy, costs associated with Combat Arms Earplugs matters were reflected in the Safety and Industrial business segment (rather than reflected in Corporate and Unallocated—see note 15 for additional information). Refer to the *Certain amounts adjusted for special items - (non-GAAP measures)* section for additional details.

**Second quarter 2023 results:**

Sales in Safety and Industrial were down 5.5 percent in U.S. dollars.

On an organic sales basis:

- Sales increased in roofing granules, and automotive aftermarket and decreased in closure and masking systems, personal safety, industrial adhesives and tapes, abrasives and electrical markets.
- Growth was held back by disposable respirator sales decline within personal safety (which negatively impacted year-on-year second quarter organic growth by 4.8 percentage points); declines in closure and masking systems due to slowdown in packaging and shipping activity; and declines within industrial adhesives and tapes from continued end-market softness in electronics.

Business segment operating income (loss) margins increased year-on-year primarily due to lower special item costs for significant litigation. 2022 was impacted by a pre-tax charge in the second quarter of approximately \$1.2 billion related to steps toward resolving Combat Arms Earplugs litigation (discussed in Note 14). In addition, year-on-year margins increased from productivity actions, strong spending discipline, and pricing which more than offset the decline driven by lower sales volume, restructuring costs, and inflation impacts. Adjusting for special items (non-GAAP measure), business segment operating income margins increased year-on-year as displayed above.