



First Quarter Review

30 / January / 2015

tyco

// Forward-Looking Statements / Safe Harbor

This presentation contains a number of forward-looking statements. In many cases forward-looking statements are identified by words, and variations of words, such as "anticipate", "estimate", "believe", "commit", "continue", "could", "intend", "may", "plan", "potential", "predict", "positioned", "should", "will", "expect", "objective", "projection", "forecast", "goal", "guidance", "outlook", "effort", "target", and other similar words. However, the absence of these words does not mean the statements are not forward-looking. Examples of forward-looking statements include, but are not limited to, revenue, operating income and other financial projections, statements regarding the health and growth prospects of the industries and end markets in which Tyco operates, the leadership, resources, potential, priorities, and opportunities for Tyco in the future, statements regarding other projections, earnings and Tyco's credit profile, capital allocation priorities and other capital market related activities, and statements regarding Tyco's acquisition, divestiture, restructuring and other productivity initiatives. The forward-looking statements in this presentation are based on current expectations and assumptions that are subject to risks and uncertainties, many of which are outside of our control, and could cause results to materially differ from expectations. Such risks and uncertainties include, but are not limited to:

- Economic, business competitive, technological or regulatory factors that adversely impact Tyco or the markets and industries in which it competes;
- Changes in tax requirements (including tax rate changes, new tax laws or treaties and revised tax law interpretations);
- The ability of the Company, its employees and its agents to comply with complex and continually changing laws and regulations that govern our international operations, including the U.S. Foreign Corrupt Practices Act, similar anti-bribery laws in other jurisdictions, a variety of export control, customs, currency exchange control and transfer pricing regulations, and our corporate policies governing these matters;
- The outcome of litigation, arbitrations and governmental proceedings, including the effect of income tax audits, appeals and litigation;
- Economic, legal and political conditions in international markets, including governmental changes and restrictions on the ability to transfer capital across borders;
- Changes in capital market conditions, including availability of funding sources, currency exchange rate fluctuations, and interest rate fluctuations and other changes in borrowing cost;
- The possible effects on us of pending and future legislation in the United States that may limit or eliminate potential U.S. tax benefits resulting from Tyco's jurisdiction of incorporation or deny U.S. government contracts to us based upon Tyco's jurisdiction of incorporation;
- The ability of the Company to achieve anticipated cost savings and to execute on its portfolio refinement and acquisition strategies, including successfully integrating acquired operations;
- The ability of the Company to realize the expected benefits of the 2012 separation transactions, including the integration of its commercial security and fire protection businesses;
- Availability and fluctuations in the prices of key raw materials, and events that could impact the ability of our suppliers to perform ;
- Natural events such as severe weather, fires, floods and earthquakes.

More information on potential factors that could affect the Company's financial results is included from time to time in the "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" sections of the Company's public reports filed with the SEC, including the Company's Form 10-K for the fiscal year ended September 26, 2014 and in subsequent filings.

Tyco is under no obligation (and expressly disclaims any obligation) to update its forward-looking statements.

// Significant Progress In Innovative Solutions And M&A

// Launched “Tyco On” – our integrated data and smart services platform

- **ExacTech** – Increases service efficiency in the direct channel via use of mobile app to perform fire alarm testing
- **TrueVue** – Enables retailers to maximize investments in iOS devices for RFID inventory transactions and support in-store mobility strategies
- **Integrated Software Solution Applications** - Global software library of system and device integrations

// Committed \$470M in Q1’15 for five acquisitions focused on strategic growth

- **First Choice Facilities** (“FCF”) – Designs, installs and services integrated fire & security solutions in the United Kingdom
- **Shanghai Jindun** – Tier II fire suppression products business in China
- **Qolsys** – Internet of Things developer of advanced interactive intrusion platform
- **ISG Infrasy**s (“ISG”) – World leader of thermal imaging technology
- **Industrial Safety Technologies** (“IST”) – Leading player in gas & flame detection

// Q1 2015 Results – Financial Overview

(EPS amounts are fully diluted and attributable to Tyco ordinary shareholders)
(\$ in millions, except per-share amounts)

	Q1FY15	Q1FY14	Change
Revenue	\$2,479	\$2,493	(1%)
Segment Operating Income before special items*	\$326	\$322	1%
Segment Operating Margin before special items*	13.2%	12.9%	+30bps
Corporate Expense before special items*	\$55	\$55	-
Tax Rate before special items*	17.5%	17.4%	
EPS from Cont. Ops. before special items*	\$0.49	\$0.42	17%

Off To A Solid Start For 2015



* Segment operating income, segment operating margin, corporate expense, tax rate and EPS from continuing operations before special items are non-GAAP measures. For a reconciliation to the most comparable GAAP measures, please see Appendix.

// First Quarter Highlights

// Revenue of \$2.48 billion increases organically 2% year over year

- Products +10%, Service +1% and Installation flat
- Acquisition growth of 1% was more than offset by a 4% negative impact from foreign currency exchange rates

// Before special items, segment operating income* was \$326 million and the operating margin* improves 30 basis points to 13.2%

- Includes a legal charge, which impacted the operating margin by 20 basis points

// Earnings per share before special items* increases \$0.07 or 17% year over year

- Consisted of \$0.04 contribution from operations; \$0.06 contribution from below-the-line items, offset by a \$0.02 headwind related to foreign currency exchange rates and a \$0.01 legal charge



* Organic revenue, segment operating income, segment operating margin and earnings per share before special items are non-GAAP measures. For a reconciliation to the most comparable GAAP measures, please see Appendix.

// First Quarter Highlights Continued

//Orders growth of 2% year over year, excluding impact of foreign currency

- North America I&S +6%, Products +7% and ROW I&S (5%)

//Backlog of \$4.8 billion increased 3% on a year over year basis and 2% on a quarter sequential basis, excluding impact of foreign currency

// First Quarter – NA Installation & Services

(\$ in millions)	Q1FY15	Q1FY14	Change
Revenue	\$951	\$957	(1%)
Operating Income*	\$131	\$129	2%
Operating Margin*	13.8%	13.5%	+30bps

// Organic revenue* relatively flat

- Service grew 1%
- Installation declined 1%

// Foreign currency rates negatively impacted revenues by one percentage point

// Orders increased 6% year over year, excluding currency

- Install orders were up 13%
- Service orders were up 1%

// Backlog of \$2.5 billion increased 1% on a quarter sequential basis, excluding the impact of foreign currency

- Up 5% year over year

// Operating margin* increased 30 bps year over year

- Includes a 60 basis point headwind related to a labor wage claim



* Organic revenue, operating income and operating margin before special items are non-GAAP measures. For a reconciliation to the most comparable GAAP measures, please see Appendix.

// First Quarter – ROW Installation & Services

(\$ in millions)	Q1FY15	Q1FY14	Change
Revenue	\$917	\$971	(6%)
Operating Income*	\$90	\$103	(13%)
Operating Margin*	9.8%	10.6%	(80bps)

// Organic revenue* was relatively flat with modest growth in both installation and service

// A 2% benefit from acquisitions was offset by a 7% negative impact from foreign currency exchange rates and a 1% impact from divestitures

// Orders decreased 5% year over year, excluding currency; driven by tough compare with 16% install order growth in the prior year

- Service orders were up 3%
- Installation orders decreased 12%

// Backlog of \$2.1 billion increased 2% on a quarter sequential basis, excluding impact of foreign currency

- Increased 2% year over year

// Operating margin* declined 80 bps year over year

- Benefits of ongoing productivity and restructuring were more than offset by the mix of businesses contributing to growth, a lower percentage of higher-margin service revenue, as well as the impact of foreign currency exchange rates

// First Quarter – Global Products

(\$ in millions)	Q1FY145	Q1FY14	Change
Revenue	\$611	\$565	8%
Operating Income*	\$105	\$90	17%
Operating Margin*	17.2%	15.9%	+130bps

// Orders increased 7% year over year, excluding impact of foreign currency

// Organic revenue* increased 10%

- Driven by strong growth across all three platforms, led by Security Products and Life Safety
- Included a 2% benefit from increased shipments of Scott Safety Air-Pak X3

// Acquisition growth of 1% more than offset by a 3% negative impact from foreign currency exchange rates

// Operating margin* increased 130 bps year over year

- Driven by leverage from increased revenues, favorable mix, productivity and restructuring benefits

// Other Items

// Corporate expense before special items* was \$55 million in the quarter

- **Outlook:** Expect Q2 fiscal 2015 corporate expense before special items to be at a similar level

// Tax rate excluding special items was 17.5% for the quarter

- **Outlook:** Expect Q2 tax rate before special items to be in the range of 17% to 18%

// Weighted average diluted share count of 427 million shares for the quarter

- **Outlook:** Expected weighted average share count of ~428 million shares for Q2

// 2015 Foreign Exchange Impact

	Original FX Guidance <i>Q4'14 Earnings Call</i>	Current FX Guidance <i>Q1'15 Earnings Call</i>
2015 Revenue Headwind	(\$255M) (~4%)	(\$585M) (~6%)
2015 EPS Headwind	(\$0.07)	(\$0.16)

Top Foreign Currency Exposures			
	Original FX Rates*	Current FX Rates*	Variance
EUR/USD	1.26	1.12	(11%)
GBP/USD	1.60	1.50	(6%)
USD/CAD	1.12	1.26	(13%)
AUD/USD	0.88	0.80	(9%)

Incremental \$0.09 FX headwind to 2015 EPS guidance



* Original foreign exchange rates quoted from October 22, 2014. Current foreign exchange rates quoted as of January 23, 2015.

// Q2'15 Outlook

(EPS amounts are fully diluted and attributable to Tyco ordinary shareholders)
(\$ in millions, except per-share amounts)

	Q2FY15 Guidance	
Revenue	(2%) on a Reported Basis vs. Prior Year	<ul style="list-style-type: none"> ▪ Organic growth ~3% ▪ Acquisitions contribute 1% ▪ FX headwind of 6%; (~\$150M)
Segment Operating Margin before special items	~13.5%	+50bps from normalized Q2'14
Corporate Expense before special items	Similar to Q1	
Tax Rate before special items	17% - 18%	
Weighted Average Diluted Share Count	~428M	
EPS from Cont. Ops. before special items	\$0.48 - \$0.50	

Q2'15 EPS Up 14% - 19% On Normalized Basis

// Normalizing Q2 FY2014 For \$21M Insurance Recovery

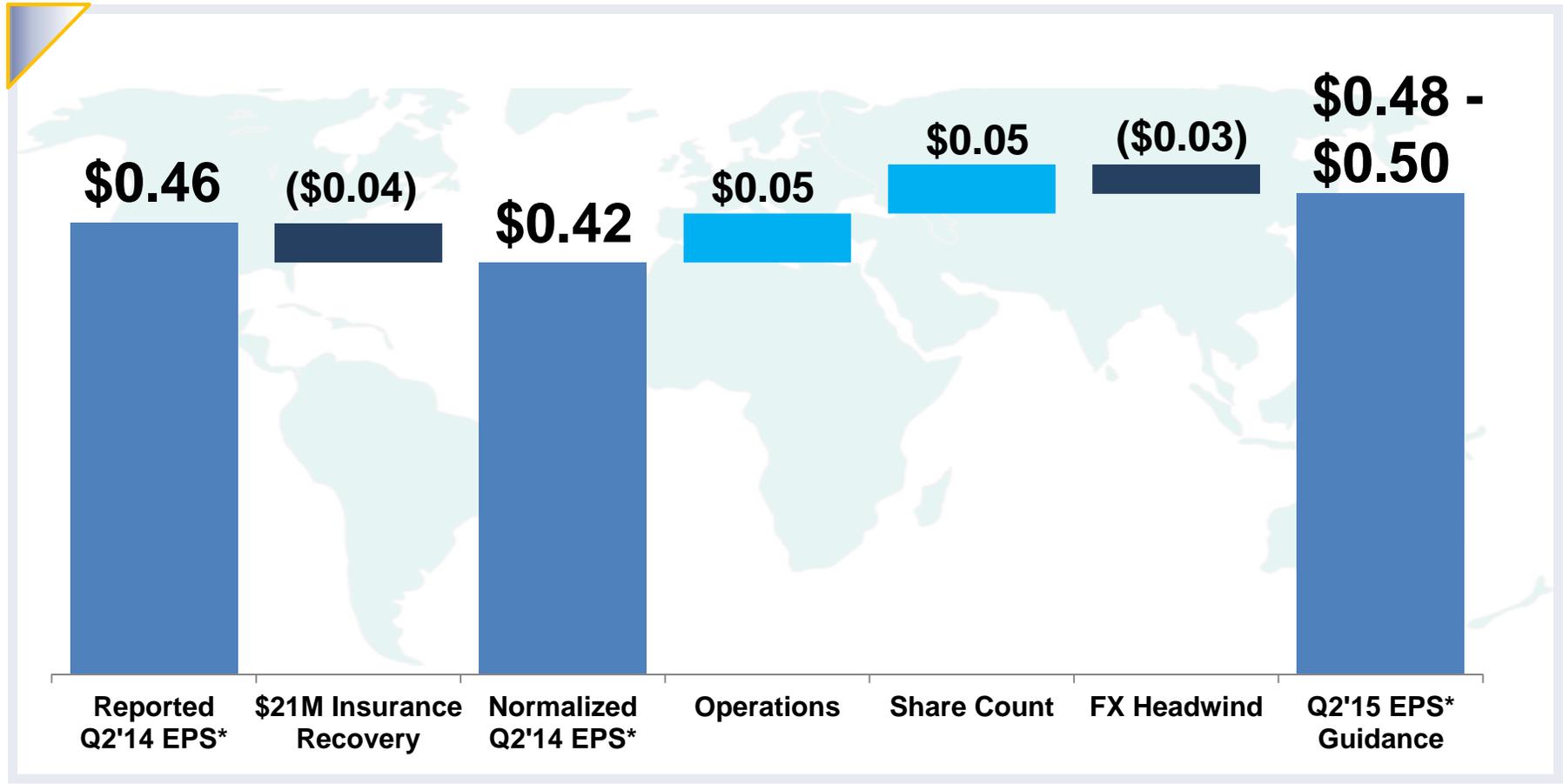
(EPS amounts are fully diluted and attributable to Tyco ordinary shareholders)
(\$ in millions, except per-share amounts)

	As Reported Q2 FY2014		Insurance Recovery		Normalized Q2 FY2014	
Total Revenue	\$2,481 \$2,481					
North America I&S	\$939				\$939	
ROW I&S	\$937				\$937	
Global Products	\$605				\$605	
Segment Operating Income before special items*	\$344				\$323	
North America I&S	\$117	12.5%	-		\$117	12.5%
ROW I&S	\$118	12.6%	(\$21)	(220bps)	\$97	10.4%
Global Products	\$109	18.0%	-		\$109	18.0%
Segment Operating Margin before special items*	13.9%		(90bps)		13.0%	
EPS from Cont. Ops. before special items*	\$0.46		(\$0.04)		\$0.42	



* Segment operating income, segment operating margin and earnings per share before special items are non-GAAP measures. For a reconciliation to the most comparable GAAP measures, please see Appendix.

// Q2'15 EPS Bridge



Q2'15 EPS Up 14% - 19% On Normalized Basis

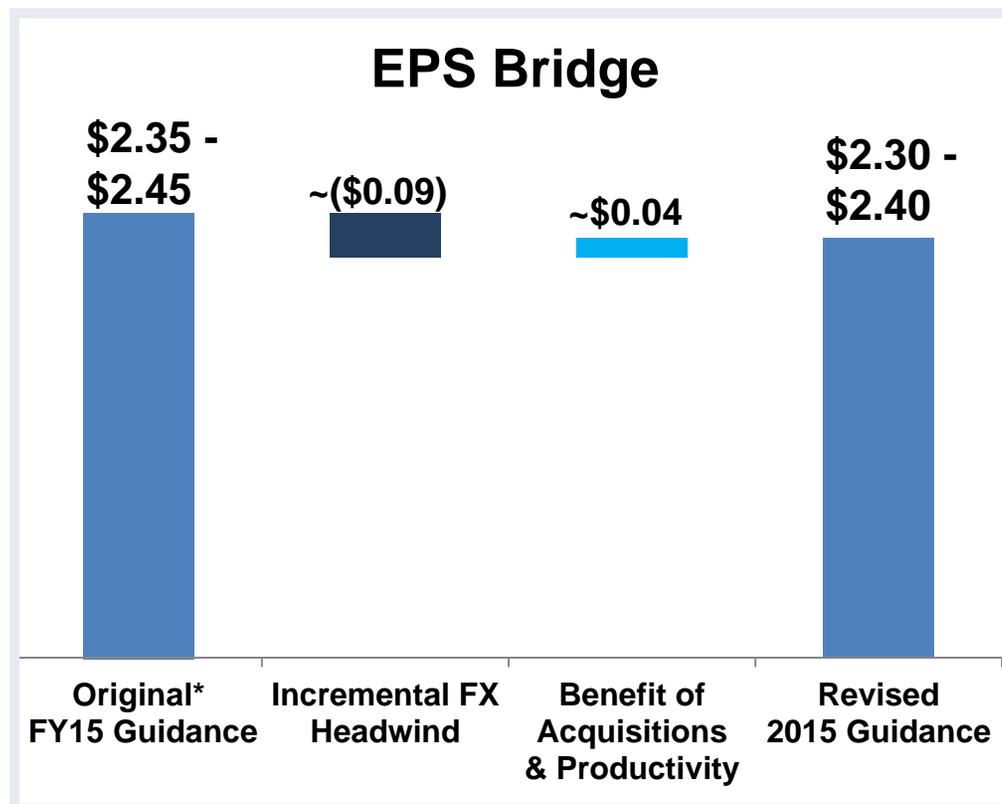


* Before special items.

// 2015 Full Year Outlook

(EPS amounts are fully diluted and attributable to Tyco ordinary shareholders)
(\$ in millions, except per-share amounts)

	Original* Guidance	Revised Guidance
2015 Revenue	~10.5B	Similar to Last Year
Organic Growth	~4%	~4%
Net Benefit From Acquisitions	~\$25M	~\$200M
FX Headwind	(~\$255M)	(~\$585M)
Seg. Operating Margin Before Special Items	+80 to 110bps	+80 to 110bps Excl. acquisitions



Revising Full Year 2015 EPS Guidance
\$2.30 - \$2.40 Represents 16% - 21% Increase From Prior Year



* Original 2015 guidance as stated in the company's Q4 2014 earnings call on November 13, 2014.

Appendix

TYCO INTERNATIONAL PLC
CONSOLIDATED STATEMENTS OF OPERATIONS
(in millions, except per share data)
(Unaudited)

	Quarters Ended	
	December 26, 2014	December 27, 2013
Revenue from product sales	\$ 1,488	\$ 1,468
Service revenue	991	1,025
Net revenue	2,479	2,493
Cost of product sales	1,022	999
Cost of services	548	576
Selling, general and administrative expenses	653	571
Restructuring and asset impairment charges, net	58	3
Operating income	198	344
Interest income	3	3
Interest expense	(24)	(24)
Other income (expense), net	4	(1)
Income from continuing operations before income taxes	181	322
Income tax expense	(19)	(70)
Equity loss in earnings of unconsolidated subsidiaries	—	(4)
Income from continuing operations	162	248
(Loss) income from discontinued operations, net of income taxes	(1)	24
Net income	161	272
Less: noncontrolling interest in subsidiaries net (loss) income	(1)	2
Net income attributable to Tyco ordinary shareholders	\$ 162	\$ 270
Amounts attributable to Tyco ordinary shareholders:		
Income from continuing operations	\$ 163	\$ 246
(Loss) income from discontinued operations	(1)	24
Net income attributable to Tyco ordinary shareholders	\$ 162	\$ 270
Basic earnings per share attributable to Tyco ordinary shareholders:		
Income from continuing operations	\$ 0.39	\$ 0.53
Income from discontinued operations	—	0.05
Net income attributable to Tyco ordinary shareholders	\$ 0.39	\$ 0.58
Diluted earnings per share attributable to Tyco ordinary shareholders:		
Income from continuing operations	\$ 0.38	\$ 0.52
Income from discontinued operations	—	0.05
Net income attributable to Tyco ordinary shareholders	\$ 0.38	\$ 0.57
Weighted average number of shares outstanding:		
Basic	420	464
Diluted	427	471

Note: These financial statements should be read in conjunction with the Consolidated Financial Statements and accompanying notes contained in the Company's Annual Report on Form 10-K filed on November 14, 2014 for the fiscal year ended September 26, 2014.

TYCO INTERNATIONAL PLC
RESULTS OF SEGMENTS
(in millions)
(Unaudited)

	Quarters Ended					
	December 26, 2014		December 27, 2013			
Net Revenue						
NA Installation & Services	\$	951		\$	957	
ROW Installation & Services		917			971	
Global Products		611			565	
Total Net Revenue	\$	2,479		\$	2,493	
Operating Income and Margin						
NA Installation & Services	\$	105	11.0%	\$	117	12.2%
ROW Installation & Services		69	7.5%		95	9.8%
Global Products		98	16.0%		86	15.2%
Corporate and Other		(74)	N/M		46	N/M
Operating Income and Margin	\$	198	8.0%	\$	344	13.8%

TYCO INTERNATIONAL PLC
CONSOLIDATED BALANCE SHEETS
(in millions)
(Unaudited)

	December 26, 2014	September 26, 2014
Assets		
Current Assets:		
Cash and cash equivalents	\$ 473	\$ 892
Accounts receivable, net	1,718	1,750
Inventories	658	628
Prepaid expenses and other current assets	890	1,153
Deferred income taxes	307	307
Assets held for sale	20	21
Total Current Assets	4,066	4,751
Property, plant and equipment, net	1,242	1,269
Goodwill	4,148	4,126
Intangible assets, net	796	737
Other assets	946	926
Total Assets	\$ 11,198	\$ 11,809
Liabilities and Equity		
Current Liabilities:		
Loans payable and current maturities of long-term debt	\$ 278	\$ 20
Accounts payable	825	871
Accrued and other current liabilities	1,993	2,167
Deferred revenue	365	400
Liabilities held for sale	14	13
Total Current Liabilities	3,475	3,471
Long-term debt	1,184	1,443
Deferred revenue	324	335
Other liabilities	1,918	1,877
Total Liabilities	6,901	7,126
Redeemable noncontrolling interest	13	13
Total Tyco shareholders' equity	4,234	4,647
Nonredeemable noncontrolling interest	50	23
Total Equity	4,284	4,670
Total Liabilities, Redeemable Noncontrolling Interest and Equity	\$ 11,198	\$ 11,809

Note: These financial statements should be read in conjunction with the Consolidated Financial Statements and accompanying notes contained in the Company's Annual Report on Form 10-K filed on November 14, 2014 for the fiscal year ended September 26, 2014.

TYCO INTERNATIONAL PLC
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in millions)
(Unaudited)

	For the Quarters Ended	
	December 26, 2014	December 27, 2013
Cash Flows From Operating Activities:		
Net income attributable to Tyco ordinary shareholders	\$ 162	\$ 270
Noncontrolling interest in subsidiaries net (loss) income	(1)	2
Loss (income) from discontinued operations, net of income taxes	1	(24)
Income from continuing operations	162	248
Adjustments to reconcile net cash provided by operating activities:		
Depreciation and amortization	91	94
Non-cash compensation expense	15	15
Deferred income taxes	(6)	51
Provision for losses on accounts receivable and inventory	16	10
Legacy legal matters	—	(92)
Other non-cash items	(2)	7
Changes in assets and liabilities, net of the effects of acquisitions and divestitures:		
Accounts receivable, net	(7)	25
Contracts in progress	8	13
Inventories	(43)	(30)
Prepaid expenses and other assets	(3)	(54)
Accounts payable	(41)	(41)
Accrued and other liabilities	(33)	(105)
Deferred revenue	(37)	(40)
Other	(24)	(1)
Net cash provided by operating activities	96	100
Net cash provided by discontinued operating activities	—	23
Cash Flows From Investing Activities:		
Capital expenditures	(66)	(63)
Proceeds from disposal of assets	1	4
Acquisition of businesses, net of cash acquired	(152)	(54)
Acquisition of dealer generated customer accounts and bulk account purchases	(4)	(11)
Sales and maturities of investments	275	112
Purchases of investments	(1)	(32)
(Increase) decrease in restricted cash	(45)	4
Other	(1)	2
Net cash provided by (used in) investing activities	7	(38)
Net cash used in discontinued investing activities	(15)	(29)
Cash Flows From Financing Activities:		
Proceeds from issuance of short-term debt	—	310
Repayment of short-term debt	—	(150)
Proceeds from exercise of share options	33	40
Dividends paid	(75)	(74)
Repurchase of ordinary shares by treasury	(417)	(250)
Transfer to discontinued operations	(15)	(6)
Payment of contingent consideration	(23)	—
Other	(15)	(9)
Net cash used in financing activities	(512)	(139)
Net cash provided by discontinued financing activities	15	6
Effect of currency translation on cash	(10)	(7)
Net decrease in cash and cash equivalents	(419)	(84)
Less: net decrease in cash and cash equivalents related to discontinued operations	—	—
Cash and cash equivalents at beginning of period	892	563
Cash and cash equivalents at end of period	\$ 473	\$ 479

Reconciliation to "Free Cash Flow":

Net cash provided by operating activities	\$	96	\$	100
Capital expenditures, net		(65)		(59)
Acquisition of dealer generated customer accounts and bulk account purchases		(4)		(11)
Payment of contingent consideration		(23)		—
Free Cash Flow	\$	4	\$	30

Reconciliation to "Adjusted Free Cash Flow":

CIT settlement	\$	—	\$	(60)
IRS litigation costs		—		1
Separation costs		3		22
Restructuring and repositioning costs		34		29
Environmental remediation payments		7		31
Legal settlements		(12)		—
Net asbestos payments (recoveries)		5		3
Cash payment from Covidien / TE Connectivity		—		(1)
Acquisition / integration costs		1		—
Special Items	\$	38	\$	25
Adjusted Free Cash Flow	\$	42	\$	55

NOTE: Free cash flow is a non-GAAP measure. See description of non-GAAP measures contained in this release.

TYCO INTERNATIONAL PLC
ORGANIC GROWTH RECONCILIATION - REVENUE
(in millions)
(Unaudited)

Quarter Ended December 26, 2014

	Net Revenue for the Quarter Ended December 27, 2013	Base Year Adjustments		Adjusted Fiscal 2014 Base Revenue	Foreign Currency		Acquisitions		Organic Revenue ⁽¹⁾		Net Revenue for the Quarter Ended December 26, 2014	
		Divestitures / Other										
NA Installation & Services	\$ 957	\$ —	— %	\$ 957	\$ (9)	(0.9)%	\$ 4	0.4 %	\$ (1)	(0.1)%	\$ 951	(0.6)%
ROW Installation & Services	971	(13)	(1.3)%	958	(63)	(6.5)%	20	2.1 %	2	0.2 %	917	(5.6)%
Global Products	565	—	— %	565	(17)	(3.0)%	5	0.9 %	58	10.3 %	611	8.1 %
Total Net Revenue	\$ 2,493	\$ (13)	(0.5)%	\$ 2,480	\$ (89)	(3.6)%	\$ 29	1.2%	\$ 59	2.4 %	\$ 2,479	(0.6)%

⁽¹⁾ Organic revenue growth percentage based on adjusted fiscal 2014 base revenue.

**Earnings Per Share Summary
(Unaudited)**

	Quarter Ended	Quarter Ended
	Dec. 26, 2014	Dec. 27, 2013
Diluted EPS from Continuing Operations Attributable to Tyco Shareholders (GAAP)	\$ 0.38	\$ 0.52
<i>expense / (benefit)</i>		
Restructuring and repositioning activities	0.12	0.01
Separation costs included in SG&A	—	0.02
Loss on sale of investment	—	0.01
CIT settlement	—	(0.03)
Settlement with former management	(0.01)	(0.11)
Total Before Special Items	\$ 0.49	\$ 0.42

Tyco International plc
For the Quarter Ended December 26, 2014

(in millions, except per share data)

(Unaudited)

expense / (benefit)

Segments						
	NA Installation & Services	ROW Installation & Services	Global Products	Segment Revenue	Corporate and Other	Total Revenue
Revenue (GAAP)	\$951	\$917	\$611	\$2,479	\$—	\$2,479

Operating Income																			
	NA Installation & Services		ROW Installation & Services		Global Products		Segment Operating Income	Corporate and Other			Total Operating Income	Margin	Interest (Expense), net	Other Income, net	Income Tax (Expense)	Equity in earnings of unconsolidated subsidiaries	Noncontrolling Interest	Income from Continuing Operations Attributable to Tyco Shareholders	Diluted EPS from Continuing Operations Attributable to Tyco Shareholders
Operating Income (GAAP)	\$105	11.0%	\$69	7.5%	\$98	16.0%	\$272	11.0%	(\$74)	N/M	\$198	8.0%	(\$21)	\$4	(\$19)	\$—	\$1	\$163	\$0.38
Restructuring and repositioning activities	24		19		7		50		25		75				(27)			48	0.12
Separation costs included in SG&A	2						2				2				(1)			1	—
(Gains) / losses on divestitures, net included in SG&A			1				1				1							1	—
Acquisition / integration costs			1				1				1							1	—
Settlement with former management									(7)		(7)				3			(4)	(0.01)
Asbestos									3		3				(1)			2	—
IRS litigation costs									(2)		(2)				1			(1)	—
2012 Tax Sharing Agreement														(2)				(2)	—
Total Before Special Items	\$131	13.8%	\$90	9.8%	\$105	17.2%	\$326	13.2%	(\$55)	N/M	\$271	10.9%	(\$21)	\$2	(\$44)	\$—	\$1	\$209	\$0.49

Diluted Shares Outstanding	427
Diluted Shares Outstanding - Before Special Items	427

Tyco International plc
For the Quarter Ended December 27, 2013

(in millions, except per share data)

(Unaudited)

expense / (benefit)

Segments						
	NA Installation & Services	ROW Installation & Services	Global Products	Segment Revenue	Corporate and Other	Total Revenue
Revenue (GAAP)	\$957	\$971	\$565	\$2,493	\$—	\$2,493

Operating Income																				
	NA Installation & Services	Margin	ROW Installation & Services	Margin	Global Products	Margin	Segment Operating Income	Margin	Corporate and Other	Margin	Total Operating Income	Margin	Interest (Expense), net	Other (Expense), net	Income Tax (Expense)	Equity in earnings of unconsolidated subsidiaries	Noncontrolling Interest	Income from Continuing Operations Attributable to Tyco Shareholders	Diluted EPS from Continuing Operations Attributable to Tyco Shareholders	
Operating Income (GAAP)	\$117	12.2%	\$95	9.8%	\$86	15.2%	\$298	12.0%	\$46	N/M	\$344	13.8%	(\$21)	(\$1)	(\$70)	(\$4)	(\$2)	\$246	\$0.52	
Restructuring and repositioning activities	(2)				4		2		7		9				(2)			7	0.01	
Separation costs included in SG&A	14						14		1		15				(6)			9	0.02	
(Gains) / losses on divestitures, net included in SG&A									(3)		(3)							(3)	—	
Acquisition / integration costs			1				1				1							1	—	
Settlement with former management									(92)		(92)				36			(56)	(0.11)	
Asbestos									1		1				(1)			—	—	
IRS litigation costs									1		1							1	—	
CIT settlement									(16)		(16)							(16)	(0.03)	
Loss on sale of investment			7				7				7							7	0.01	
2012 Tax Sharing Agreement														2				2	—	
Total Before Special Items	\$129	13.5%	\$103	10.6%	\$90	15.9%	\$322	12.9%	(\$55)	N/M	\$267	10.7%	(\$21)	\$1	(\$43)	(\$4)	(\$2)	\$198	\$0.42	

Diluted Shares Outstanding	471
Diluted Shares Outstanding - Before Special Items	471

Tyco International Ltd.
For the Quarter Ended March 28, 2014
(in millions, except per share data
(Unaudited)
expense / (benefit)

Segments						
	NA Installation & Services	ROW Installation & Services	Global Products	Segment Revenue	Corporate and Other	Total Revenue
Revenue (GAAP)	\$939	\$937	\$605	\$2,481	-	\$2,481

	Operating Income											Margin	Interest (Expense), net	Other (Expense), net	Income Tax (Expense)	Equity in earnings of unconsolidated subsidiaries	Noncontrolling Interest	Income from Continuing Operations Attributable to Tyco Shareholders	Diluted EPS from Continuing Operations Attributable to Tyco Shareholders
	NA Installation & Services		ROW Installation & Services		Global Products		Segment Operating Income	Corporate and Other		Total Operating Income									
		Margin		Margin		Margin		Margin		Margin									
Operating Income (GAAP)	\$99	10.5%	\$112	12.0%	\$107	17.7%	\$318	12.8%	(\$61)	N/M	\$257	10.4%	(\$22)	(\$1)	(\$39)	(\$5)	-	\$190	\$0.40
Restructuring and repositioning activities	3		4		2		9		7		16				(6)			10	0.02
Separation costs included in SG&A	15						15				15				(5)			10	0.02
(Gains) / losses on divestitures, net included in SG&A			1				1				1							1	-
Acquisition / integration costs			1				1				1							1	-
IRS litigation costs									(1)		(1)							(1)	-
Separation costs									1		1							1	-
Tax items															4			4	0.01
2012 Tax Sharing Agreement														3				3	0.01
Total Before Special Items	\$117	12.5%	\$118	12.6%	\$109	18.0%	\$344	13.9%	(\$54)	N/M	\$290	11.7%	(\$22)	\$2	(\$46)	(\$5)	-	\$219	\$0.46

Diluted Shares Outstanding	469
Diluted Shares Outstanding - Before Special Items	469

// Non-GAAP Measures

Organic revenue, free cash flow (outflow) (FCF), and income from continuing operations, earnings per share (EPS) from continuing operations, operating income and segment operating income, in each case “before special items,” are non-GAAP measures and should not be considered replacements for GAAP results.

Organic revenue is a useful measure used by the company to measure the underlying results and trends in the business. The difference between reported net revenue (the most comparable GAAP measure) and organic revenue (the non-GAAP measure) consists of the impact from foreign currency, acquisitions and divestitures, and other changes that either do not reflect the underlying results and trends of the Company’s businesses or are not completely under management’s control. There are limitations associated with organic revenue, such as the fact that, as presented herein, the metric may not be comparable to similarly titled measures reported by other companies. These limitations are best addressed by using organic revenue in combination with the GAAP numbers. Organic revenue may be used as a component in the company’s incentive compensation plans.

FCF is a useful measure of the company’s cash that permits management and investors to gain insight into the number that management employs to measure cash that is free from any significant existing obligation and is available to service debt and make investments. The difference between Cash Flows from Operating Activities (the most comparable GAAP measure) and FCF (the non-GAAP measure) consists mainly of significant cash flows that the company believes are useful to identify. It, or a measure that is based on it, may be used as a component in the company’s incentive compensation plans. The difference reflects the impact from:

- *net capital expenditures,*
- *dealer generated accounts and bulk accounts purchased,*
- *cash paid for purchase accounting and holdback liabilities, and*
- *voluntary pension contributions.*

Capital expenditures and dealer generated and bulk accounts purchased are subtracted because they represent long-term investments that are required for normal business activities. Cash paid for purchase accounting and holdback liabilities is subtracted because these cash outflows are not available for general corporate uses. Voluntary pension contributions are added because this activity is driven by economic financing decisions rather than operating activity. In addition, the company presents adjusted free cash flow, which is free cash flow, adjusted to exclude the cash impact of the special items highlighted below. This number provides information to investors regarding the cash impact of certain items management believes are useful to identify, as described below.

// Non-GAAP Measures Continued

The limitation associated with using these cash flow metrics is that they adjust for cash items that are ultimately within management's and the Board of Directors' discretion to direct and therefore may imply that there is less or more cash that is available for the company's programs than the most comparable GAAP measure. Furthermore, these non-GAAP metrics may not be comparable to similarly titled measures reported by other companies. These limitations are best addressed by using FCF in combination with the GAAP cash flow numbers.

The company has presented its income and EPS from continuing operations, operating income and segment operating income before special items. Special items include charges and gains related to divestitures, acquisitions, restructurings, impairments, certain changes to accounting methodologies, legacy legal and tax charges and other income or charges that may mask the underlying operating results and/or business trends of the company or business segment, as applicable. The company utilizes these measures to assess overall operating performance and segment level core operating performance, as well as to provide insight to management in evaluating overall and segment operating plan execution and underlying market conditions. The Company also presents its effective tax rate as adjusted for special items for consistency, and presents corporate expense excluding special items. One or more of these measures may be used as components in the company's incentive compensation plans. These measures are useful for investors because they may permit more meaningful comparisons of the company's underlying operating results and business trends between periods. The difference between income and EPS from continuing operations before special items and income and EPS from continuing operations (the most comparable GAAP measures) consists of the impact of the special items noted above on the applicable GAAP measure. The limitation of these measures is that they exclude the impact (which may be material) of items that increase or decrease the company's reported GAAP metrics, and these non-GAAP metrics may not be comparable to similarly titled measures reported by other companies. These limitations are best addressed by using the non-GAAP measures in combination with the most comparable GAAP measures in order to better understand the amounts, character and impact of any increase or decrease on reported results.

The company provides general corporate services to its segments and those costs are reported in the "Corporate and Other" segment. This segment's operating income (loss) is presented as "Corporate Expense." Segment Operating Income represents Tyco's operating income excluding the Corporate and Other segment, and reflects the results of Tyco's three operating segments. Segment Operating Income before special items reflects GAAP operating income adjusted for the special items noted in the paragraph above.

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