



# Significant Earnings Growth Opportunities

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**March 5, 2008**

## Forward-Looking Statement/ Non-GAAP Measures

This presentation contains certain "forward-looking statements" within the meaning of the United States 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 or achievements to differ materially from anticipated results, performance or achievements. All statements contained herein that are not clearly historical in nature are forward-looking and the words "opportunities," "anticipate," "believe," "expect," "estimate," "plan" and similar expressions are generally intended to identify forward-looking statements.

The forward-looking statements in this presentation may include statements addressing the following subjects: future financial condition and operating results, economic, business, competitive and/or regulatory factors affecting Tyco's business.

Any of the following factors may affect Tyco's future results:

- overall economic and business conditions;
- the demand for Tyco's goods and services;
- competitive factors in the industries in which Tyco competes;
- changes in tax requirements (including tax rate changes, new tax laws and revised tax law interpretations);
- results and consequences of Tyco's internal investigation and governmental investigations concerning the Company's governance, management, internal controls and operations including its business operations outside the United States;
- the outcome of litigation and governmental proceedings
- effect of income tax audit settlements;
- the ratings on our debt and our ability to repay or refinance our outstanding indebtedness as it matures;
- our ability to operate within the limitations imposed by financing arrangements;
- interest rate fluctuations and other changes in borrowing costs;
- other capital market conditions, including currency exchange rate fluctuations;
- availability of and fluctuations in the prices of key raw materials, including steel and copper;
- economic and political conditions in international markets, including governmental changes and restrictions on the ability to transfer capital across borders;
- the ability to achieve cost savings in connection with the Company's strategic restructuring and Six Sigma initiatives;
- potential further impairment of our goodwill and/or our long-lived assets;
- the impact of fluctuations in the price of Tyco common shares;
- changes in U.S. and non-U.S. governmental laws and regulations; and
- the possible effects on Tyco of future legislation in the United States that may limit or eliminate potential U.S. tax benefits resulting from Tyco's incorporation in Bermuda or deny U.S. government contracts to Tyco based upon its incorporation in Bermuda.

These are examples of factors, among others, that could cause actual results to differ materially from those described in the forward-looking statements. In addition, Tyco's pre-separation financial information is not necessarily representative of the results it would have achieved absent its healthcare and electronics businesses and may not be a reliable indicator of its future results. Tyco is under no obligation to (and expressly disclaims any such obligation to) update or alter its forward-looking statements whether a result of new information, future events or otherwise. More detailed information about these and other factors is set forth in Tyco's Annual Report on Form 10-K for the fiscal year ended September 28, 2007 and Quarterly Report on Form 10-Q for the fiscal quarter ended December 28, 2007.

Organic revenue growth, operating income before special items, Adjusted EBITDA, Free Cash Flow, Return On Invested Capital, and Earnings Per Share from Continuing Operations Before Special Items are non-GAAP financial measures and are described in the Appendix.

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## Tyco International Highlights

- A diverse portfolio of market-leading businesses in electronic security, fire, safety services and products, valves and controls and other industrial products
- Strong global business in attractive, growing markets
- Large service revenue base
- Significant earnings growth opportunities
  - Operational execution
  - Portfolio refinement
  - Appropriate use of capital
- Strong cash flow generation and financial flexibility

Positioned for a Stronger Future

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## We Have a Diverse Portfolio of Market-Leading Businesses

2007 Revenue = \$18.6B



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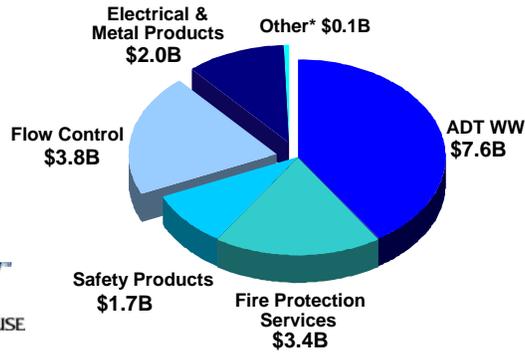
KEYSTONE



SOFTWARE HOUSE

KANTECH

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Solid Platforms for Growth

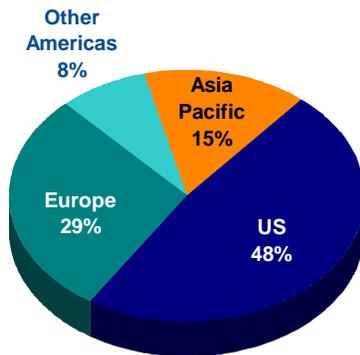
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\* Revenue of certain international building products businesses

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## We Have a Strong Presence in Developed Markets with Upside in High-Growth Economies

2007 Revenue = \$18.6B



- >50% of our revenue is generated outside of the United States
- Emerging markets represent a large growth opportunity
- We operate in more than 60 countries
- 118,000 employees

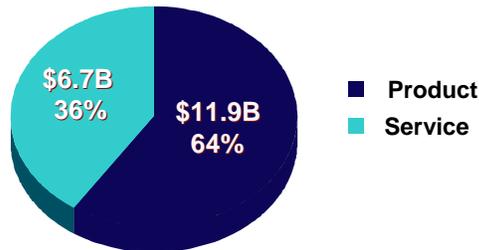
Emerging Markets Provide Revenue and Earnings Diversification

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## Approximately 36% of Total Revenue is Comprised of Monitoring and Service Revenue

2007 Revenue = \$18.6B



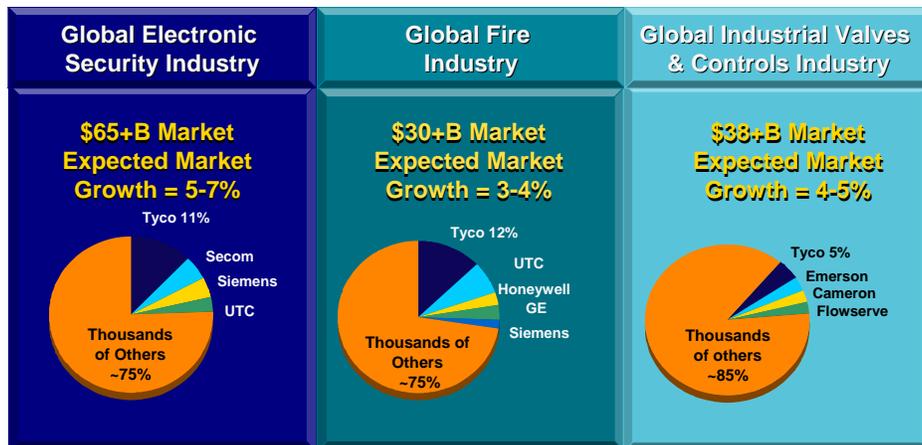
- ADT generates \$4.9B of revenue from monitoring and service activities
- Fire generates \$1.6B of service and maintenance revenue

A Large, Stable Base of Recurring Revenue

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## We Are Well-Positioned in Attractive Markets That Are Growing and Fragmented



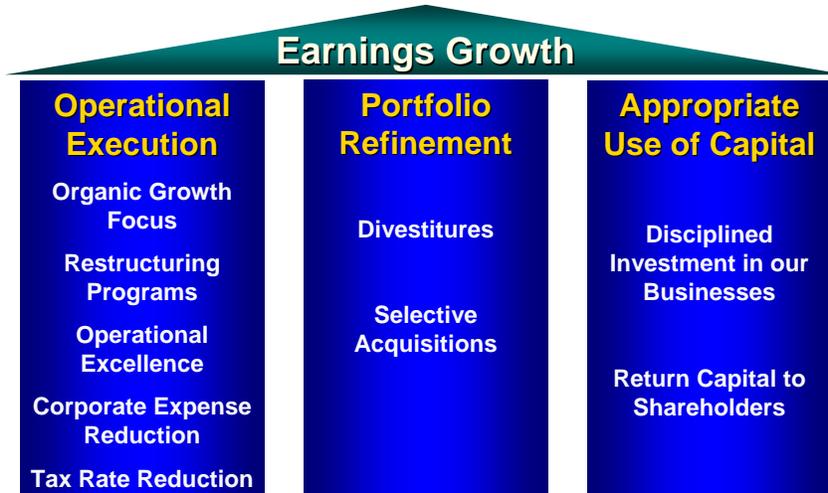
Industry Growth + Market Share Growth Opportunities

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Source: Freedonia, Mcllvaine, Industry and Management Estimates

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## Significant Opportunities to Improve Earnings Growth



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## Operational Execution Plans

	Revenue Growth	Income Growth
<b>ADT Worldwide</b>	<ul style="list-style-type: none"> <li>Disciplined growth in NA</li> <li>Faster growth in emerging markets</li> </ul>	<ul style="list-style-type: none"> <li>Restructure / Improve margin in EMEA</li> <li>Operational execution</li> </ul>
<b>Fire Protection Services</b>	<ul style="list-style-type: none"> <li>Increasing service revenue</li> </ul>	<ul style="list-style-type: none"> <li>Operational execution</li> </ul>
<b>Safety Products</b>	<ul style="list-style-type: none"> <li>Investment in technology</li> </ul>	<ul style="list-style-type: none"> <li>Operational Excellence</li> <li>Restructuring</li> </ul>
<b>Flow Control</b>	<ul style="list-style-type: none"> <li>Gaining share in rapidly growing markets</li> </ul>	<ul style="list-style-type: none"> <li>Operational Excellence</li> </ul>
<b>Electrical &amp; Metal Products</b>	<ul style="list-style-type: none"> <li>Maintain market leading position in core product lines</li> </ul>	<ul style="list-style-type: none"> <li>Productivity through reduced conversion costs</li> </ul>
<b>Tyco</b>		<ul style="list-style-type: none"> <li>Corporate cost reduction</li> <li>Tax Planning</li> </ul>

**ADT is Focus Area for Today**

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## Portfolio Refinement

- **Acquisitions:** We will continue to make selective acquisitions in areas that strengthen our existing businesses
  - Acquired Retail Expert and Trident Tek
- **Divestitures:** Significant progress in divesting businesses that do not fit within our portfolio
  - Pending sale of Infrastructure Services business for approximately \$800 million
  - Divest or exit other small businesses that are non-core

Driving Cash and Margin Improvement

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## We Generate a Substantial Amount of Free Cash Flow\*

- Invest in profitable organic revenue growth initiatives
- Fund cost reduction and operational improvement opportunities within our businesses
- Make selective acquisitions to enhance our market leadership positions
- Return excess capital to our shareholders

Significant Financial Flexibility

10 | \*Free Cash Flow is a non-GAAP measure. For a description of the differences between Free Cash Flow and the most comparable GAAP measure, please see Appendix.

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## ADT Worldwide: Disciplined Growth Focus With Margin Upside

**Naren Gursahaney**  
President, ADT Worldwide

### ADT Worldwide at a Glance

- 2007 Revenue of \$7.6B
  - 67% Commercial, 33% Residential
  - 49% Recurring Revenue from 7.1M customers
- 2007 Operating Income before special items\* of \$971M and Adjusted EBITDA\* of \$1.9B
- Return on invested capital\* 17% (excluding goodwill)
- Broad geographic reach
  - 53% North America, 34% EMEA, 13% ROW
  - Over 1,200 locations in 52 countries
- 59,000 employees



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\* Operating Income before special items, Adjusted EBITDA and Return on invested capital (ROIC) are Non-GAAP measures. For reconciliations to the most comparable GAAP measures, please see Appendix.

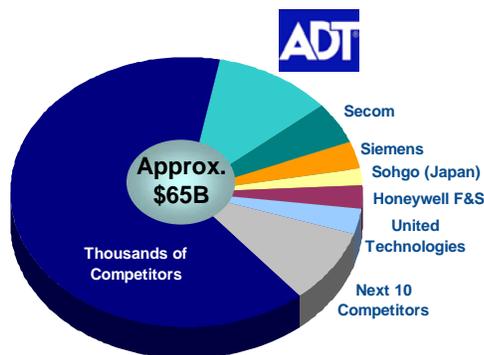


## ADT Has More Locations and Monitoring Centers for Superior Security Service



## ADT Worldwide – Global Leader in Electronic Security Products and Services

### Estimated Electronic Security Revenue (Products and Services)

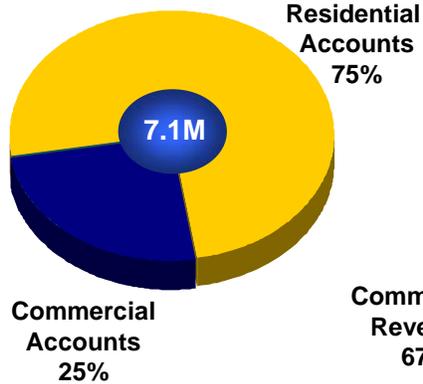


### ADT Advantages

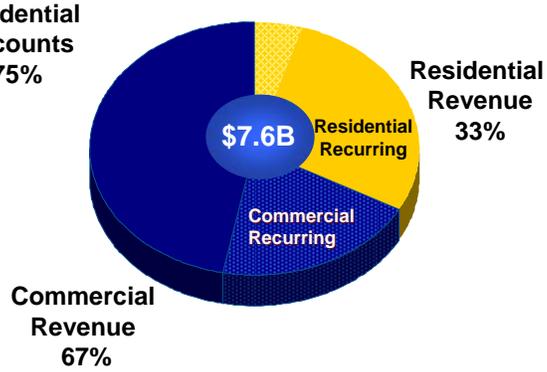
- Brand awareness
- Residential/ Commercial capability
- Service coverage
- Call Center capability
- Purchasing leverage
- Global account management
- Vertical integration

## ADT Worldwide - Good Mix of Commercial and Residential Business

2007 Recurring Revenue Accounts



2007 Revenue Composition



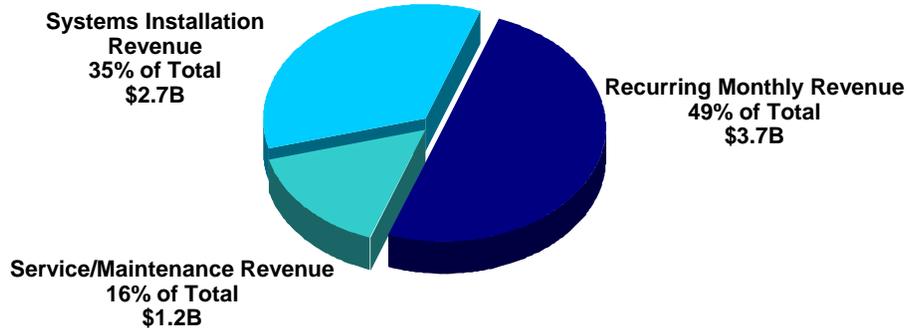
Two Different Business Models...Both Provide Attractive ROIC

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## ADT Worldwide – Approximately 50% of Revenue is Contractual and Recurring

2007 ADT Worldwide Revenue \$7.6B



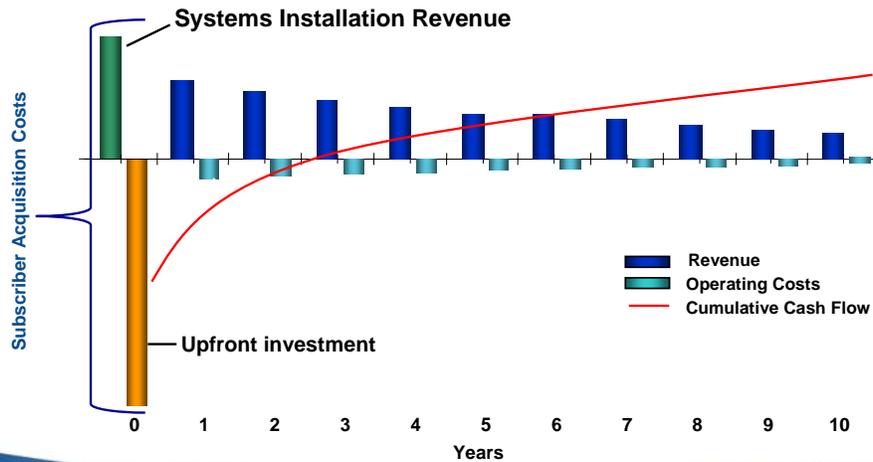
Large Base of Stable Recurring Revenue

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## Recurring Revenue is Predictable and Typically Requires Investment Upfront

### Illustration - Cash Economic Model



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## Significant Business Model Improvements Have Strengthened Recurring Revenue

$$\text{Recurring Revenue} = \text{Total Accounts} \times \text{Average Revenue Per User (ARPU)}$$

Year End 2007:

$$\text{\$3.93B of Recurring Revenue in Force} = 7.1 \text{ Million Accounts} \times \text{\$46 of Monthly ARPU}$$

Solid Improvement in Each Metric

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## Account Base Growing Since 2006



Our Global Account Base is Expected to Continue to Improve

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## We Have Grown the Number of New Accounts While Improving Quality

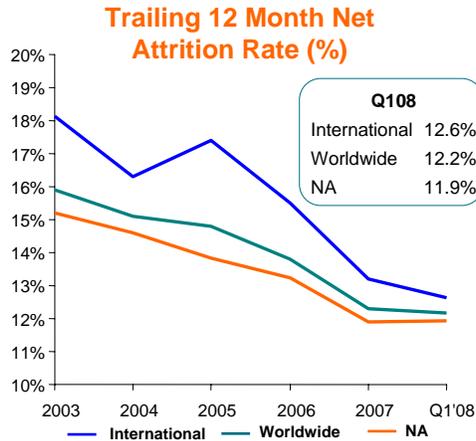


Quality Has Improved and Mix Has Changed

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## We Also Have 4+ Years of Steady Improvement in Our Disconnect Rate



### Focus Areas

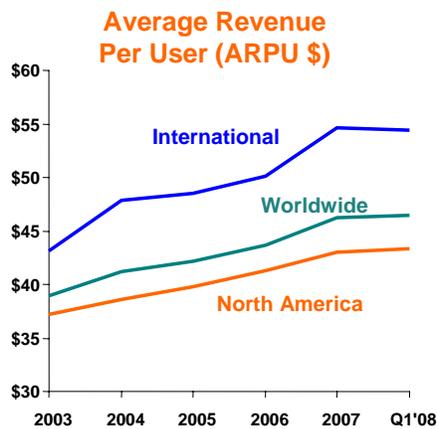
- Better account quality
- Dedicated resale programs
- Focused retention teams
- Improved customer service

Attrition Improved in All Parts of the World

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## Average Revenue Per User Has Also Grown



### Performance Drivers

- Expansion of services
- Bundled offerings
- Sales force initiatives
- Price

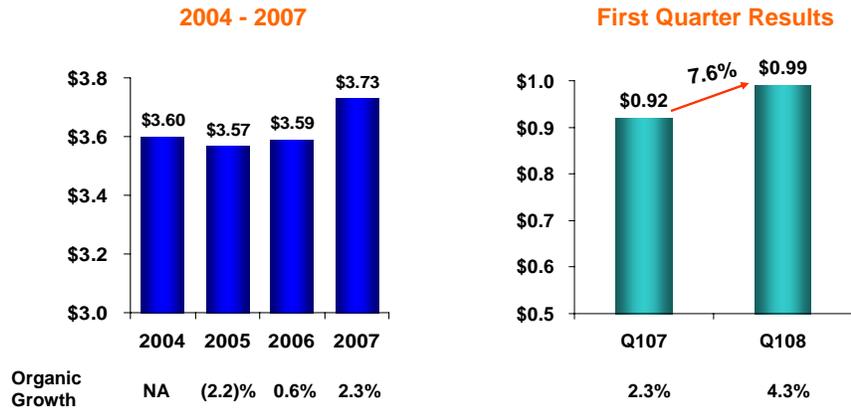
ARPU Growth Supports Recurring Revenue Growth

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## Account Growth Plus Higher Revenue Per User Drives Recurring Revenue Growth

### Recurring Revenue (\$ Billions)



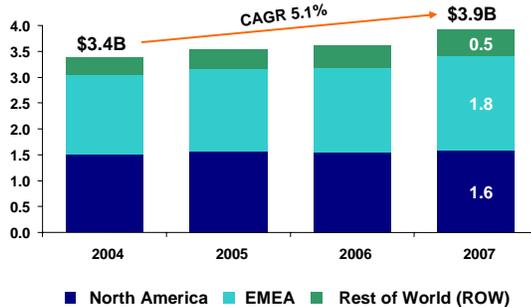
Solid Progress Globally

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## ADT Worldwide – Approximately 50% of Revenue is Non-Recurring

### Non-Recurring Revenue (\$B)



- Systems installation and service revenues
- Primarily commercial
- Geographically diverse
- Faster growth in ROW
- Lower margin than recurring, requires less capital

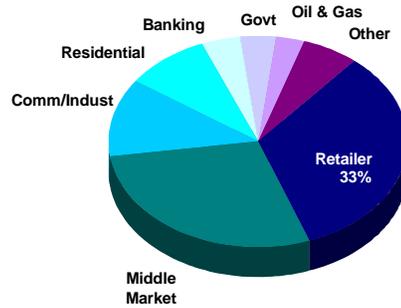
Non-Recurring Revenue Provides Solid Returns on Invested Capital

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## Systems Installation and Service Revenue is Diversified Across End Markets

2007 System Installation & Service Revenue \$3.9B



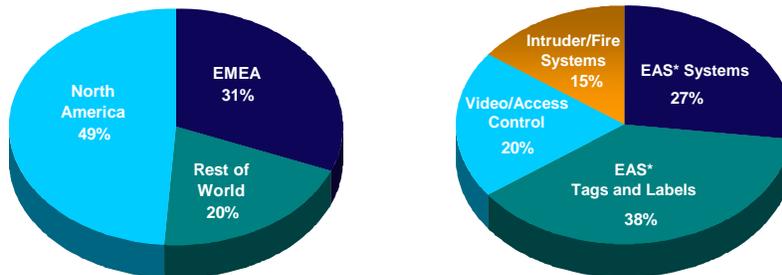
Diversified Revenue with Strong Retailer Presence

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## Global Retailer Sector is an Important Customer Focus Area

2007 Retailer Revenue \$1.3B



Carefully Monitoring Customer Expansion Plans

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\* Electronic Article Surveillance (EAS)

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## Our Major Areas of Focus For System Installation and Service Activities

### Growth

- Industry vertical strategies and global account management
- Investing in emerging markets
- Leveraging technology
- Capture recurring revenue and service

### Productivity

- Restructuring, primarily in Europe
- Project execution “Playbook”
- Pricing discipline
- Operational Excellence

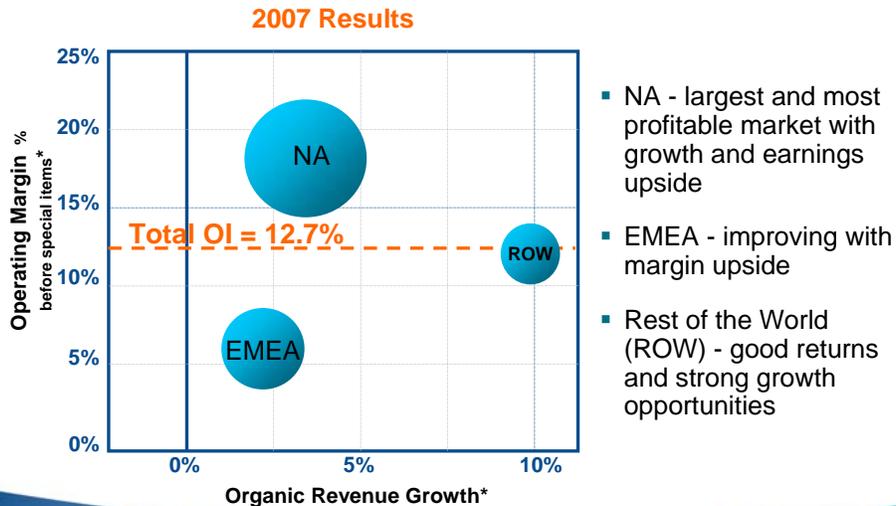
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## Regional Overview and Update

## ADT Worldwide – Different Performance and Opportunities by Region



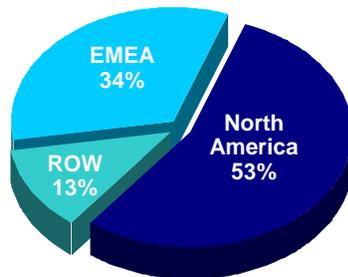
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\* Organic Revenue Growth and Operating Margin before special items are Non-GAAP measures. For a reconciliation to the most comparable GAAP measures, please see Appendix.

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## ADT North America – Disciplined Growth and Improving Operational Efficiency

**2007 Revenue \$7.6B**



**2007 ADT North America**

	Residential	Commercial	Total NA
<b>Revenue</b>	<b>\$1.8B</b>	<b>\$2.3B</b>	<b>\$4.1B</b>
<b>% Recurring</b>	86%	41%	61%
<b>Op Inc*</b>	<b>\$433M</b>	<b>\$267M</b>	<b>\$700M</b>
<b>% Margin</b>	23.6%	11.8%	17.1%
<b>Adjusted EBITDA*</b>	<b>\$918M</b>	<b>\$508M</b>	<b>\$1,426M</b>
<b>EBITDA %</b>	50.1%	22.5%	34.8%

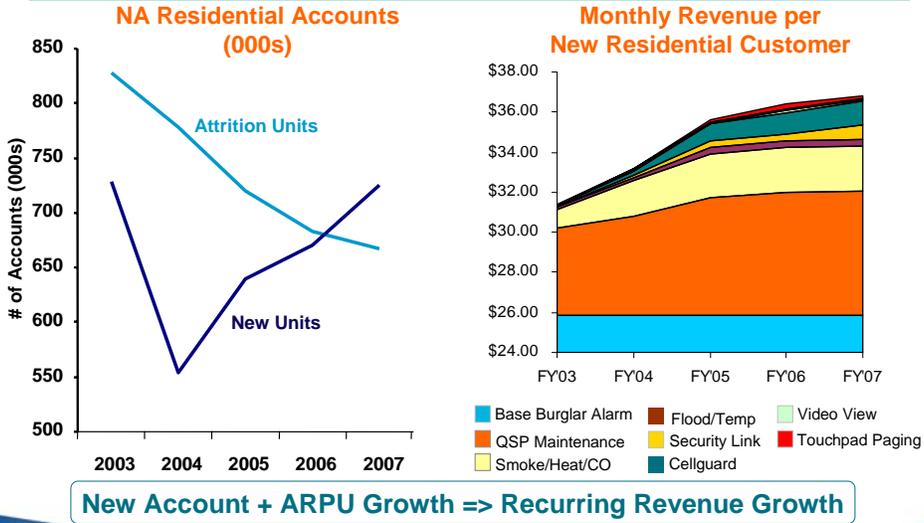
**Our Largest, Most Profitable Market with Growth + Earnings Upside**

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\* Adjusted EBITDA, Operating Income before special items and Operating Margin before special items are Non-GAAP measures. For a reconciliation to the most comparable GAAP measure, please see Appendix.

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## ADT North America – Drive Disciplined Growth in Residential

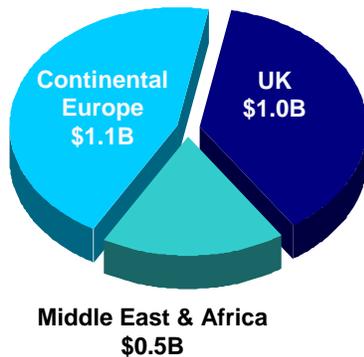


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## ADT Europe, Middle East & Africa – Improve Operating Margin

**2007 EMEA Revenue \$2.6B**  
34% of Total



	ADT EMEA	ADT NA
<b>Revenue</b>	<b>\$2.6B</b>	<b>\$4.1B</b>
Resi/Comm Split	15%/85%	44%/56%
% Recurring	30%	61%
<b>Op Inc*</b>	<b>\$152M</b>	<b>\$700M</b>
% Margin	5.9%	17.1%
<b>Adjusted EBITDA*</b>	<b>\$264M</b>	<b>\$1,426M</b>
EBITDA %	10.3%	34.8%

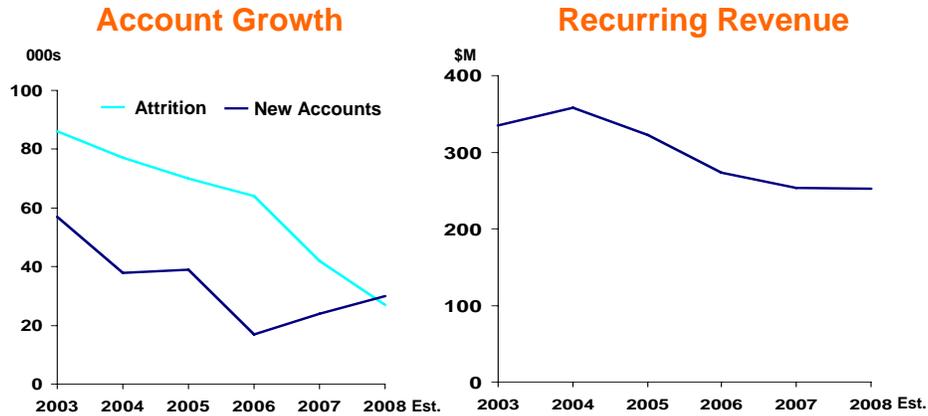
**Target 10% Operating Margin in 2010**

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\* Adjusted EBITDA, Operating Income before special items and Operating Margin before special items are Non-GAAP measures. For a reconciliation, please see Appendix.

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## Continental Europe is Improving



Improving but Still Work to Do

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## ADT Europe, Middle East & Africa – Focused on Restructuring, Improved Execution & Mix

### 2008 – A Year of Transition and Rebuilding

- Reduce headcount by 20-25% in Continental Europe
- Redefine territories and operations based on population density
  - Consolidate number of duplicate locations (many back office locations)
- Business simplification
  - Centralize operations and dispatch
  - Reduce the number of legal entities
  - Process reengineering – less manual work; more technology
- Standardize pricing and execution across projects
- Rebuild our recurring revenue base – implement customer retention centers

Making Good Progress on Our Initiatives

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## ADT Rest of World – Grow Faster in Emerging Markets

### Asia

2007 Revenue = \$533M;  
Organic revenue growth\* of 12%

- Strong presence across the region
- A market leader in Korea, Hong Kong and Singapore
- China and India markets are still small but represent growing opportunities for us
  - Opened first foreign-owned licensed monitoring center in China in 2007
  - Retail customers represent a significant opportunity both in China and India

### Latin America

2007 Revenue = \$264M;  
Organic revenue growth\* of 12%

- Strong presence and market leadership >25% market share across the region
- Mexico, Brazil, Chile and Argentina represent our largest markets
- Building our base of accounts throughout the region
- Focus on opportunities for growth across all markets

Securing Our Position in Faster Growth Markets

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\* Organic revenue growth is a Non-GAAP measure. For a reconciliation to the most comparable GAAP measure, please see Appendix.



## ADT Worldwide Summary

- The global security market is very attractive and ADT is well positioned to win in this market
- Half of our revenue is recurring which provides a stable and predictable revenue base
- Systems installation and service revenue is less predictable than recurring revenue and is balanced in terms of end markets and geographies
- Our business is global but opportunities vary by region
  - NA: Disciplined growth and operating improvement
  - EMEA: Margin improvement through restructuring and improving mix
  - Rest of World: Faster growth in emerging markets

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## Q1 2008 Results – Delivering Earnings Growth

(\$ in millions, except EPS)	Q1 2008	Q1 2007	% Change
Revenue	\$4,870	\$4,365	12%
<i>Organic Revenue Growth*</i>	6.0%	5.4%	
Operating Income before special items*	523	337	55%
<i>Operating Margin</i> before special items*	10.7%	7.7%	
EPS from Cont. Ops. before special items*	\$0.73	\$0.49	49%

- Organic revenue growth of 6.0% led by Flow Control (+17.7%)
- Double-digit earnings growth in all business segments led by Flow Control at 53%
- Significant reduction in corporate expense
- EPS from Continuing Ops before Special Items increased 49% year over year

**Strong Start to 2008; FY 2008 Guidance Increased to \$2.60 - \$2.70**

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\* Organic revenue growth is a non-GAAP measure. Operating income, operating margin and EPS from continuing operations before special items are non-GAAP measures. Please refer to Appendix for a reconciliation to the most comparable GAAP measures.

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## Tyco International Summary

- A diverse portfolio of market-leading businesses in electronic security, fire, safety services and products, valves and controls, and other industrial products
- Strong global business in attractive, growing markets
- Large service revenue base
- Significant earnings growth opportunities
  - Operational execution
  - Portfolio refinement
  - Appropriate use of capital
- Strong cash flow generation and financial flexibility

**Positioned for a Stronger Future**

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## Appendix

### ADT Worldwide At A Glance



#### 2007 Financial Summary

- Revenue of \$7.6B
- Operating Income before Special Items\* of \$971M and Adjusted EBITDA\* of \$1.9B

- Global provider of residential and commercial security systems
- Market leadership position
- 7.1 million customers globally
- Large stable recurring revenue base (~\$4 billion)

#### Opportunities

- Disciplined growth and operational execution focus in NA
- Improving operating margin in EMEA
- Faster growth in emerging markets

40 | \* Adjusted EBITDA and Operating Income before special items are Non-GAAP measures. For a reconciliation to the most comparable GAAP measures, please see Appendix.

## Fire Protection Services At A Glance



### 2007 Financial Summary

- Revenue of \$3.4B
- Operating Income before Special Items\* of \$280M

- Global provider of electronic and mechanical fire systems
- Service represents almost half of the total revenue
- Strong global presence
- NA is the largest market and has been steadily improving profitability

### Opportunities

- Increase service revenue
- Operational execution – standardizing operations across the business

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\* Operating Income before special items is a Non-GAAP measure. For a reconciliation to the most comparable GAAP measure, please see Appendix.

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## Safety Products At A Glance



### 2007 Financial Summary

- Revenue of \$1.7B
- Operating Income before Special Items\* of \$313M

- Market leading provider of:
  - Fire Suppression
  - Electronic Security
  - Life Safety products
- Strong market position with leading technologies
- Attractive markets with good growth and profit opportunities

### Opportunities

- Invest in Technology
- Operational Excellence/ Restructuring to improve productivity
- Global expansion

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\* Operating Income before special items is a Non-GAAP measure. For a reconciliation to the most comparable GAAP measure, please see Appendix.

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## Flow Control At A Glance



### 2007 Financial Summary

- Revenue of \$3.8B
- Operating Income before Special Items\* of \$486M

- Global leader in valves, controls and related products
- Well-known brands with strong positions
- Geographic and end market diversity
- Strong macro-economic trends driving strong growth

### Opportunities

- Gain market share in strong growth markets
- Grow thermal controls business
- Operating leverage and Operational Excellence

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\* Operating Income before special items is a Non-GAAP measure. For a reconciliation to the most comparable GAAP measure, please see Appendix.

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## Electrical & Metal Products At A Glance



### 2007 Financial Summary

- Revenue of \$2.0B
- Operating Income before Special Items\* of \$166M

- Market leader in steel tubes and pipes, armored cable and electrical conduit products
- Strong, well known brands
- Purchases and processes over one million tons of steel per year
- Profit is dependent on metal spreads – primarily steel and copper

### Opportunities

- Operational Excellence – improve productivity and reduce conversion costs
- Consolidate facilities

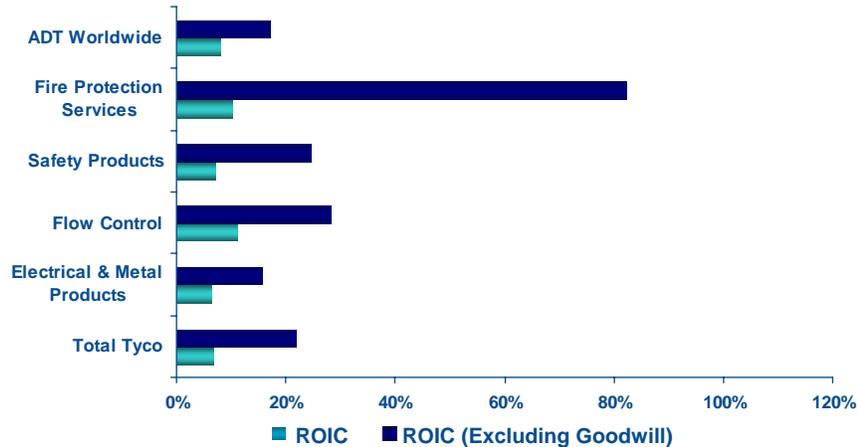
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\* Operating Income before special items is a Non-GAAP measure. For a reconciliation to the most comparable GAAP measure, please see Appendix.

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## We Generate Strong Incremental Returns on Invested Capital

### 2007 Return on Invested Capital\*



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\*ROIC is a non-GAAP financial measure. Please see the following tables for a description of how ROIC is calculated.

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## Return on Invested Capital (Including Goodwill)

\$M	2007 Op Inc* After Tax	2007 Avg Invested Capital	2007 ROIC
ADT Worldwide	\$699	\$8,704	8%
Fire Protection	\$202	\$1,978	10%
Flow Control	\$349	\$3,087	11%
Safety Products	\$225	\$3,086	7%
Elec. & Metal	\$119	\$1,829	7%
Other	\$17	\$69	25%
Corporate	(508)	(\$2,408)	NM
<b>Total</b>	<b>\$1,103</b>	<b>\$16,345</b>	<b>7%</b>

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\* Operating Income before special items is a Non-GAAP measure. For a reconciliation to the most comparable GAAP measure, please see the following tables.

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## Return on Invested Capital (Excluding Goodwill)

\$M	2007 Op Inc* After Tax	2007 Avg Invested Capital	2007 ROIC
ADT Worldwide	\$699	\$4,061	17%
Fire Protection	\$202	\$245	82%
Flow Control	\$349	\$1,239	28%
Safety Products	\$225	\$913	25%
Elec. & Metal	\$119	\$759	16%
Other	\$17	\$17	102%
Corporate	(508)	(\$2,221)	NM
<b>Total</b>	<b>\$1,103</b>	<b>\$5,013</b>	<b>22%</b>

47 | \* Operating Income before special items is a Non-GAAP measure. For a reconciliation to the most comparable GAAP measure, please see the following tables.

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## Q1 07 Organic Revenue Growth

\$M	Q1FY06 Revenues	Acq/Disp & Other	FX	Organic Growth	Q1FY07 Revenues	Organic %
ADT Worldwide	1,766	(1)	50	48	1,863	2.7%
Flow Control	716	1	35	83	835	11.6%
Fire Protection	730	(14)	21	54	791	7.5%
Safety Products	372	-	11	23	406	6.2%
Electrical & Metal	436	-	2	5	443	1.1%
Corporate & Other	20	-	2	5	27	25.0%
<b>Total</b>	<b>4,040</b>	<b>(14)</b>	<b>121</b>	<b>218</b>	<b>4,365</b>	<b>5.4%</b>

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## Q1 08 Organic Revenue Growth

\$M	Q1FY07 Revenues	Acq/Disp & Other	FX	Organic Growth	Q1FY08 Revenues	Organic %
ADT Worldwide	1,863	(11)	84	63	1,999	3.4%
Flow Control	835	(1)	92	148	1,074	17.7%
Fire Protection	791	-	41	-	832	0.0%
Safety Products	406	-	22	19	447	4.7%
Electrical & Metal	443	-	11	33	487	7.4%
Corporate & Other	27	-	3	1	31	3.7%
<b>Total</b>	<b>4,365</b>	<b>(12)</b>	<b>253</b>	<b>264</b>	<b>4,870</b>	<b>6.0%</b>

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## 2007 Operating Income Before Special Items

\$M	ADT Worldwide	Flow Control	Fire Protection Services	Safety Products	Electrical & Metal Products	Corporate and Other	Operating Income
<b>Operating Income</b>	\$842	\$457	\$246	\$274	\$159	(\$3,698)	<b>(\$1,720)</b>
Restructuring charges in cost of sales		6	1				7
Class action settlement, net						2,871	2,871
Separation costs		1				117	118
Losses on divestitures		3	1				4
Restructuring and asset impairment charges, net	83	19	32	29	7	40	210
Goodwill impairment	46						46
Voluntary Replacement Program				10			10
<b>Operating Income Before Special Items</b>	<b>\$971</b>	<b>\$486</b>	<b>\$280</b>	<b>\$313</b>	<b>\$166</b>	<b>(\$670)</b>	<b>\$1,546</b>

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## Q1 07 Operating Income Before Special Items

\$M, except per share data

	ADT Worldwide	Flow Control	Fire Protection Services	Safety Products	Electrical & Metal Products	Corporate and Other	Operating Income	Interest Expense, net	Other Expense, net	Income Taxes	Minority Interest	Income from Continuing Operations	Diluted EPS from Continuing Operations
<b>Operating Income</b>	\$201	\$108	\$59	\$71	\$41	(\$224)	\$296	(\$52)	\$1	(\$41)	(\$1)	\$163	\$0.32
Separation costs						25	25			10		35	0.07
Restructuring and asset impairment charges, net	31	5		7		13	56			(5)		51	0.10
<b>Operating Income Before Special Items</b>	\$232	\$113	\$59	\$78	\$41	(\$186)	\$337	(\$52)	\$1	(\$36)	(\$1)	\$249	\$0.49

Diluted Shares Outstanding	509
Diluted Shares Outstanding - Before Special Items	509

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## Q1 08 Operating Income Before Special Items

\$M, except per share data

	ADT Worldwide	Flow Control	Fire Protection Services	Safety Products	Electrical & Metal Products	Corporate and Other	Operating Income	Interest Expense, net	Other Expense, net	Income Taxes	Minority Interest	Income from Continuing Operations	Diluted EPS from Continuing Operations
<b>Operating Income</b>	\$248	\$171	\$72	\$88	\$41	(\$120)	\$489	(\$59)	\$52	(\$122)	(\$1)	\$369	\$0.74
Restructuring charges in cost of sales		1			2		3			(1)		2	0.01
Separation costs						10	10	7	(50)	(5)		(38)	(0.08)
Restructuring and asset impairment charges, net	7	1		1	2		11			(3)		8	0.02
Tax items										20		20	0.04
<b>Operating Income Before Special Items</b>	\$256	\$173	\$72	\$87	\$45	(\$110)	\$523	(\$52)	\$2	(\$115)	(\$1)	\$391	\$0.73

Diluted Shares Outstanding	497
Diluted Shares Outstanding - Before Special Items	497

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## Adjusted EBITDA Reconciliation

\$M	2007 Revenue	2007 Op Inc before special items*	2007 D&A	2007 Adjusted EBITDA	2007 Adjusted EBITDA Margin
ADT Worldwide	\$7,648	\$971	\$925	\$1,896	24.8%
ADT NA	\$4,093	\$700	\$726	\$1,426	34.8%
ADT EMEA	\$2,574	\$152	\$112	\$264	10.3%

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\* Operating Income before special items is a Non-GAAP measure. For a reconciliation, please see preceding tables.

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## Non-GAAP Measures

"Organic revenue growth", "free cash flow", "operating income before special items", "operating margin before special items", "earnings per share (EPS) from continuing operations before special items", "adjusted earnings before interest, taxes, depreciation and amortization" (Adjusted EBITDA), and "return on invested capital" (ROIC) are non-GAAP measures and should not be considered replacements for GAAP results.

Organic revenue growth is a useful measure used by the company to measure the underlying results and trends in the business. The difference between reported net revenue growth (the most comparable GAAP measure) and organic revenue growth (the non-GAAP measure) consists of the impact from foreign currency, acquisitions and divestitures, and other changes that do not reflect the underlying results and trends (for example, revenue reclassifications and changes to the fiscal year). Organic revenue growth is a useful measure of the company's performance because it excludes items that: i) are not completely under management's control, such as the impact of foreign currency exchange; or ii) do not reflect the underlying growth of the company, such as acquisition and divestiture activity. It may be used as a component of the company's compensation programs. The limitation of this measure is that it excludes items that have an impact on the company's revenue. This limitation is best addressed by using organic revenue growth in combination with the GAAP numbers. See the accompanying tables to this presentation for the reconciliation presenting the components of organic revenue growth.

FCF is a useful measure of the company's cash which is free from any significant existing obligation. The difference between cash flows from operating activities (the most comparable GAAP measure) and FCF (the non-GAAP measure) consists mainly of significant cash outflows that the company believes are useful to identify. FCF permits management and investors to gain insight into the number that management employs to measure cash that is free from any significant existing obligation. It may also be a significant component in the company's incentive compensation plans. The difference reflects the impact from:

- the sale of accounts receivable programs,
- net capital expenditures,
- acquisition of customer accounts (ADT dealer program),
- cash paid for purchase accounting and holdback liabilities, and
- voluntary pension contributions.

The impact from the sale of accounts receivable programs and voluntary pension contributions is added or subtracted from the GAAP measure because this activity is driven by economic financing decisions rather than operating activity. Capital expenditures and the ADT dealer program are subtracted because they represent long-term commitments. Cash paid for purchase accounting and holdback liabilities is subtracted from Cash Flow from Operating Activities because these cash outflows are not available for general corporate uses.

The limitation associated with using FCF is that it subtracts cash items that are ultimately within management's and the Board of Directors' discretion to direct and that therefore may imply that there is less or more cash that is available for the company's programs than the most comparable GAAP measure. This limitation is best addressed by using FCF in combination with the GAAP cash flow numbers.

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## Non-GAAP Measures

The company has presented operating income and margin before special items and EPS from continuing operations before special items. Special items include charges and gains related to divestitures, acquisitions, restructurings (including transaction costs related to the separations of Tyco Electronics and Covidien into separate public companies), 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 EPS and operating income and margin before special items to assess overall operating performance, segment level core operating performance and to provide insight to management in evaluating overall and segment operating plan execution and underlying market conditions. They may also be significant components in the company's incentive compensation plans.

Operating income, operating margin, and EPS from continuing operations before special items are useful measures for investors because they permit more meaningful comparisons of the company's underlying operating results and business trends between periods. The difference between EPS, operating income and margin before special items versus EPS, operating income and operating margin (the most comparable GAAP measures) consists of the impact of charges and gains related to divestitures, acquisitions, restructurings (including transaction costs related to the separations of Tyco Electronics and Covidien into separate public companies), and other income or charges that may mask the underlying operating results and/or business trends. 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 EPS and operating income and margin. This limitation is best addressed by using EPS, operating income and margin before special items 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.

Adjusted earnings before interest, taxes, depreciation and amortization (Adjusted EBITDA) is a non-GAAP financial measure which represents earnings, excluding certain items such as depreciation and amortization, interest and financing expenses net of any interest income and income taxes and special items excluded from operating income. The difference between reported operating income (the most comparable GAAP measure) and Adjusted EBITDA (the non-GAAP measure) consists of the impact of depreciation and amortization, interest and financing expenses net of any interest income and income taxes and special items excluded from operating income. Management considers Adjusted EBITDA as an important measure of our operations and financial performance as Adjusted EBITDA is reflective of our operating effectiveness and financial performance. Use of Adjusted EBITDA, in conjunction with our GAAP results, provides transparency to investors and enhances period-to-period comparability of our operations and financial performance. The limitation of this measure is that it excludes items that have an impact on the GAAP operating income results. This limitation is best addressed by using Adjusted EBITDA in combination with operating income.

## Non-GAAP Measures

Return on invested capital (ROIC) is a non-GAAP measure that management believes provides useful supplemental information for management and the investor. ROIC is a tool by which we track how much value we are creating for our shareholders. ROIC is a useful measure of the company's performance because it quantifies the effectiveness of management's capital investment activities. Management calculates annual ROIC, both with and without the impact of goodwill, as a percentage, by dividing after-tax operating income (before special items) by the amount of capital invested across the business segment. We believe that ROIC provides our management with a means to analyze and improve their business, measuring segment profitability in relation to net asset investments. The limitation associated with using ROIC is that it is dependent on items that are ultimately within management's and the Board of Directors' discretion and therefore may imply that there is better or worse investment return over a given time period. In addition, ROIC may not be calculated the same way by every company. We compensate for this limitation by monitoring and providing to the reader a full GAAP income statement and balance sheet.