



# Second Quarter Review

29 / April / 2016

# *tyco*

# // Important Information

## **NO OFFER OR SOLICITATION**

This communication is not intended to and does not constitute an offer to sell or the solicitation of an offer to subscribe for or buy or an invitation to purchase or subscribe for any securities or the solicitation of any vote or approval in any jurisdiction, nor shall there be any sale, issuance or transfer of securities in any jurisdiction in contravention of applicable law.

## **ADDITIONAL INFORMATION AND WHERE TO FIND IT**

In connection with the proposed transaction between Johnson Controls, Inc. (“Johnson Controls”) and Tyco International plc (“Tyco”), Tyco has filed with the U.S. Securities and Exchange Commission (the “SEC”) a registration statement on Form S-4 that includes a preliminary joint proxy statement of Johnson Controls and Tyco that also constitutes a preliminary prospectus of Tyco (the “Joint Proxy Statement/Prospectus”). These materials are not yet final and will be amended. Johnson Controls and Tyco plan to mail to their respective shareholders the definitive Joint Proxy Statement/Prospectus in connection with the transaction after the registration statement has become effective. INVESTORS AND SECURITY HOLDERS OF JOHNSON CONTROLS AND TYCO ARE URGED TO READ THE JOINT PROXY STATEMENT/PROSPECTUS AND OTHER RELEVANT DOCUMENTS FILED OR TO BE FILED WITH THE SEC CAREFULLY WHEN THEY BECOME AVAILABLE BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION ABOUT JOHNSON CONTROLS, TYCO, THE TRANSACTION AND RELATED MATTERS. Investors and security holders will be able to obtain free copies of the Joint Proxy Statement/Prospectus and other documents filed with the SEC by Johnson Controls and Tyco through the website maintained by the SEC at [www.sec.gov](http://www.sec.gov). In addition, investors and security holders will be able to obtain free copies of the documents filed with the SEC by Johnson Controls by contacting Johnson Controls Shareholder Services at [Shareholder.Services@jci.com](mailto:Shareholder.Services@jci.com) or by calling (800) 524-6220 and will be able to obtain free copies of the documents filed with the SEC by Tyco by contacting Tyco Investor Relations at [Investorrelations@Tyco.com](mailto:Investorrelations@Tyco.com) or by calling (609) 720-4333.

## **PARTICIPANTS IN THE SOLICITATION**

Johnson Controls, Tyco and certain of their respective directors, executive officers and employees may be considered participants in the solicitation of proxies in connection with the proposed transaction. Information regarding the persons who may, under the rules of the SEC, be deemed participants in the solicitation of the respective shareholders of Johnson Controls and Tyco in connection with the proposed transactions, including a description of their direct or indirect interests, by security holdings or otherwise, will be set forth in the Joint Proxy Statement/Prospectus when it is filed with the SEC. Information regarding Johnson Controls’ directors and executive officers is contained in Johnson Controls’ proxy statement for its 2016 annual meeting of shareholders, which was filed with the SEC on December 14, 2015. Information regarding Tyco’s directors and executive officers is contained in Tyco’s proxy statement for its 2016 annual meeting of shareholders, which was filed with the SEC on January 15, 2016.

# // Important Information

## **Statement Required by the Irish Takeover Rules**

The directors of Tyco accept responsibility for the information contained in this communication relating to Tyco and the directors of Tyco and members of their immediate families, related trusts and persons connected with them. To the best of the knowledge and belief of the directors of Tyco (who have taken all reasonable care to ensure such is the case), the information contained in this communication for which they accept responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information.

Lazard Freres & Co. LLC, which is a registered broker dealer with the SEC, is acting for Tyco and no one else in connection with the proposed transaction and will not be responsible to anyone other than Tyco for providing the protections afforded to clients of Lazard Freres & Co. LLC, or for giving advice in connection with the proposed transaction or any matter referred to herein.

NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION, IN WHOLE OR IN PART, IN, INTO OR FROM ANY JURISDICTION WHERE TO DO SO WOULD CONSTITUTE A VIOLATION OF THE RELEVANT LAWS OR REGULATIONS OF SUCH JURISDICTION.

This communication is not intended to be and is not a prospectus for the purposes of Part 23 of the Companies Act 2014 of Ireland (the “2014 Act”), Prospectus (Directive 2003/71/EC) Regulations 2005 (S.I. No. 324 of 2005) of Ireland (as amended from time to time) or the Prospectus Rules issued by the Central Bank of Ireland pursuant to section 1363 of the 2014 Act, and the Central Bank of Ireland (“CBI”) has not approved this communication.

# // Forward-Looking Statements / Safe Harbor

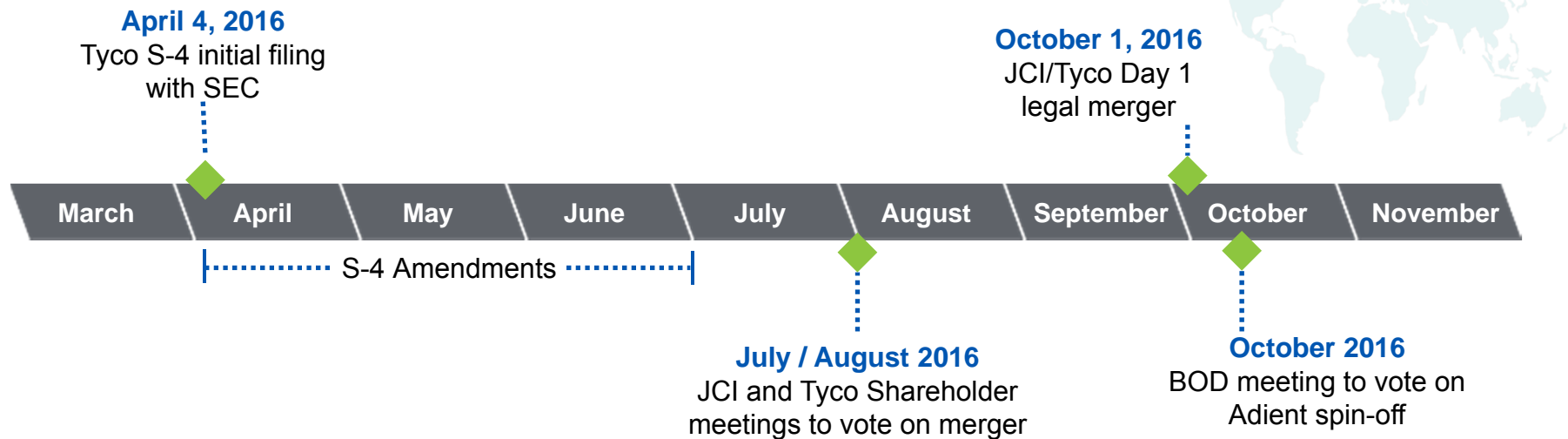
This presentation contains a number of forward-looking statements. In many cases forward-looking statements are identified by words, and variations of words, such as "anticipate", "estimate", "believe", "commit", "confident", "continue", "could", "intend", "may", "plan", "potential", "predict", "positioned", "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;
- Our ability to predict end-user demand for new or enhanced product or service offerings;
- 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.
- Our ability to complete the proposed transaction with Johnson Controls on anticipated terms and timing and our ability to achieve the benefits associated with such transaction, including achieving future synergies

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 25, 2015 and in subsequent filings.

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

# // Johnson Controls/Tyco Merger\* Executing Against Our Day 1 Plan



- // Clear strategic rationale for merger
- // Integration principles and governance established
- // Executive Steering Committee and integration teams in place
- // S-4 Registration Statement filed
- // HSR regulatory approval received; others proceeding expeditiously
- // Financing for \$3.9 billion cash consideration in place
- // On track to deliver \$650M of previously announced synergies

# // Q2 2016 Results – Financial Overview

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

	Q2FY16	Q2FY15	Change
<b>Revenue</b> <i>Organic Growth*</i>	\$2,331 (1%)	\$2,430 2%	(4%)
<b>Segment Operating Income</b> before special items*	\$311	\$331	(6%)
<b>Segment Operating Margin</b> before special items*	13.3%	13.6%	(30bps) (Ex-purchase accounting +10bps)
<b>Corporate Expense</b> before special items*	\$46	\$51	(10%)
<b>Restructuring &amp; Repositioning</b>	\$16	\$29	(45%)
<b>Tax Rate</b> before special items*	17.3%	8.6%	
<b>EPS from Cont. Ops.</b> before special items*	\$0.45	\$0.50	(10%)

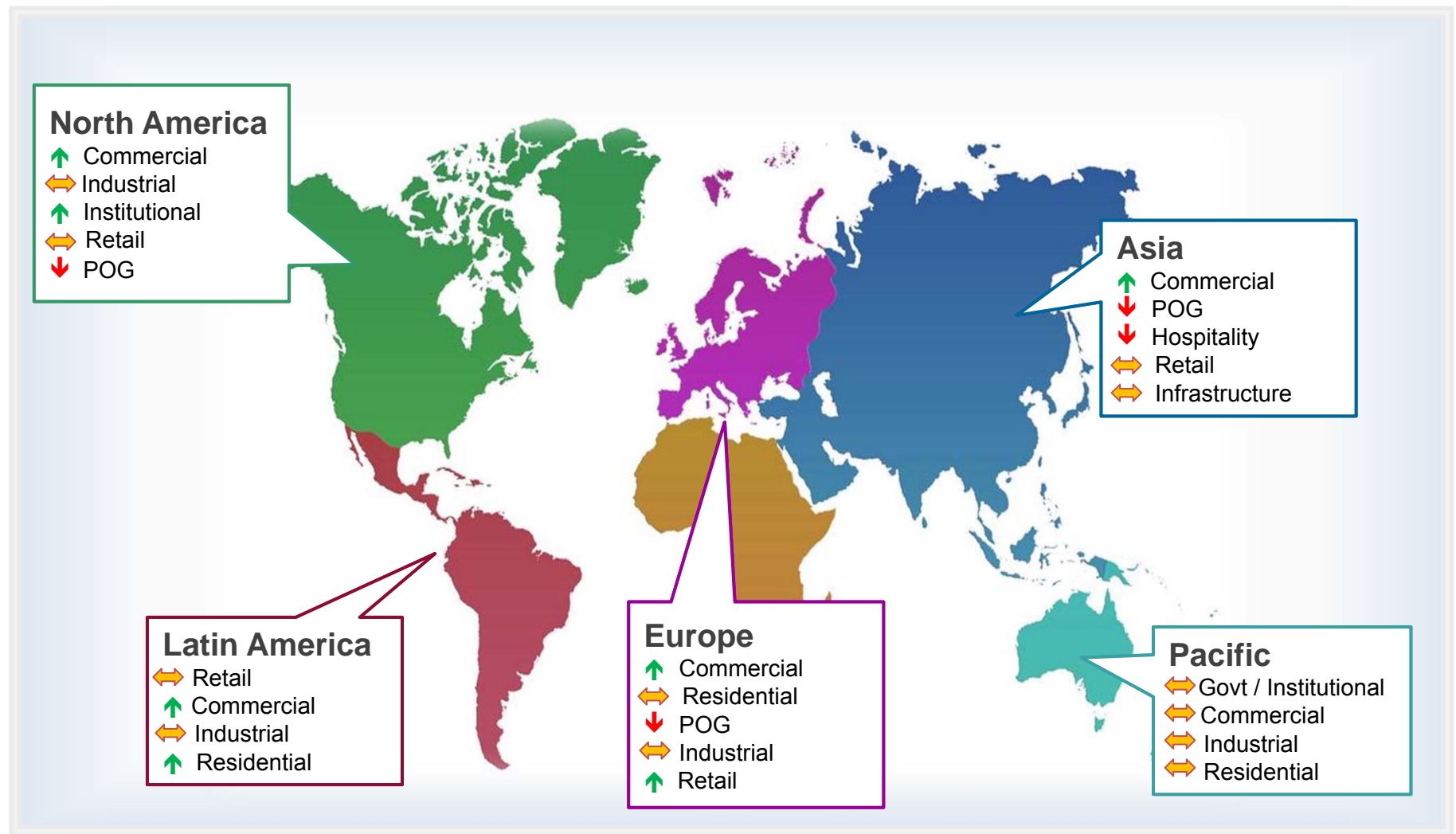
## Productivity Offsetting Volume Deleverage And Mix



\* Organic growth, 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.



# Mixed Macro-Economic Environment



## Product Enhancement Through Innovation

### ***Scott Sight***



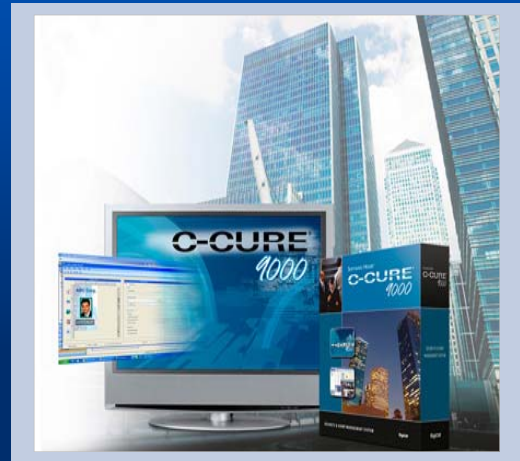
- Industry's 1<sup>st</sup> “in-mask” thermal imaging camera allowing the firefighter hands-free, increased visibility in dark and smoke filled rooms

### ***Fire Suppression Foams***



- New, reformulated fire suppression foams, conform to new industry standards with a chemistry mix that is better for the environment

### ***C-Cure 9000***



- Launched new version of our C-Cure 9000 enterprise security management platform, the industry's fastest and most secure credential management solution



# // Second Quarter Highlights

// Revenue of \$2.3 billion declined 4% year over year on a reported basis, including 4% headwind from foreign currency exchange rates

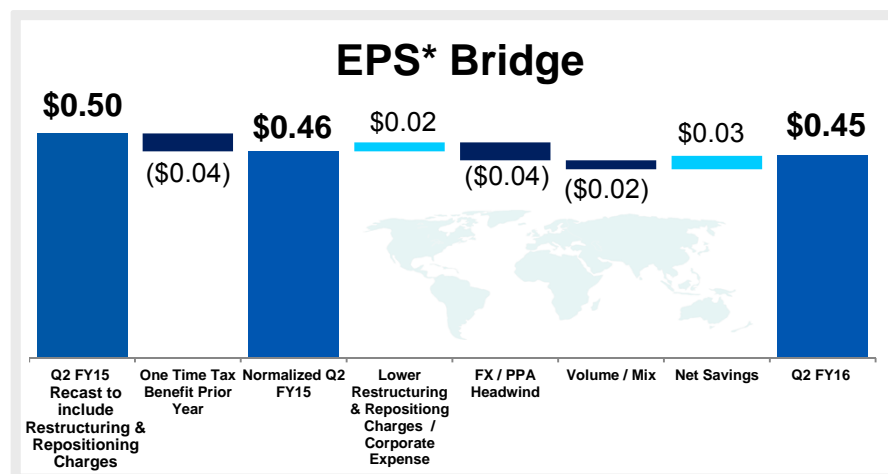
- Acquisitions contributed 4%, mostly offset by 3% decline related to divestitures
- Organic revenue\* declined 1%, driven by softness in Global Products

// Segment operating income\* of \$311 million and operating margin\* of 13.3%

- Includes a 40 basis point headwind related to non-cash purchase accounting
- Excluding purchase accounting, the segment operating margin improved 10bps year over year, as net productivity benefits more than offset negative mix

// Earnings per share before special items\* decreased \$0.05 year over year

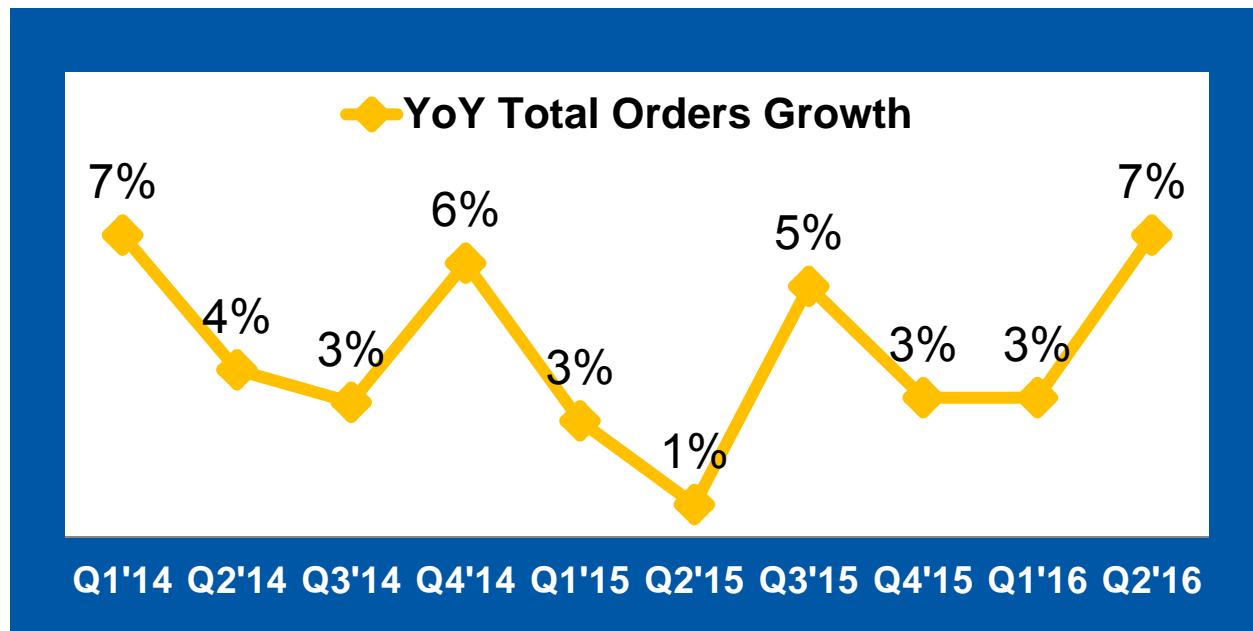
- Prior year benefited from one time tax benefit of \$0.04
- Excluding discrete tax item EPS\* declined \$0.01 primarily due to volume deleverage and mix
- Productivity savings and lower restructuring and corporate expense offset headwinds related to FX and incremental PPA



## // Second Quarter Highlights Continued

// Orders growth of 7%, excluding impact of foreign currency and divestiture

- Service +3%, Integrated Solutions +16%, and Products +3%



// Backlog of \$4.65 billion increased 2% on a quarter sequential basis and 7% year over year, partly driven by acquisitions

- Total backlog increased 3% organically on a year over year basis

## // Second Quarter – NA Integrated Solutions & Services

(\$ in millions)	Q2FY16	Q2FY15	Change
<b>Revenue</b>	\$947	\$944	0%
<b>Operating Income*</b>	\$131	\$125	5%
<b>Operating Margin*</b>	13.8%	13.2%	+60bps

// Organic revenue\* was slightly positive

- Service was flat
- Integrated Solutions increased 1%

// Acquisition growth of 1% was fully offset by the negative impact of the weaker Canadian dollar

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

- Service orders increased 1%
- Integrated Solutions orders increased 14%

// Backlog of \$2.57 billion increased 4% on a year over year basis, excluding the impact of foreign currency

- Increased 2% on quarter sequential basis

// Operating margin\* increased 60bps year over year

- Including 20bp headwind related to non-cash purchase accounting
- Underlying margin expanded 80 basis points year over year due to improved execution and the benefits of productivity initiatives

# // Second Quarter – ROW Integrated Solutions & Services

(\$ in millions)	Q2FY16	Q2FY15	Change
<b>Revenue</b>	\$768	\$847	(9%)
<b>Operating Income*</b>	\$77	\$90	(14%)
<b>Operating Margin*</b>	10.0%	10.6%	(60bps)

// Orders increased 11% year over year, excluding foreign currency and divestitures; total order increased 3% on an organic basis

- Service orders increased 6%
- Integrated Solutions orders increased 18%, driven primarily by acquisitions

// Backlog of \$1.91 billion increased 13% on a year over year basis, excluding impact of foreign currency and divestitures; organically backlog increased 5%

- Increased 3% on a quarter sequential basis

// Organic revenue\* decreased 1%

- Service increased 1%
- Integrated Solutions decreased 3%

// Foreign currency exchange rates negatively impacted revenue by 9%. An 8% benefit from acquisitions was mostly offset by a 7% impact from divestitures

// Operating margin\* decreased 60bps year over year, including 40bp headwind related to non-cash purchase accounting

- Underlying margin decline of 20bps driven by the mix of revenue decline partially offset by productivity benefits
- On a sequential basis operating margin\* expanded 50bps off a lower revenue base

## // Second Quarter – Global Products

(\$ in millions)	Q2FY16	Q2FY15	Change
<b>Revenue</b>	\$616	\$639	(4%)
<b>Operating Income*</b>	\$103	\$116	(11%)
<b>Operating Margin*</b>	16.7%	18.2%	(150bps)

// Orders increased 3% year over year, excluding impact of foreign currency

- Growth driven by acquisitions

// Organic revenue\* decreased 3%

- Driven by tough prior year compare and softness in high-hazard, heavy industrial end market

// Net acquisition growth of 2% was more than offset by a 3% negative impact from foreign currency exchange rates

// Operating margin\* decreased 150bps year over year including a 50bps headwind related to non-cash purchase accounting

- Underlying margin decline of 100bps driven by volume deleverage and product mix

## // Other Items

//Corporate expense before special items\* was \$46 million in the quarter

- **Outlook:** Expect corporate expense before special items for the full year to be ~\$200 million

//Tax rate\* excluding special items was 17.3% for the quarter

- **Outlook:** Expect similar rate in second half of year

//Restructuring and repositioning charges of \$16 million in Q2

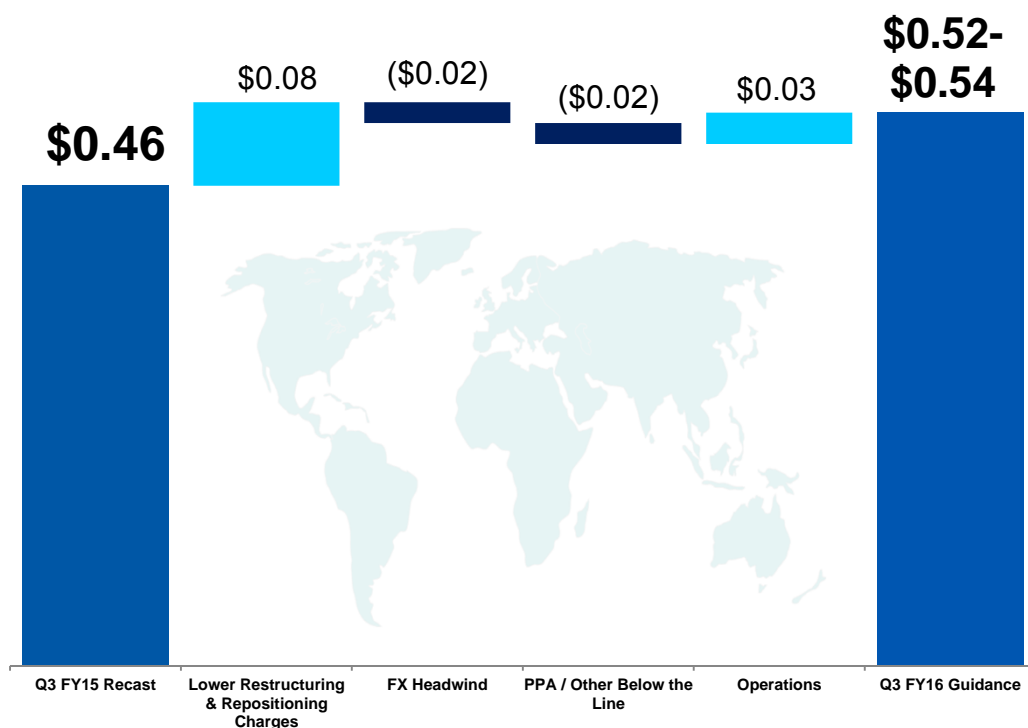
- **Outlook:** Expect Q3 FY16 restructuring and repositioning charges of ~\$20 million. Expect FY16 restructuring and repositioning charges of \$70 to \$85 million

//Adjusted FCF\* of \$242 million in quarter – 126% conversion rate; YTD adjusted free cash flow of \$411 million – 111% conversion rate



# // Guidance Q3 FY 2016

## EPS Bridge


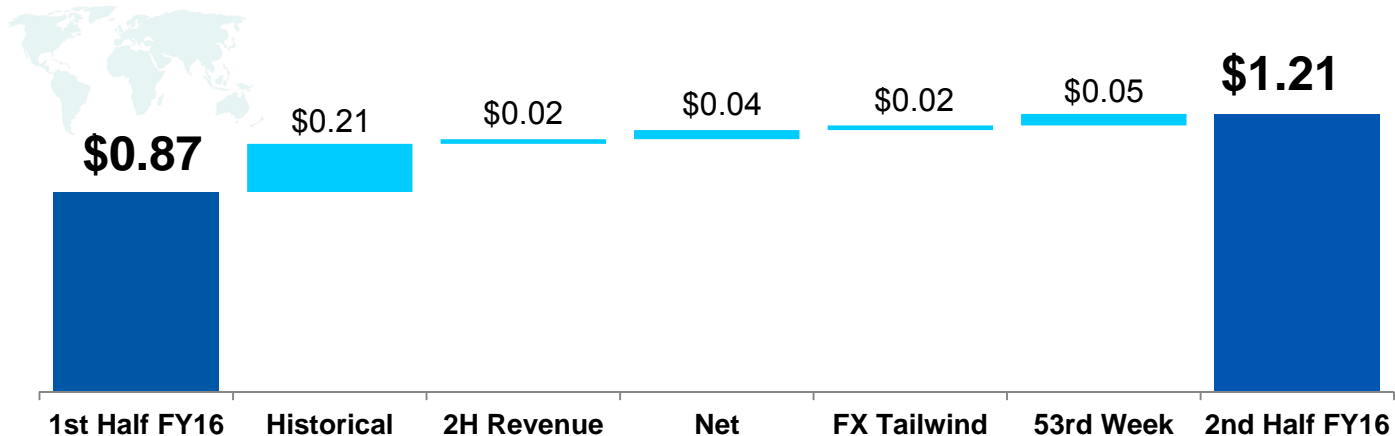


Q3 2016 Outlook	
Revenue	~\$2.4 billion ~2% decline YoY on reported basis
Organic Growth	+1% to +2%
FX	~\$80 million (3%) headwind
Net M&A Activity <i>Incl. Divestiture</i>	~\$5 million headwind
Segment Margin <i>Before Special Items</i>	Similar to Prior Year (Ex- purchase accounting +20bps)
Restructuring & Repositioning Charges	~\$20 million or \$0.04
Weighted Average Share Count	~429 million shares
EPS <i>Before Special Items</i>	<b>\$0.52 – \$0.54</b>



NOTE: GUIDANCE WILL REMAIN IN EFFECT UNTIL PRIOR TO THE PUBLISHING OF THE IRISH PROSPECTUS TO BE PREPARED BY TYCO IN CONNECTION WITH THE JOHNSON CONTROLS TRANSACTION AND WILL THEN BE WITHDRAWN TO COMPLY WITH IRISH LEGAL REQUIREMENTS

# // 2<sup>nd</sup> Half Guidance

	1 <sup>st</sup> Half Earnings Per Share*	Q3 Earnings Per Share*	Q4 Earnings Per Share*	2 <sup>nd</sup> Half Earnings Per Share*		
Tyco Guidance	\$0.87	\$0.52 - \$0.54	\$0.65 - \$0.70	\$1.21 Mid-Point		
53 <sup>rd</sup> Week			Revenue of ~\$90M** \$0.04 - \$0.05			
						
	1st Half FY16	Historical Seasonality	2H Revenue Acceleration	Net Productivity	FX Tailwind	53rd Week

# // Guidance FY 2016

	Original Guidance <i>Q4'15 Earnings Call</i>	Current Guidance <i>Q2'16 Earnings Call</i>
Revenue	~\$9.65 billion to \$9.85 billion <i>Decline (1%) to (3%) YoY on reported basis</i>	~\$9.67 billion to \$9.77 billion <i>Decline (1%) to (2%) YoY on reported basis</i>
Organic Growth	Flat to +2%	Flat to +1%
FX Headwind	~\$310 million or (3%) headwind	~\$390 million or (4%) headwind
Net M&A Activity Incl. Divestiture	~\$30 million benefit	~\$70 million benefit
Segment Margin Expansion Before Special Items	+50bps to +80bps <i>(ShopperTrak &amp; UAE PPA not included)</i>	Flat to +20bps <i>Ex-purchase accounting +20 to +40 bps</i>
Restructuring & Repositioning Charges	~\$75 million to \$100 million	~\$70 million to \$85 million
Weighted-Average Share Count	~427 million shares	~430 million shares
EPS Before Special Items	<b>\$2.05 - \$2.20</b>	<b>\$2.05 - \$2.10</b>

# Appendix

# // 2016 Full Year Foreign Exchange Impact

	Original FX Guidance <i>Q4'15 Earnings Call</i>	Current FX Guidance <i>Q2'16 Earnings Call</i>
2016 Revenue Headwind	(\$310M) (~3%)	(\$390M) (~4%)
2016 EPS Headwind	(\$0.07)	(\$0.10)

		Top Foreign Currency Exposures	
	Original FX Rates* Q4'15 Earnings Call	Current FX Rates* Q2'16 Earnings Call	Variance
EUR/USD	1.09	1.13	+4%
GBP/USD	1.53	1.43	(6%)
USD/CAD	1.32	1.27	(4%)
AUD/USD	0.71	0.78	+10%

# // FY15 Recast – To Include Restructuring & Repositioning Including Tax Impact

	Q1FY15		Q2FY15		Q3FY15		Q4FY15		YTD FY15	
<b>Revenue</b>										
NA IS&S	951		944		972		1,012		3,879	
ROW IS&S	916		847		842		827		3,432	
Global Products	611		639		675		666		2,591	
<b>Total Revenue</b>	<b>2,478</b>		<b>2,430</b>		<b>2,489</b>		<b>2,505</b>		<b>9,902</b>	
<b>Operating Income</b>										
NA IS&S	131	13.8%	125	13.2%	157	16.2%	180	17.8%	593	15.3%
ROW IS&S	91	9.9%	90	10.6%	93	11.0%	90	10.9%	364	10.6%
Global Products	105	17.2%	116	18.2%	119	17.6%	124	18.6%	464	17.9%
<b>Segment Operating Income</b>	<b>327</b>	<b>13.2%</b>	<b>331</b>	<b>13.6%</b>	<b>369</b>	<b>14.8%</b>	<b>394</b>	<b>15.7%</b>	<b>1,421</b>	<b>14.4%</b>
Corporate	(55)		(51)		(50)		(45)		(201)	
Restructuring & Repositioning	(75)		(29)		(65)		(120)		(289)	
<b>Operating Income</b>	<b>197</b>	<b>7.9%</b>	<b>251</b>	<b>10.3%</b>	<b>254</b>	<b>10.2%</b>	<b>229</b>	<b>9.1%</b>	<b>931</b>	<b>9.4%</b>
Interest	(21)		(21)		(22)		(23)		(87)	
Other income(expense)	2		3		6		(10)		1	
Income before Tax	178		233		238		196		845	
Tax	(17)		(20)		(40)		(25)		(102)	
Tax Rate	9.6%		8.6%		16.8%		12.8%		12.1%	
Equity in earnings of consol sub	-		-		-		-		-	
Non-controlling Interest	1		2		-		(1)		2	
<b>Net Income</b>	<b>162</b>		<b>215</b>		<b>198</b>		<b>170</b>		<b>745</b>	
EPS	\$ 0.38		\$ 0.50		\$ 0.46		\$ 0.40		\$ 1.74	
Shares	427		427		427		427		427	



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

	Quarters Ended		Six Months Ended	
	March 25, 2016	March 27, 2015	March 25, 2016	March 27, 2015
Revenue from product sales	\$ 1,398	\$ 1,458	\$ 2,806	\$ 2,946
Service revenue	933	972	1,901	1,962
<b>Net revenue</b>	<b>2,331</b>	<b>2,430</b>	<b>4,707</b>	<b>4,908</b>
Cost of product sales	968	999	1,930	2,021
Cost of services	506	550	1,042	1,097
Selling, general and administrative expenses	602	648	1,175	1,300
Merger costs	26	—	26	—
Restructuring and asset impairment charges, net	4	12	16	70
<b>Operating income</b>	<b>225</b>	<b>221</b>	<b>518</b>	<b>420</b>
Interest income	4	4	8	7
Interest expense	(22)	(25)	(46)	(49)
Other (expense) income, net	—	(1)	(165)	3
<b>Income from continuing operations before income taxes</b>	<b>207</b>	<b>199</b>	<b>315</b>	<b>381</b>
Income tax expense	(63)	(18)	(99)	(37)
<b>Income from continuing operations</b>	<b>144</b>	<b>181</b>	<b>216</b>	<b>344</b>
Income (loss) from discontinued operations, net of income taxes	1	(16)	5	(18)
<b>Net income</b>	<b>145</b>	<b>165</b>	<b>221</b>	<b>326</b>
Less: noncontrolling interest in subsidiaries net loss	(1)	(2)	(1)	(3)
<b>Net income attributable to Tyco ordinary shareholders</b>	<b>\$ 146</b>	<b>\$ 167</b>	<b>\$ 222</b>	<b>\$ 329</b>
<b>Amounts attributable to Tyco ordinary shareholders:</b>				
Income from continuing operations	\$ 145	\$ 183	\$ 217	\$ 347
Income (loss) from discontinued operations	1	(16)	5	(18)
<b>Net income attributable to Tyco ordinary shareholders</b>	<b>\$ 146</b>	<b>\$ 167</b>	<b>\$ 222</b>	<b>\$ 329</b>
<b>Basic earnings per share attributable to Tyco ordinary shareholders:</b>				
Income from continuing operations	\$ 0.34	\$ 0.44	\$ 0.51	\$ 0.83
(Loss) income from discontinued operations	—	(0.04)	0.01	(0.05)
<b>Net income attributable to Tyco ordinary shareholders</b>	<b>\$ 0.34</b>	<b>\$ 0.40</b>	<b>\$ 0.52</b>	<b>\$ 0.78</b>
<b>Diluted earnings per share attributable to Tyco ordinary shareholders:</b>				
Income from continuing operations	\$ 0.33	\$ 0.43	\$ 0.51	\$ 0.81
Income (loss) from discontinued operations	0.01	(0.04)	0.01	(0.04)
<b>Net income attributable to Tyco ordinary shareholders</b>	<b>\$ 0.34</b>	<b>\$ 0.39</b>	<b>\$ 0.52</b>	<b>\$ 0.77</b>
<b>Weighted average number of shares outstanding:</b>				
Basic	425	420	424	420
Diluted	428	427	428	427

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 13, 2015 and Form 8-K filed on March 11, 2016 for the fiscal year ended September 25, 2015.

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

	Quarters Ended				Six Months Ended							
	March 25, 2016		March 27, 2015		March 25, 2016		March 27, 2015					
Net Revenue												
NA Integrated Solutions & Services	\$	947		\$	944	\$	1,900	\$	1,895			
ROW Integrated Solutions & Services		768			847		1,580		1,763			
Global Products		616			639		1,227		1,250			
Total Net Revenue	\$	2,331		\$	2,430	\$	4,707	\$	4,908			
Operating Income and Margin												
NA Integrated Solutions & Services	\$	131	13.8%	\$	125	13.2%	\$	263	13.8%	\$	254	13.4%
ROW Integrated Solutions & Services		57	7.4%		67	7.9%		190	12.0%		156	8.8%
Global Products		101	16.4%		114	17.8%		198	16.1%		219	17.5%
Segment operating income		289	12.4%		306	12.6%		651	13.8%		629	12.8%
Corporate and Other expense		(54)	N/M		(56)	N/M		(105)	N/M		(105)	N/M
Restructuring and repositioning charges, net		(10)	N/M		(29)	N/M		(28)	N/M		(104)	N/M
Operating income	\$	225	9.7%	\$	221	9.1%	\$	518	11.0%	\$	420	8.6%

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

	March 25, 2016	September 25, 2015
<b>Assets</b>		
Current Assets:		
Cash and cash equivalents	\$ 345	\$ 1,401
Accounts receivable, net	1,722	1,732
Inventories	670	624
Prepaid expenses and other current assets	864	754
Deferred income taxes	62	62
Assets held for sale	—	102
<b>Total Current Assets</b>	<b>3,663</b>	<b>4,675</b>
Property, plant and equipment, net	1,189	1,177
Goodwill	4,460	4,234
Intangible assets, net	1,025	863
Other assets	1,274	1,372
<b>Total Assets</b>	<b>\$ 11,611</b>	<b>\$ 12,321</b>
<b>Liabilities and Equity</b>		
Current Liabilities:		
Loans payable and current maturities of long-term debt	\$ 400	\$ 987
Accounts payable	797	774
Accrued and other current liabilities	1,643	1,661
Deferred revenue	393	380
Liabilities held for sale	—	50
<b>Total Current Liabilities</b>	<b>3,233</b>	<b>3,852</b>
Long-term debt	2,159	2,159
Deferred revenue	285	303
Other liabilities	1,756	1,931
<b>Total Liabilities</b>	<b>7,433</b>	<b>8,245</b>
Total Tyco shareholders' equity	4,142	4,041
Nonredeemable noncontrolling interest	36	35
<b>Total Equity</b>	<b>4,178</b>	<b>4,076</b>
<b>Total Liabilities and Equity</b>	<b>\$ 11,611</b>	<b>\$ 12,321</b>

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 13, 2015 and Form 8-K filed on March 11, 2016 for the fiscal year ended September 25, 2015.

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

	For the Quarters Ended		For the Six Months Ended	
	March 25, 2016	March 27, 2015	March 25, 2016	March 27, 2015
<b>Cash Flows From Operating Activities:</b>				
Net income attributable to Tyco ordinary shareholders	\$ 146	\$ 167	\$ 222	\$ 329
Noncontrolling interest in subsidiaries net loss	(1)	(2)	(1)	(3)
(Income) loss from discontinued operations, net of income taxes	(1)	16	(5)	18
Income from continuing operations	144	181	216	344
Adjustments to reconcile net cash provided by operating activities:				
Depreciation and amortization	84	81	167	171
Non-cash compensation expense	12	15	27	30
Deferred income taxes	45	(23)	62	(29)
Provision for losses on accounts receivable and inventory	17	18	29	34
Loss on extinguishment of debt	—	—	168	—
Legacy legal matters	(19)	—	(19)	—
Loss on divestitures, net	17	22	69	23
Loss (gain) on investments, net	1	(3)	(114)	(7)
Other non-cash items	—	6	5	7
Changes in assets and liabilities, net of the effects of acquisitions and divestitures:				
Accounts receivable, net	9	29	38	22
Contracts in progress	(45)	(38)	(54)	(30)
Inventories	(22)	(21)	(56)	(64)
Prepaid expenses and other assets	18	(41)	(30)	(66)
Accounts payable	1	(46)	2	(87)
Accrued and other liabilities	(92)	(27)	(133)	(56)
Tax sharing agreement, net	(122)	—	(122)	—
Income taxes, net	2	3	13	1
Other	74	11	45	(31)
Net cash provided by operating activities	124	167	313	262
Net cash (used in) provided by discontinued operating activities	(13)	2	(11)	3
<b>Cash Flows From Investing Activities:</b>				
Capital expenditures	(75)	(57)	(143)	(123)
Acquisition of businesses, net of cash acquired	(176)	(373)	(314)	(525)
Acquisition of dealer generated customer accounts and bulk account purchases	(7)	(4)	(11)	(8)
Divestiture of businesses, net of cash divested	9	(1)	9	(1)
Sales and maturities of investments including restricted investments	7	4	8	279
Purchases of investments including restricted investments	—	(287)	(7)	(288)
Decrease (increase) in restricted cash	19	6	24	(39)
Other	1	2	1	2
Net cash used in investing activities	(222)	(710)	(433)	(703)
Net cash provided by (used in) discontinued investing activities	4	—	4	(15)
<b>Cash Flows From Financing Activities:</b>				
Proceeds from issuance of short-term debt	1,681	—	2,498	—
Repayment of short-term debt	(1,432)	(1)	(2,098)	(1)
Repayment of current portion of long-term debt	—	—	(1,134)	—
Proceeds from issuance of long-term debt	—	567	—	567
Proceeds from exercise of share options	15	24	26	57
Dividends paid	(87)	(76)	(174)	(151)
Repurchase of ordinary shares	—	—	—	(417)
Transfer (to) from discontinued operations	(9)	2	(7)	(12)
Payment of contingent consideration	(1)	—	(1)	(23)
Debt financing costs	(22)	(4)	(23)	(4)
Other	(2)	(4)	(13)	(19)
Net cash provided by (used in) financing activities	143	508	(926)	(3)
Net cash provided by (used in) discontinued financing activities	9	(2)	7	12
Effect of currency translation on cash	(1)	(6)	(10)	(16)
<b>Net decrease in cash and cash equivalents</b>	<b>44</b>	<b>(41)</b>	<b>(1,056)</b>	<b>(460)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>301</b>	<b>473</b>	<b>1,401</b>	<b>892</b>
<b>Cash and cash equivalents at end of period</b>	<b>\$ 345</b>	<b>\$ 432</b>	<b>\$ 345</b>	<b>\$ 432</b>

	For the Quarters Ended		For the Six Months Ended	
	March 25, 2016	March 27, 2015	March 25, 2016	March 27, 2015
<b>Reconciliation to "Free Cash Flow":</b>				
Net cash provided by operating activities	\$ 124	\$ 167	\$ 313	\$ 262
Capital expenditures, net	(74)	(55)	(142)	(120)
Acquisition of dealer generated customer accounts and bulk account purchases	(7)	(4)	(11)	(8)
Payment of contingent consideration	(1)	(1)	(1)	(24)
Voluntary pension contributions	4	—	4	—
<b>Free Cash Flow</b>	<u>\$ 46</u>	<u>\$ 107</u>	<u>\$ 163</u>	<u>\$ 110</u>
<b>Reconciliation to "Adjusted Free Cash Flow":</b>				
IRS litigation costs	\$ —	\$ —	\$ 3	\$ —
Separation costs	—	—	—	3
Restructuring and repositioning costs (FY15 and prior)	23	37	68	71
Environmental remediation payments	1	1	2	8
Legal settlements	14	—	14	(12)
Net asbestos payments	8	3	10	8
Merger costs	8	—	8	—
Cash payment to ADT Resi / Pentair	16	1	16	1
Cash payment to Covidien / TE Connectivity	122	—	122	—
Acquisition / integration costs	4	2	5	3
<b>Special Items</b>	<u>\$ 196</u>	<u>\$ 44</u>	<u>\$ 248</u>	<u>\$ 82</u>
<b>Adjusted Free Cash Flow</b>	<u>\$ 242</u>	<u>\$ 151</u>	<u>\$ 411</u>	<u>\$ 192</u>

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 March 25, 2016**

	Net Revenue for the Quarter Ended March 27, 2015	Base Year Adjustments		Adjusted Fiscal 2015 Base Revenue	Foreign Currency		Acquisitions		Organic Revenue <sup>(1)</sup>		Net Revenue for the Quarter Ended March 25, 2016	
		Divestitures / Other										
NA Integrated Solutions & Services	\$ 944	\$ —	— %	\$ 944	\$ (10)	(1.1)%	\$ 9	1.0%	\$ 4	0.4 %	\$ 947	0.3 %
ROW Integrated Solutions & Services	847	(62)	(7.3)%	785	(73)	(8.6)%	64	7.6%	(8)	(1.0)%	768	(9.3)%
Global Products	639	(3)	(0.5)%	636	(18)	(2.8)%	17	2.7%	(19)	(3.0)%	616	(3.6)%
<b>Total Net Revenue</b>	<b>\$ 2,430</b>	<b>\$ (65)</b>	<b>(2.7)%</b>	<b>\$ 2,365</b>	<b>\$ (101)</b>	<b>(4.2)%</b>	<b>\$ 90</b>	<b>3.7%</b>	<b>\$ (23)</b>	<b>(1.0)%</b>	<b>\$ 2,331</b>	<b>(4.1)%</b>

<sup>(1)</sup> Organic revenue growth percentage based on adjusted fiscal 2015 base revenue.

**Six Months Ended March 25, 2016**

	Net Revenue for the Six Months Ended March 27, 2015	Base Year Adjustments		Adjusted Fiscal 2015 Base Revenue	Foreign Currency		Acquisitions		Organic Revenue <sup>(1)</sup>		Net Revenue for the Six Months Ended March 25, 2016	
		Divestitures / Other										
NA Integrated Solutions & Services	\$ 1,895	\$ —	— %	\$ 1,895	\$ (26)	(1.4)%	\$ 12	0.6%	\$ 19	1.0 %	\$ 1,900	0.3 %
ROW Integrated Solutions & Services	1,763	(84)	(4.8)%	1,679	(174)	(9.9)%	93	5.3%	(18)	(1.1)%	1,580	(10.4)%
Global Products	1,250	(4)	(0.3)%	1,246	(53)	(4.2)%	56	4.5%	(22)	(1.8)%	1,227	(1.8)%
<b>Total Net Revenue</b>	<b>\$ 4,908</b>	<b>\$ (88)</b>	<b>(1.8)%</b>	<b>\$ 4,820</b>	<b>\$ (253)</b>	<b>(5.2)%</b>	<b>\$ 161</b>	<b>3.3%</b>	<b>\$ (21)</b>	<b>(0.4)%</b>	<b>\$ 4,707</b>	<b>(4.1)%</b>

<sup>(1)</sup> Organic revenue growth percentage based on adjusted fiscal 2015 base revenue.



**Earnings Per Share Summary  
(Unaudited)**

	Quarter Ended March 25, 2016	Quarter Ended March 27, 2015
<b>Diluted EPS from Continuing Operations Attributable to Tyco Shareholders (GAAP)</b>	<b>\$ 0.33</b>	<b>\$ 0.43</b>
<i>expense / (benefit)</i>		
Restructuring and repositioning reversals (FY15 and prior)	(0.01)	—
Merger costs	0.06	—
(Gains) / losses on divestitures, net included in SG&A	0.08	0.06
Legacy legal items	(0.03)	—
2012 Tax Sharing Agreement	—	0.01
<b>Total Before Special Items</b>	<b>\$ 0.45</b>	<b>\$ 0.50</b>

Note: Sum of EPS before special items does not equal total due to rounding.

**Tyco International plc**  
**For the Quarter Ended March 25, 2016**  
(in millions, except per share data)  
(Unaudited)  
expense / (benefit)

Segments						
	NA Integrated Solutions & Services	ROW Integrated Solutions & Services	Global Products	Segment Revenue	Corporate and Other	Total Revenue
Revenue (GAAP)	\$947	\$768	\$616	\$2,331	\$—	\$2,331

Operating Income																			
	NA Integrated Solutions & Services	Margin	ROW Integrated Solutions & Services	Margin	Global Products	Margin	Segment Operating Income	Margin	Corporate and Other	Restructuring and Repositioning	Total Operating Income	Margin	Interest (Expense), net	Other (Expense) 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)	\$131	13.8%	\$57	7.4%	\$101	16.4%	\$289	12.4%	(\$54)	(\$10)	\$225	9.7%	(\$18)	\$—	(\$63)	\$—	\$1	\$145	\$0.33
Amortization of acquired backlog included in revenue			2				2				2							2	—
Restructuring and repositioning reversals (FY15 and prior)										(6)	(6)				2			(4)	(0.01)
Merger costs									26		26							26	0.06
(Gains) / losses on divestitures, net included in SG&A			18				18		(1)		17				16			33	0.08
Acquisition / integration costs					2		2		1		3				(2)			1	—
Legacy legal items									(19)		(19)				7			(12)	(0.03)
IRS litigation costs									1		1							1	—
Total Before Special Items	\$131	13.8%	\$77	10.0%	\$103	16.7%	\$311	13.3%	(\$46)	(\$16)	\$249	10.7%	(\$18)	\$—	(\$40)	\$—	\$1	\$192	\$0.45

Note: Sum of EPS before special items does not equal total due to rounding.

Diluted Shares Outstanding	428
Diluted Shares Outstanding - Before Special Items	428

**Tyco International plc**  
**For the Quarter Ended March 27, 2015**  
(in millions, except per share data)  
(Unaudited)  
expense / (benefit)

Segments						
	NA Integrated Solutions & Services	ROW Integrated Solutions & Services	Global Products	Segment Revenue	Corporate and Other	Total Revenue
Revenue (GAAP)	\$944	\$847	\$639	\$2,430	\$—	\$2,430

Operating Income																		
	NA Integrated Solutions & Services	Margin	ROW Integrated Solutions & Services	Margin	Global Products	Margin	Segment Operating Income	Margin	Corporate and Other	Restructuring and Repositioning	Total Operating Income	Margin	Interest (Expense), net	Other Income, net	Income Tax (Expense)	Noncontrolling Interest	Income from Continuing Operations Attributable to Tyco Shareholders	Diluted EPS from Continuing Operations Attributable to Tyco Shareholders
Operating Income (GAAP)	\$125	13.2%	\$67	7.9%	\$114	17.8%	\$306	12.6%	(\$56)	(\$29)	\$221	9.1%	(\$21)	(\$1)	(\$18)	\$2	\$183	\$0.43
(Gains) / losses on divestitures, net included in SG&A			22				22				22						22	0.06
Acquisition / integration costs					1		1				1						1	—
Legacy legal items			1				1				1						1	—
Amortization of inventory step-up					1		1				1						1	—
Asbestos									3		3				(1)		2	—
IRS litigation costs									2		2				(1)		1	—
2012 Tax Sharing Agreement														4			4	0.01
Total Before Special Items	\$125	13.2%	\$90	10.6%	\$116	18.2%	\$331	13.6%	(\$51)	(\$29)	\$251	10.3%	(\$21)	\$3	(\$20)	\$2	\$215	\$0.50

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

# // 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.*

***tyco***