



## JPMorgan 3<sup>rd</sup> Annual Basics and Industrials Conference

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**June 4, 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 as 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 quarter ended March 28, 2008.

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

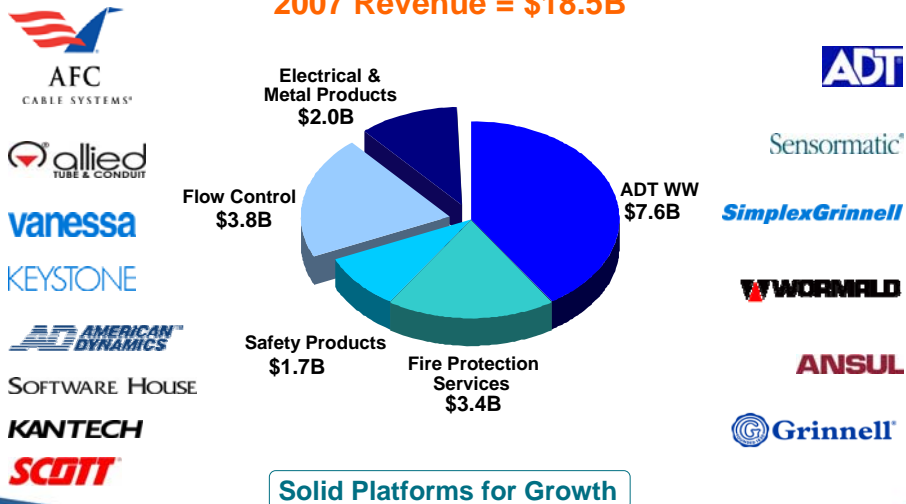
- A diverse portfolio of market-leading businesses in electronic security, fire, safety services and products, valves and controls, and other industrial products
- Strong global business in attractive, growing markets
- Large service revenue base
- Significant earnings growth opportunities
  - Operational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

2 |

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

2007 Revenue = \$18.5B

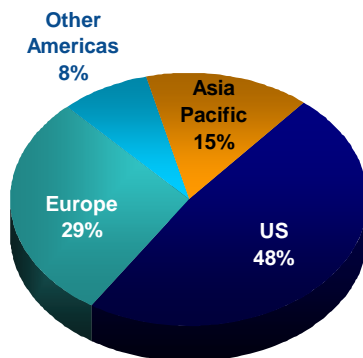


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## We Have a Strong Presence in Developed Markets with Upside in High-Growth Economies

2007 Revenue = \$18.5B



- >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

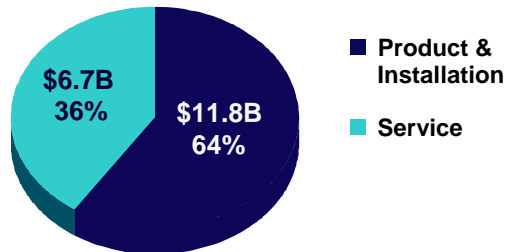
**Emerging Markets Provide Revenue and Earnings Diversification**

4 |

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

2007 Revenue = \$18.5B



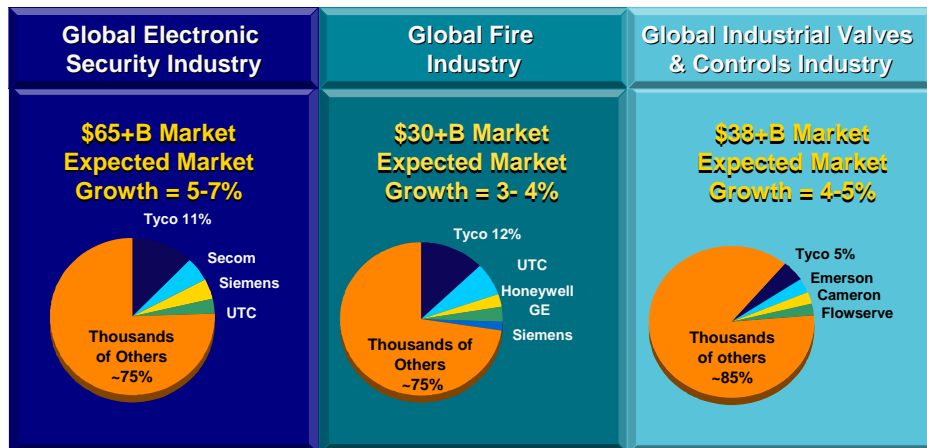
- ADT generates \$4.9B of revenue from monitoring and service activities
- Fire generates \$1.6B of service and maintenance revenue

A Large, Stable Base of Recurring Revenue

5 |

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



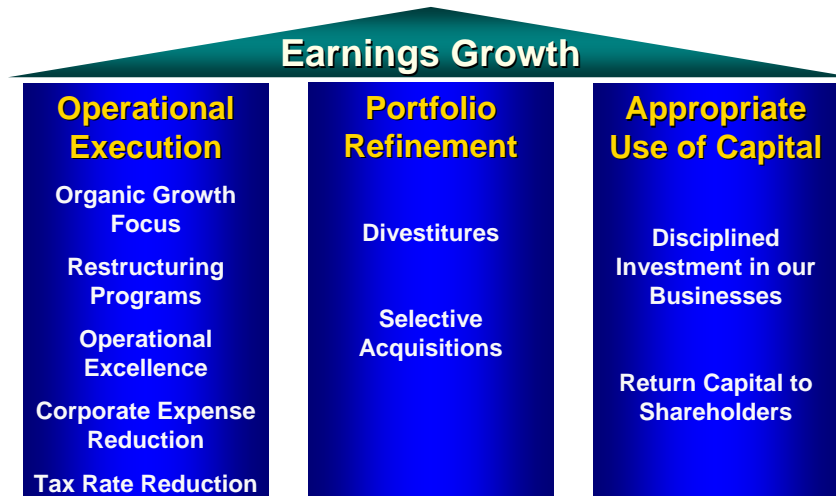
Industry Growth + Market Share Growth Opportunities

6 |

Source: Freedonia, Mcllvaine, Industry and Management Estimates

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## Significant Opportunities to Improve Earnings Growth



7 |

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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>

8 |

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## Portfolio Refinement

- **Divestitures:** Significant progress in divesting businesses that do not fit within our portfolio
  - Reached agreement to sell Infrastructure Services business for approximately \$800 million
  - Divested other non-core businesses for proceeds of approximately \$230 million
- **Acquisitions:** We will continue to make selective acquisitions in areas that strengthen our existing businesses, primarily technologically and geographically
  - Acquired FirstService (a leader in commercial security systems integration) in April that is expected to strengthen our ADT business
  - Acquired Trident-Tek (a leading developer of video surveillance solutions) in Q1 08 that strengthened the video and access product group

Driving Cash and Margin Improvement

9 |

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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 capital to our shareholders

...Which Provides Significant Financial Flexibility

10 |

Free Cash Flow is a non-GAAP measure. For a reconciliation to the most comparable GAAP measure, please see Appendix.

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## Tyco Flow Control Overview

**Patrick Decker**  
President

### Tyco Flow Control At A Glance



- Global leader in valves, heat tracing, controls and related products
- Well-known brands with strong positions
- Highly engineered and technical product lines and services
- Geographic and end market diversity and balance
- Strong macro-economic trends driving robust growth
- 2007 Revenue of \$3.8B
- 2007 Operating Income before special items\* of \$486M

KEYSTONE

ANDERSON  
GREENWOOD

Raychem

ERHARD  
ARMATUREN

vanessa

TRACER

BAYARD

BIFFI

PIRELLA

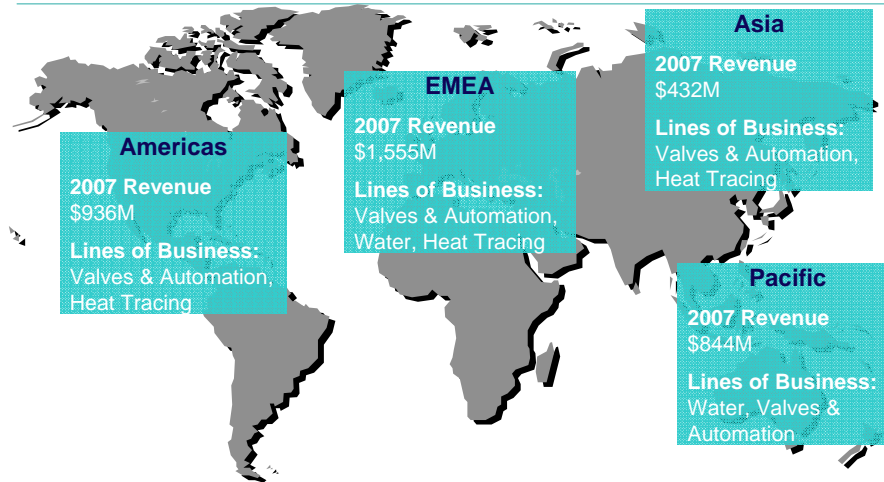
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12 | \* Operating Income before special items is a Non-GAAP measure. For a reconciliation to the most comparable GAAP measure, please see Appendix.





## Flow Control - A Strong Global Business



Approximately 80% of Revenue Is From Outside the U.S.

13 |

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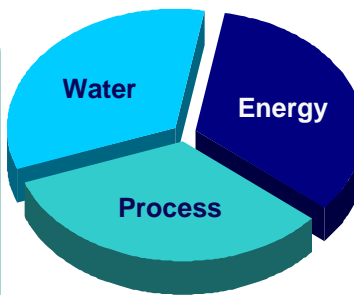
## Flow Control – Balanced Across End Markets

### End Markets Served

- Storage
- Transmission
- Distribution

#### Trends

- Aging infrastructure throughout Europe driving need for upgrades
- Increasing potable water demand for developing countries



- Chemical & Pharma
- Marine
- Food & Beverage
- Mining & Minerals

- Oil and Gas
- Refining
- Power Generation

#### Trends

- Need for new capacity has been driving strong demand for valves and controls
- Thermal Controls expected to benefit from large refinery expansion projects
- Subsea

Strong Growth Driven by Macro-Economic Trends

14 |

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## Flow Control—Three Business Platforms

### tyco Valves & Controls

- World's largest provider of flow control products and services
- Product range includes valves, actuators and controls
- Delivery and control of liquids, powders and gases for energy and processing industries

2007 Revenue: ~\$2.0B



### tyco Global Water

- Strong regional presence with products and services for water systems
- Delivery, transport, storage and treatment of water
- Involved in water needs for government, residential, agriculture and industrial use—from dam to the household

2007 Revenue: ~\$1.2B



### tyco Thermal Controls

- Global leader in heat-tracing solutions
- Industrial, global project services
- Commercial and residential products for floor warming, snow melting and de-icing

2007 Revenue: ~\$550M



15 |

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## Valves & Controls - Flow Control's Largest Business

World Leader in Products & Services That Control the Flow of Fluids or Gases in Wide Range of Environments

- Cryogenic conditions (-425° F)
- Extreme heat (1500° F)
- High pressure and low pressure
- Remote, isolated locations

Butterfly Valves



Gate Valves



Valve Actuators



Check Valves



Ball Valves



Safety Relief Valves



Valve Positioners & Controls



Control Valves



16 |

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## Valves & Controls - Serves a Broad Range of Industries and Customers

Energy

**\$ 1+ Billion in Sales**

- Oil & Gas
- Refining
- Power Generation

Process

**\$1+ Billion in Sales**

- Mining & Mineral Processing
- Chemical & Pharmaceutical
- Food & Beverage
- Marine

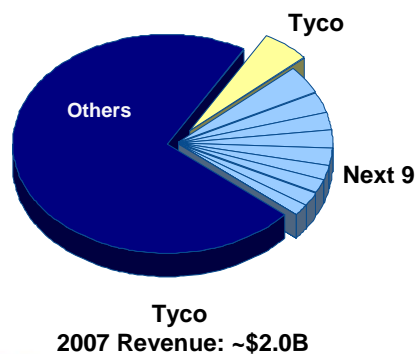


17

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## Valves & Controls - Well Positioned in a Large and Fragmented Market

**Valves & Controls  
Market Revenue ~ \$38B**



### Competitive Position

- One of the broadest portfolios of valves, actuators, controls and associated services
- Sales and service locations across the globe
- Very well positioned to execute complex global projects
- Serve multiple industries which leverages our knowledge and provides growth and diversification

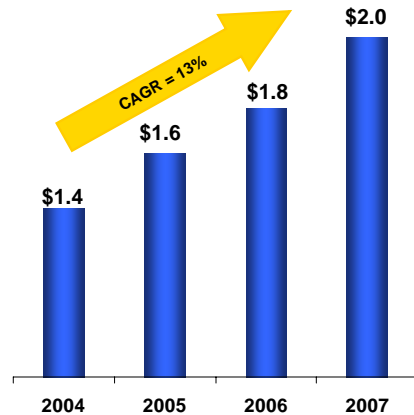
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Source: Mclivaine, Management Estimates

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## Valves & Controls - Strong Historical Growth and Positioned Well for the Future

Total Sales (\$B)



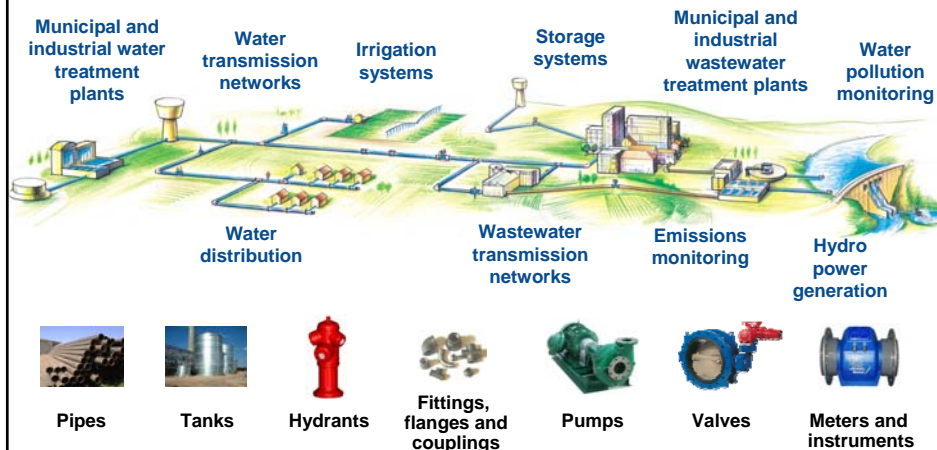
Focus Areas

- Maximize global projects opportunity
- Enhance customer service via reduced lead-times
- Strengthen portfolio in core product families and targeted industries
- Increase working capital turns
- Optimize our cost structure

19 |

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## Tyco Water - A Diverse Set of Products and Services



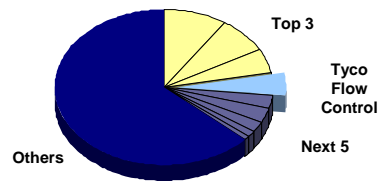
Broad Capabilities and Proven Technology

20 |

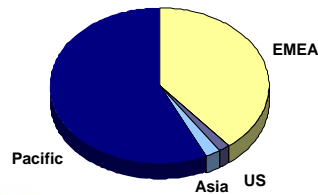
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## Tyco Water – Well Positioned with Strong Presence in Asia Pacific and EMEA

**Global Water**  
Market Revenue ~ \$18B



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2007 Revenue: ~\$1.2B



### Asia Pacific

- Regional leader across three broad segments
  - Transmission & distribution
  - Process & control
  - Environmental & water management
- Expansive line of products and services built around core of pipes and valves

### Europe, Middle East and Africa

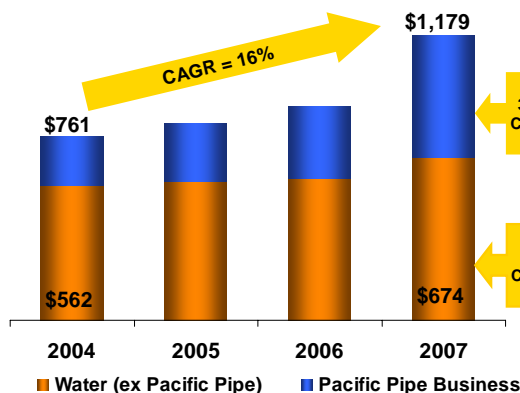
- Portfolio more focused on hydrants, valves, fittings, and couplings

21 | Source: Mcllvaine, Management Estimates

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## Tyco Water - Strong Historical Growth Combined with Project Spikes

**Total Sales (\$M)**



- Pacific pipeline business doubled between 2005 and 2007 due to strong project activity
- Pacific pipeline business expected to decline modestly

Challenging YOY Revenue Comparison into 2009

22 |

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## Tyco Water - Positioning for Expansion

### Focus Areas

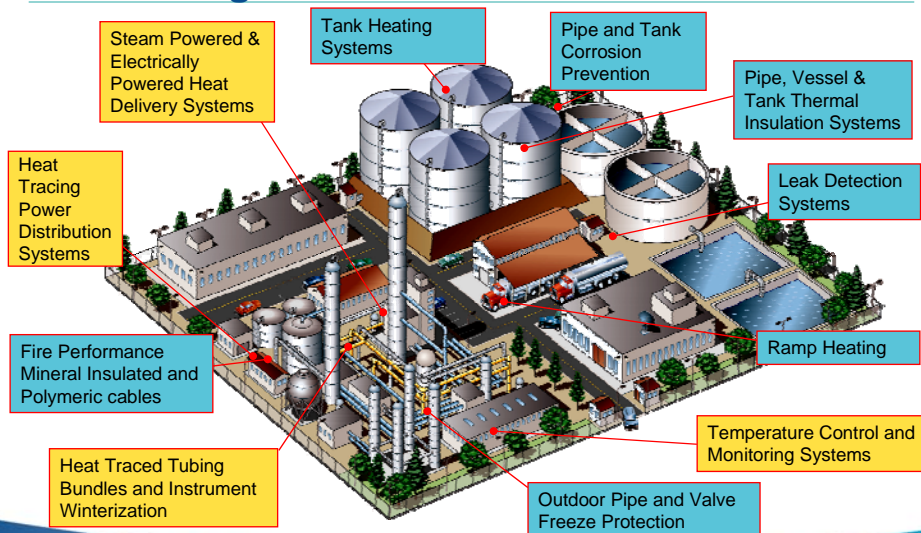
- Focus on most profitable segments of water market
- Expand geographic base from core businesses in Europe and Pacific
- Develop pipe and valve adjacencies including pumping and environmental systems
- Simplify business through product and portfolio rationalization



23 |

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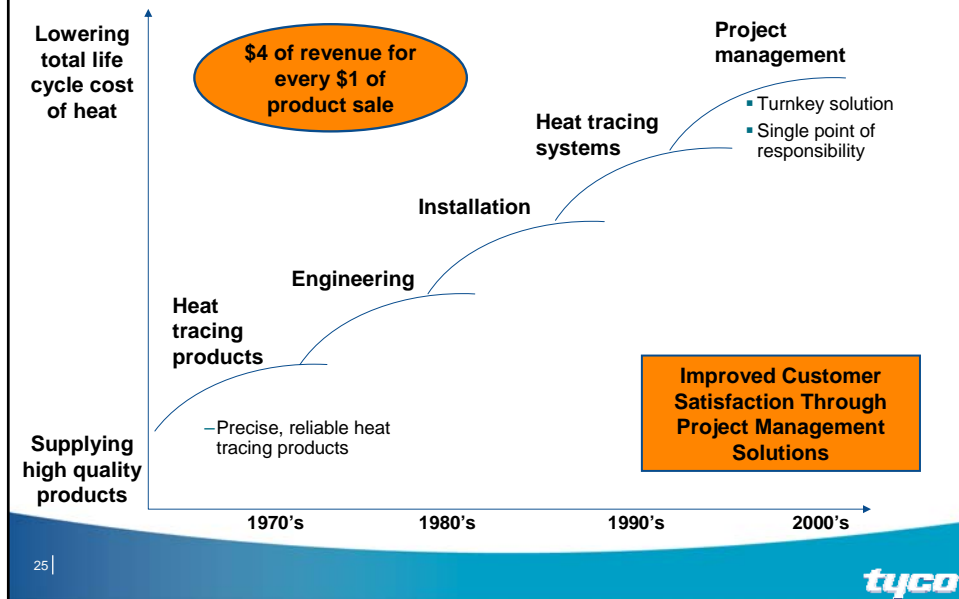
## Thermal Controls—A Broad Set of Industrial Heat Management Products and Services



24 |

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## Thermal Controls—Evolution From Products to Solution Provider



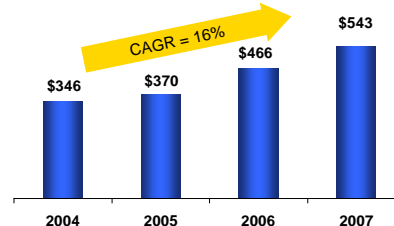
## Thermal Controls—Integral to Flow Control's Future

### Focus Areas

- Execute current “mega” oil and gas projects
- Strengthen North America services model to ensure scalability and extend project pipeline
- Replicate services model in Europe and Asia



**Total Sales (\$M)**



**Expected to grow to near \$1B over next few years**



## Tyco Flow Control – Strong Revenue and Operating Income Growth Outlook

### Revenue and Income Potential

- Strong end market demand – particularly energy and water
- Operating income improvement
  - productivity improvements
  - higher volume
  - pricing

\$ in 000s

	2006	2007	Q208
Revenue	\$3,135	\$3,766	\$1,024
Organic Revenue Growth*	13.3%	14.4%	6.9%
Operating Income Before Special Items*	\$356	\$486	\$143
Operating Income Growth	6%	36%	28%
Operating Margin Before Special Items*	11.4%	12.9%	14.0%

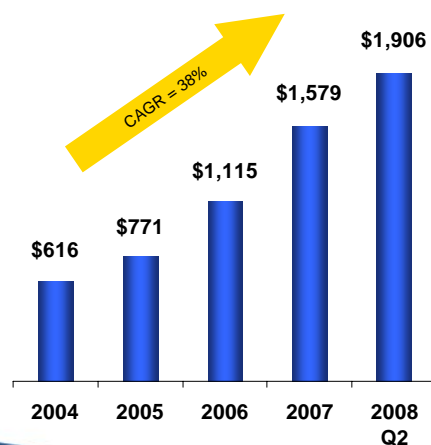
27 |

\* Organic revenue growth, 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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## Tyco Flow Control - Backlog Continues to Be Strong

### Total Backlog (\$M)



- Continued strength in oil and gas bookings for both Valves & Controls and Thermal Controls platforms
- Process industries continue to provide solid growth in both developed and emerging markets
- Beginning to execute on “mega” projects for Thermal Controls with pull through in Valves & Controls

28 |

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## Our Management Team is Focused On Growth and Profitability

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- Gain market share in strong growth markets
- Positioning Thermal Controls for long-term project growth
- Drive Operational Excellence and operating leverage
- Strong ROIC with opportunity for improvement

29 |

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## Tyco Flow Control - Summary

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- Global leader in the markets we serve
- Balanced portfolio with diverse end markets
- Strong macro trends driving growth with strength in infrastructure and emerging markets
- Well positioned to execute mega projects
- Significant operational improvement has been achieved – more opportunities exist

30 |

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## Q2 Results – Delivering Earnings Growth

(\$ in millions, except EPS)	Q208	Q207	% Change
Revenue	\$4,866	\$4,490	8%
<i>Organic Revenue Growth*</i>	3.6%	5.2%	
Operating Income before special items*	492	282	74%
<i>Operating Margin</i> before special items*	10.1%	6.3%	
EPS from Cont. Ops. before special items*	\$0.67	\$0.33	103%

- Organic revenue growth of 3.6% led by Flow Control and Electrical & Metal Products
- Operating income and margin improvement across each of the businesses
- Significant reduction in corporate expense
- EPS from Continuing Ops before Special Items increased 103% year over year

**Strong Start to 2008; FY 2008 Guidance Increased to \$2.65 - \$2.75**

31 |

\* 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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## 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**

32 |

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## 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

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

## 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

35

\* 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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## Fire Protection Services At A Glance



### 2007 Financial Summary

- Revenue of \$3.4B
- Operating Income before Special Items\* of \$281M

- 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

36

\* 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

37 |

\* 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

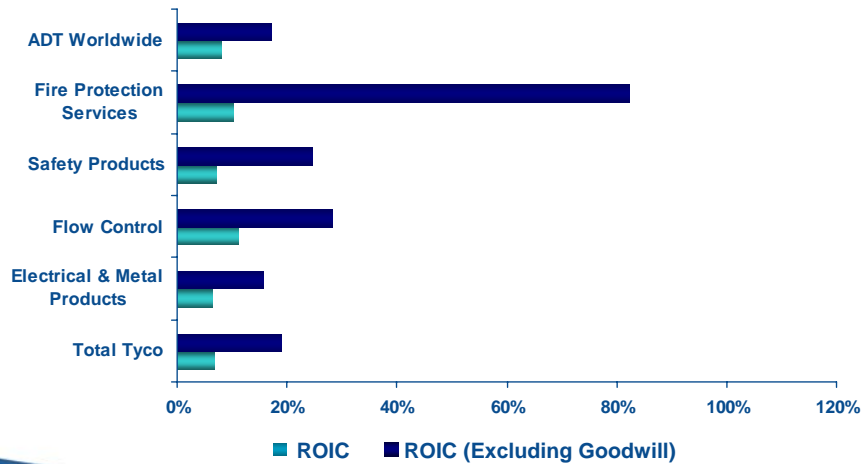
38 |

\* 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\*



39 |

\*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	\$701	\$8,703	8%
Fire Protection	\$203	\$1,965	10%
Flow Control	\$351	\$3,086	11%
Safety Products	\$226	\$3,085	7%
Elec. & Metal	\$120	\$1,829	7%
Other	\$1	\$32	3%
Corporate	(\$502)	(\$1,551)	NM
<b>Total</b>	<b>\$1,100</b>	<b>\$17,149</b>	<b>6%</b>

40 |

\* Operating Income is before special items which is a Non-GAAP measure. For a reconciliation, 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	\$701	\$4,061	17%
Fire Protection	\$203	\$249	82%
Flow Control	\$351	\$1,238	28%
Safety Products	\$226	\$913	25%
Elec. & Metal	\$120	\$759	16%
Other	\$1	\$3	33%
Corporate	(\$502)	(\$1,367)	NM
<b>Total</b>	<b>\$1,100</b>	<b>\$5,856</b>	<b>19%</b>

41 |

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

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## 2006 Organic Growth

\$M	2005 Rev	Acq/Disp	FX	Organic Growth	2006 Rev	Organic %
ADT Worldwide	7,104	(19)	(35)	155	7,205	2.2%
Flow Control	2,806	-	(43)	372	3,135	13.3%
Fire Protection	3,053	(39)	(12)	148	3,150	4.9%
Safety Products	1,621	(56)	(2)	61	1,624	3.8%
Electrical & Metal	1,798	-	15	136	1,949	7.6%
Corporate & Other	14	-	(1)	-	13	0.0%
<b>Total</b>	<b>16,396</b>	<b>(114)</b>	<b>(78)</b>	<b>872</b>	<b>17,076</b>	<b>5.3%</b>

42 |

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## 2007 Organic Growth

\$M	2006 Rev	Acq/Disp & Other	FX	Organic Growth	2007 Rev	Organic %
ADT Worldwide	7,205	(24)	213	254	7,648	3.5%
Flow Control	3,135	(16)	197	450	3,766	14.4%
Fire Protection	3,150	(30)	101	145	3,366	4.6%
Safety Products	1,624	-	49	46	1,719	2.8%
Electrical & Metal	1,949	1	20	4	1,974	0.2%
Corporate & Other	13	-	1	3	17	23.1%
<b>Total</b>	<b>17,076</b>	<b>(69)</b>	<b>581</b>	<b>902</b>	<b>18,490</b>	<b>5.3%</b>

43 |

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## Q207 Organic Growth

\$M	Q2FY06 Revenues	Acq/Disp & Other	FX	Organic Growth	Q2FY07 Revenues	Organic %
ADT Worldwide	1,761	5	50	71	1,887	4.0%
Flow Control	742	-	44	92	878	12.4%
Fire Protection	773	(8)	17	37	819	4.8%
Safety Products	409	1	5	9	424	2.2%
Electrical & Metal	466	-	8	5	479	1.1%
Corporate & Other	3	-	(1)	1	3	33.3%
<b>Total</b>	<b>4,154</b>	<b>(2)</b>	<b>123</b>	<b>215</b>	<b>4,490</b>	<b>5.2%</b>

44 |

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## Q208 Organic Growth

\$M	Q2FY07 Revenues	Acq/Disp & Other	FX	Organic Growth	Q2FY08 Revenues	Organic %
ADT Worldwide	1,887	(10)	69	20	1,966	1.1%
Flow Control	878	(1)	86	61	1,024	6.9%
Fire Protection	819	-	38	4	861	0.5%
Electrical & Metal	479	-	12	51	542	10.6%
Safety Products	424	(1)	23	23	469	5.4%
Corporate & Other	3	-	-	1	4	33.3%
<b>Total</b>	<b>4,490</b>	<b>(12)</b>	<b>228</b>	<b>160</b>	<b>4,866</b>	<b>3.6%</b>

45 |

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## 2006 Operating Income Before Special Items

	ADT Worldwide	Flow Control	Fire Protection Services	Electrical & Metal Products	Safety Products	Corporate and Other	Revenue
Revenue	\$7,205	\$3,135	\$3,150	\$1,949	\$1,624	\$13	\$17,076
Operating Income	\$907	\$356	\$241	\$319	\$196	(\$662)	\$1,357
Separation costs			(1)			50	49
Losses on divestitures	2						2
Reduction in estimated worker's compensation liability						(46)	(46)
Voluntary Replacement Program					100		100
Former Management Settlement						(72)	(72)
<b>Operating Income Before Special Items</b>	<b>\$909</b>	<b>\$356</b>	<b>\$240</b>	<b>\$319</b>	<b>\$296</b>	<b>(\$732)</b>	<b>\$1,388</b>

46 |

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## 2007 Operating Income Before Special Items

	ADT Worldwide	Flow Control	Fire Protection Services	Electrical & Metal Products	Safety Products	Corporate and Other	Revenue
Revenue	\$7,648	\$3,766	\$3,366	\$1,974	\$1,719	\$17	\$18,490
Operating Income	\$842	\$457	\$258	\$159	\$274	(\$3,721)	(\$1,731)
Restructuring charges in cost of sales and SG&A		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	21	7	29	40	199
Goodwill impairment	46						46
Voluntary Replacement Program					10		10
Operating Income Before Special Items	\$971	\$486	\$281	\$166	\$313	(\$693)	\$1,524

47 |

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## Q2 07 Operating Income Before Special Items

	ADT Worldwide	Flow Control	Fire Protection Services	Electrical & Metal Products	Safety Products	Corporate and Other	Revenue
Revenue	\$1,887	\$878	\$819	\$479	\$424	\$3	\$4,490
Operating Income	\$195	\$102	\$62	\$26	\$66	(\$247)	\$284
Restructuring charges in cost of sales and SG&A		1					1
Separation costs		1				31	32
Losses on divestitures		3					3
Restructuring and asset impairment charges, net	25	5	2		5	5	42
Goodwill impairment							
Tax items							(63)
Operating Income Before Special Items	\$220	\$112	\$64	\$26	\$71	(\$211)	\$282

	Interest Expense, net	Other Expense, net	Income Taxes	Income from Continuing Operations	Diluted EPS from Continuing Operations
Operating Income	(\$53)	\$1	\$12	\$164	\$0.33
Restructuring charges in cost of sales and SG&A				1	0.00
Separation costs			19	51	0.10
Losses on divestitures			(1)	2	0.00
Restructuring and asset impairment charges, net			(30)	12	0.02
Goodwill impairment					
Tax items			(63)	(63)	(0.12)
Operating Income Before Special Items	(\$53)	\$1	(\$63)	\$167	\$0.33

48 |

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## Q2 08 Operating Income Before Special Items

	ADT Worldwide	Flow Control	Fire Protection Services	Electrical & Metal Products	Safety Products	Corporate and Other	Revenue
Revenue	\$1,996	\$1,024	\$861	\$542	\$489	\$4	\$4,866

	ADT Worldwide	Flow Control	Fire Protection Services	Electrical & Metal Products	Safety Products	Corporate and Other	Operating Income	Interest Expense, net	Income Taxes	Minority Interest	Income from Continuing Operations	Diluted EPS from Continuing Operations
Operating Income	\$222	\$143	\$77	\$72	\$54	(\$125)	\$443	(\$90)	(\$79)	(\$1)	\$273	\$0.56
Restructuring charges in cost of sales and SG&A				2	1	3	6		(2)		4	0.01
Separation costs				(5)			(5)	23	(14)		4	0.01
Restructuring and asset impairment charges, net	11		1	1	25	(1)	37		(7)		30	0.06
Tax items									1		1	0.00
Reserve Adjustment						(9)	(9)		3		(6)	(0.01)
Legacy Legal Settlement						20	20		-		20	0.04
Operating Income Before Special Items	\$233	\$143	\$78	\$75	\$80	(\$117)	\$492	(\$67)	(\$98)	(\$1)	\$326	\$0.67

49 |

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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%

50 |

\* 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.

51 |

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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.

52 |

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## Non-GAAP Measures

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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.