



## First Quarter Review

January 31, 2012

# Forward-Looking Statements / Safe Harbor

This presentation contains a number of forward-looking statements. Words and variations of words such as “outlook”, “expect”, “intend”, “will”, “anticipate”, “believe”, “propose”, “potential”, “continue”, “opportunity”, “estimate”, “project” and similar expressions are intended to identify forward-looking statements. Examples of forward-looking statements include, but are not limited to, statements addressing Tyco’s future financial condition and operating results, the health and growth prospects of the industries and end-markets in which Tyco operates, Tyco’s intent to create three independent companies as a result of its previously announced spin-off of its flow control and North American residential security businesses, the expectation that the spin-offs will be tax-free, statements regarding the leadership, resources, potential, priorities, and opportunities for the independent companies following the spin-offs, the intent for the three independent companies to remain investment grade following the spin-offs and the timing of the proposed spin-off transactions. 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 outcome of litigation, arbitrations and governmental proceedings, including the effect of income tax audit settlements and appeals;
- Economic, legal and political conditions in international markets, including governmental changes and restrictions on the ability to transfer capital across borders;
- Failure to obtain necessary regulatory approvals or to satisfy any of the other conditions to the proposed spin-offs;
- Adverse effects on the market price of Tyco’s common stock or operating results because of a failure to complete the proposed spin-offs;
- 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;
- Failure to realize the expected benefits of the proposed spin-offs, and significant transaction costs and/or unknown liabilities resulting from the proposed spin-offs;
- Unanticipated expenses related to the proposed spin-offs, such as litigation or legal settlement expenses;
- Failure to obtain tax rulings or tax law changes in connection with the proposed spin-offs;
- Changes in capital market conditions that may affect proposed debt refinancing related to the proposed spin-offs;
- The impact of the proposed spin-offs on the Tyco’s employees, customers and suppliers;
- Future opportunities that Tyco’s board may determine present greater potential to increase shareholder value; and
- The ability of the companies to operate independently following the proposed spin-offs.

Actual results could differ materially from anticipated results. More detailed information about these and other factors is set forth on Tyco’s Annual Report on Form 10-K for the fiscal year ended September 30, 2011 and in subsequent filings with the Securities and Exchange Commission.

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

# Separation Update

- Filed for US and International tax ruling requests
- Significant progress in preparing carve-out financial statements
- Expect to file Form 10s in late March related to the two SpinCo's – ADT North America Residential and Flow Control
- Also in late March expect to file preliminary proxy statement which will include pro forma information on the remaining Commercial Fire and Security Company
- Preparing for discussions with the rating agencies in February
- Nearing completion in filling out the management teams and Boards of Directors for each company

**Making Very Good Progress – Plan on Track**

# Q1 2012 Results – Financial Overview

*(EPS amounts are attributable to Tyco common shareholders)  
(\$ in millions, except per-share amounts)*

	Q1FY12	Q1FY11	Change
Revenue	\$4,208	\$4,379	(4%)
Excluding TEMP			4%
Operating Income			
before special items*	\$549	\$495	11%
Excluding TEMP			14%
Operating Margin			
before special items*	13.0%	11.3%	170bps
Excluding TEMP			100bps
Tax Rate	19.4%	17.0%	
EPS from Cont. Ops.			
before special items*	\$0.84	\$0.75	12%

\* Operating income, operating margin and EPS from continuing operations before special items are non-GAAP measures. For a reconciliation to the most comparable GAAP measures, please see Appendix.

# Q1 Highlights

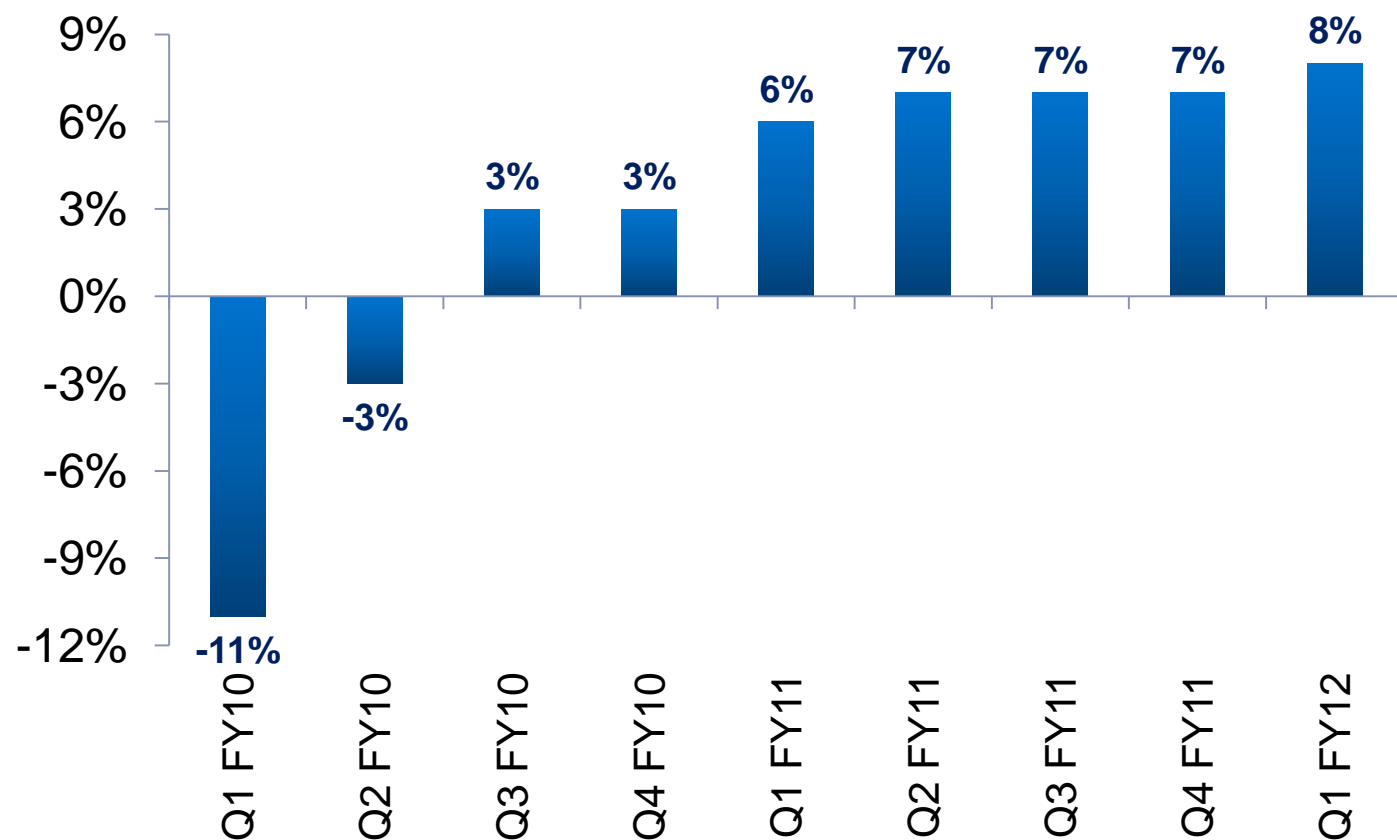
- Solid start to fiscal 2012
- Organic revenue\* growth of 4%
- Year over year operating margin\* improvement of 100 bps to 13.0%\*\*
  - Higher mix of service revenue
  - Increased volume in manufacturing businesses
  - Continued benefits of cost containment and restructuring
- Orders growth of 8% year over year, excluding impact of foreign currency

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

\*\* Amount excludes results from the Electrical & Metal Products business following the sale of majority interest in that business completed on December 22, 2010.

# Order Trends Remain Strong

## Year-Over-Year Order Growth\*



\* Excludes the impact of foreign currency

# First Quarter – Security Solutions

(\$ in millions)

	Q1FY12	Q1FY11	Change
Revenue	\$2,155	\$2,107	2%
Operating Income*	\$375	\$352	7%
Operating Margin*	17.4%	16.7%	70 bps

- Organic revenue\* grew 3%
  - Recurring revenue, which represented 58% of total revenue, grew 4% organically
  - Non-recurring revenue, which represented 42% of total revenue, grew 1% organically
- Global recurring account base grew 3% year over year to 9.1 million accounts
- ARPU of \$45.57 improved 2% year over year, excluding currency
- Worldwide attrition rate improved 30 bps year over year and 20 bps sequentially to 12.4%

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

# First Quarter – Security Solutions Regional Performance

## North America – Residential & Small Business

- Almost 90% of revenue was recurring which grew 4% organically\* due to a higher account base and ARPU growth
- Account base over 6 million customers, grew 2% with ARPU growth of 3%, excluding the impact of foreign currency
- Pulse take rate increased to 28% of new accounts added by internal sales force
- Attrition rate improved 30 bps year over year and 20 bps sequentially to 12.8%

## North America – Commercial

- Organic revenue\* down 2% primarily due to softness in retail end markets
- Backlog grew 3% sequentially, excluding foreign currency

## Europe, Middle East & Africa

- Organic revenue\* down 1%
- Operating margin\* improved 150 basis point to 13.2% benefitting from past restructuring actions

## Asia Pacific & Latin America

- Primarily commercial
- 12% organic revenue\* growth

## Security Products

- 5% organic revenue\* growth
- Operating margin improved year over year while increasing investments in R&D

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

# First Quarter – Fire Protection

(\$ in millions)

	Q1FY12	Q1FY11	Change
Revenue	\$1,130	\$1,099	3%
Operating Income*	\$147	\$127	16%
Operating Margin*	13.0%	11.6%	140 bps

- Backlog increased to \$1.2B, an increase of 4% on a quarter sequential basis, excluding impact of foreign currency
- Orders grew 6% year over year, excluding currency

- Organic revenue\* grew 2%
  - Service revenue grew 2% organically\*
  - Systems installation revenue was down 5% organically\*
  - Fire products revenue grew 8% organically\*
- Year over year operating margin expansion driven by increased volume in products businesses, a higher mix of service revenue and cost efficiencies

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

# First Quarter – Flow Control

(\$ in millions)

	Q1FY12	Q1FY11	Change
Revenue	\$923	\$826	12%
Operating Income*	\$113	\$100	13%
Operating Margin*	12.2%	12.1%	10 bps

- Organic revenue\* grew 10%
    - Valves up 13%
    - Thermal up 28%
    - Water declined 15%
- Orders increased 16% year over year, excluding impact of foreign currency
    - Valves orders increased 21%
- Backlog of \$1.8B increased 4% sequentially, excluding impact of foreign currency

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

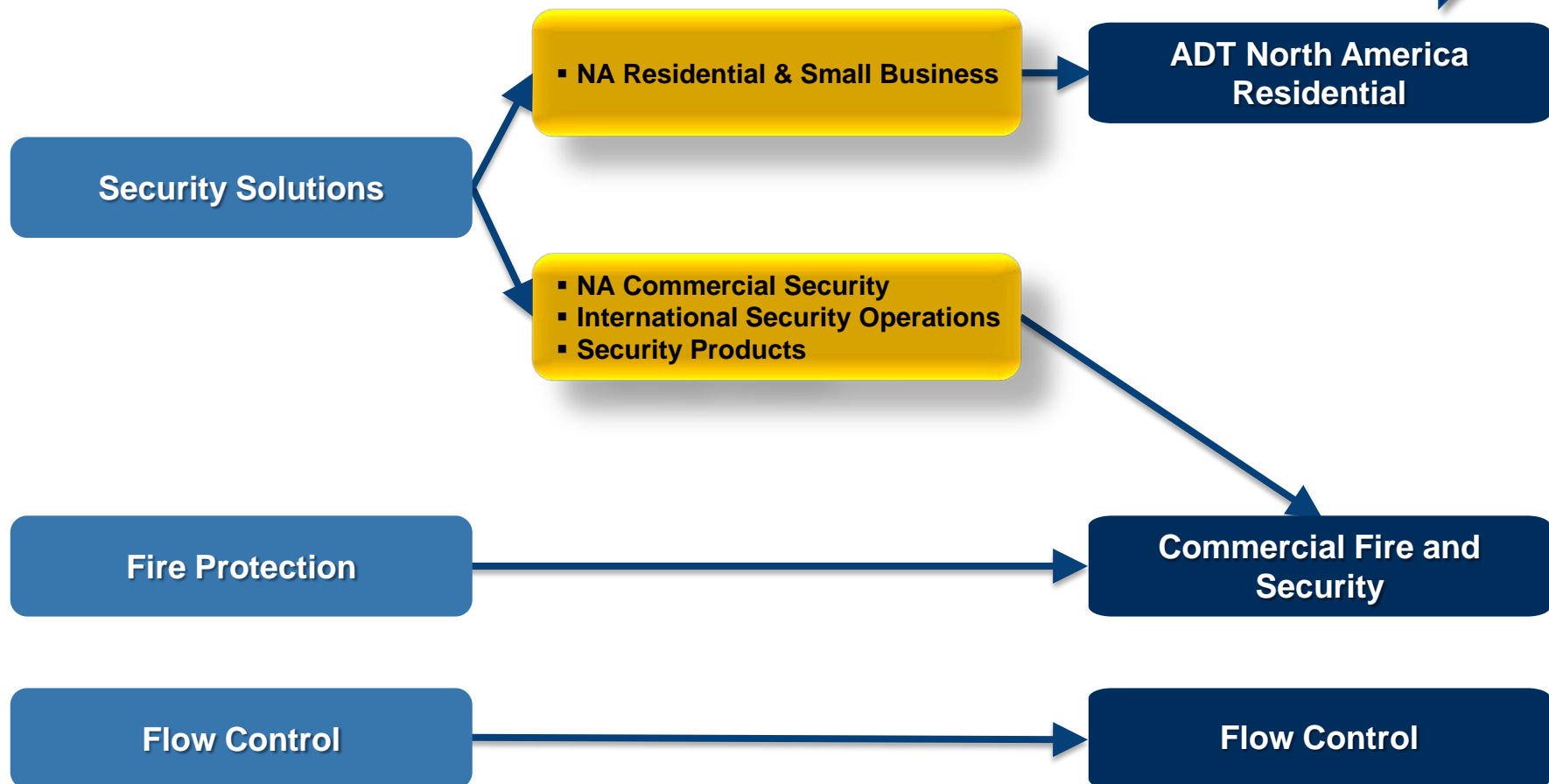
# Other Items

- Corporate expense before special items was \$86M in the quarter
  - Outlook: expect approximately \$95M of corporate expense in Q2'12
- Tax rate excluding special items was 19.4% for the quarter
  - Outlook: expect 20% tax rate in Q2'FY12
- Beginning with the second fiscal quarter, we will have three business segments, ADT North America Residential & Small Business, Commercial Fire & Security and Flow Control to align with our post separation structure
  - 8-K filed recasting historical information in new segment format filed this morning

# Q2 FY '12 Segment Realignment

**Current  
Segment Structure**

**New  
Segment Structure**





## APPENDIX

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

	Quarters Ended	
	December 30, 2011	December 24, 2010
Revenue from product sales	\$ 2,295	\$ 2,508
Service revenue	1,913	1,871
<b>Net revenue</b>	<b>4,208</b>	<b>4,379</b>
Cost of product sales	1,566	1,774
Cost of services	978	976
Selling, general and administrative expenses	1,123	1,137
Separation cost	32	-
Restructuring, asset impairment and divestiture charges (gains), net	37	(214)
<b>Operating income</b>	<b>472</b>	<b>706</b>
Interest income	7	9
Interest expense	(59)	(62)
Other expense, net	(8)	-
<b>Income from continuing operations before income taxes</b>	<b>412</b>	<b>653</b>
Income tax expense	(78)	(163)
<b>Income from continuing operations</b>	<b>334</b>	<b>490</b>
Income from discontinued operations, net of income taxes	-	169
<b>Net income</b>	<b>334</b>	<b>659</b>
Less: noncontrolling interest in subsidiaries net income	1	-
<b>Net income attributable to Tyco common shareholders</b>	<b>\$ 333</b>	<b>\$ 659</b>
<b>Amounts attributable to Tyco common shareholders:</b>		
Income from continuing operations	\$ 333	\$ 490
Income from discontinued operations	-	169
Net income attributable to Tyco common shareholders	<b>\$ 333</b>	<b>\$ 659</b>
<b>Basic earnings per share attributable to Tyco common shareholders:</b>		
Income from continuing operations	\$ 0.72	\$ 1.00
Income from discontinued operations	-	0.35
Net income attributable to Tyco common shareholders	<b>\$ 0.72</b>	<b>\$ 1.35</b>
<b>Diluted earnings per share attributable to Tyco common shareholders:</b>		
Income from continuing operations	\$ 0.71	\$ 1.00
Income from discontinued operations	-	0.34
Net income attributable to Tyco common shareholders	<b>\$ 0.71</b>	<b>\$ 1.34</b>
<b>Weighted-average number of shares outstanding:</b>		
Basic	464	488
Diluted	469	492

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 for the fiscal year ended September 30, 2011.

**TYCO INTERNATIONAL LTD.**  
**RESULTS OF SEGMENTS**  
(in millions)  
(Unaudited)

	Quarters Ended			
	December 30, 2011		December 24, 2010	
<b>NET REVENUE</b>				
Tyco Security Solutions	\$ 2,155		\$ 2,107	
Tyco Fire Protection	1,130		1,099	
Tyco Flow Control	923		826	
Electrical and Metal Products	-		347	
Corporate and Other	-		-	
<b>Total Net Revenue</b>	<b>\$ 4,208</b>		<b>\$ 4,379</b>	
<b>OPERATING INCOME AND MARGIN</b>				
Tyco Security Solutions	\$ 339	15.7%	\$ 347	16.5%
Tyco Fire Protection	144	12.7%	88	8.0%
Tyco Flow Control	114	12.4%	100	12.1%
Electrical and Metal Products	-	-	7	2.0%
Corporate and Other	(125)	N/M	164	N/M
<b>Operating Income and Margin</b>	<b>\$ 472</b>		<b>\$ 706</b>	

**TYCO INTERNATIONAL LTD.**  
**CONSOLIDATED BALANCE SHEETS**  
(in millions)  
(Unaudited)

	<b>December 30, 2011</b>	<b>September 30, 2011</b>
<b>Assets</b>		
Cash and cash equivalents	\$ 1,013	\$ 1,390
Accounts receivable, net	2,293	2,401
Inventories	1,465	1,344
Prepaid expenses and other current assets	964	896
Deferred income taxes	402	402
<b>Total current assets</b>	<b>6,137</b>	<b>6,433</b>
Property, plant and equipment, net	4,063	4,051
Goodwill	9,991	9,999
Intangible assets, net	3,673	3,628
Other assets	2,634	2,666
<b>Total Assets</b>	<b>\$ 26,498</b>	<b>\$ 26,777</b>
<b>Liabilities and Equity</b>		
Short-term debt and current maturities of long-term debt	\$ 37	\$ 2
Accounts payable	1,243	1,278
Accrued and other current liabilities	2,089	2,407
Deferred revenue	616	643
<b>Total current liabilities</b>	<b>3,985</b>	<b>4,330</b>
Long-term debt	4,137	4,146
Deferred revenue	1,142	1,143
Other liabilities	2,856	2,878
<b>Total Liabilities</b>	<b>12,120</b>	<b>12,497</b>
Redeemable noncontrolling interest	94	93
Total Tyco shareholders' equity	14,279	14,182
Nonredeemable noncontrolling interest	5	5
<b>Total Equity</b>	<b>14,284</b>	<b>14,187</b>
<b>Total Liabilities, Redeemable Noncontrolling Interest and Equity</b>	<b>\$ 26,498</b>	<b>\$ 26,777</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 for the fiscal year ended September 30, 2011.

**TYCO INTERNATIONAL LTD.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)**

(in millions)

	For the Quarters Ended	
	December 30, 2011	December 24, 2010
<b>Cash Flows From Operating Activities:</b>		
Net income attributable to Tyco common shareholders	\$ 333	\$ 659
Noncontrolling interest in subsidiaries net income	1	—
Income from discontinued operations, net of income taxes	—	(169)
Income from continuing operations	334	490
Adjustments to reconcile net cash provided by operating activities:		
Depreciation and amortization	333	323
Non-cash compensation expense	26	31
Deferred income taxes	48	126
Provision for losses on accounts receivable and inventory	28	32
Gain on divestitures	—	(246)
Other non-cash items	39	16
Changes in assets and liabilities, net of the effects of acquisitions and divestitures:		
Accounts receivable, net	88	11
Contracts in progress	(27)	(29)
Inventories	(131)	(104)
Prepaid expenses and other current assets	(55)	(24)
Accounts payable	(35)	(79)
Accrued and other liabilities	(222)	(270)
Deferred Revenue	(29)	10
Other	(59)	(41)
Net cash provided by operating activities	338	246
Net cash used in discontinued operating activities	—	(10)
<b>Cash Flows From Investing Activities:</b>		
Capital expenditures	(207)	(179)
Proceeds from disposal of assets	2	3
Acquisition of businesses, net of cash acquired	(95)	(9)
Accounts purchased by ADT	(170)	(133)
Divestiture of businesses, net of cash divested	—	710
Other	29	(3)
Net cash (used in) provided by investing activities	(441)	389
Net cash provided by discontinued investing activities	—	265
<b>Cash Flows From Financing Activities:</b>		
Proceeds from issuance of short-term debt	411	—
Repayment of short-term debt	(376)	(16)
Repayment of long-term debt	(1)	(1)
Proceeds from exercise of share options	29	22
Dividends paid	(116)	(113)
Repurchase of common shares	(200)	(500)
Transfer from discontinued operations	—	255
Other	(18)	8
Net cash used in financing activities	(271)	(345)
Net cash used in discontinued financing activities	—	(255)
Effect of currency translation on cash	(3)	7
<b>Net (decrease) increase in cash and cash equivalents</b>	<b>(377)</b>	<b>297</b>
<b>Decrease in cash and cash equivalents from deconsolidation of variable interest entity</b>	<b>—</b>	<b>(10)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>1,390</b>	<b>1,775</b>
<b>Cash and cash equivalents at end of period</b>	<b>\$ 1,013</b>	<b>\$ 2,062</b>
<b>Reconciliation to "Free Cash Flow":</b>		
Net cash provided by operating activities	\$ 338	\$ 246
Sale of accounts receivable	1	—
Capital expenditures, net	(205)	(176)
Accounts purchased by ADT	(170)	(133)
<b>Free Cash Flow</b>	<b>\$ (36)</b>	<b>\$ (63)</b>

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

**Tyco International Ltd.**  
**Organic Growth Reconciliation - Revenue**  
(in millions)  
(Unaudited)

Three Months Ended December 30, 2011

**Base Year Adjustments**

	Net Revenue for the Quarter Ended December 24, 2010	(Divestitures)	Adjusted 2011 Base Revenue	Foreign Currency	Acquisitions	Other	Organic Revenue*	Net Revenue for the Quarter Ended December 30, 2011
Tyco Security Solutions	\$ 2,107	\$ (12) -0.6%	2,095	\$ (20) -0.9%	\$ 25 1.2%	\$ (1) 0.0%	\$ 56 2.7%	\$ 2,155 2.3%
Tyco Fire Protection	1,099	(8) -0.7%	1,091	(1) -0.1%	22 2.0%	1 0.1%	17 1.6%	1,130 2.8%
Tyco Flow Control	826	(4) -0.5%	822	(1) -0.1%	21 2.5%	- 0.0%	81 9.9%	923 11.7%
<b>Total before Electrical and Metal Products</b>	<b>\$ 4,032</b>	<b>\$ (24) -0.6%</b>	<b>\$ 4,008</b>	<b>\$ (22) -0.5%</b>	<b>\$ 68 1.7%</b>	<b>\$ - 0.0%</b>	<b>\$ 154 3.8%</b>	<b>\$ 4,208 4.4%</b>
Electrical and Metal Products	347	(347) -100.0%	-	- 0.0%	- 0.0%	- 0.0%	- 0.0%	- -100.0%
<b>Total Net Revenue</b>	<b>\$ 4,379</b>	<b>\$ (371) -8.5%</b>	<b>\$ 4,008</b>	<b>\$ (22) -0.5%</b>	<b>\$ 68 1.6%</b>	<b>\$ - 0.0%</b>	<b>\$ 154 3.8%</b>	<b>\$ 4,208 -3.9%</b>

\* Organic revenue growth percentage based on adjusted 2011 base revenue.

**Earnings Per Share Summary**  
**(Unaudited)**

	Quarter Ended	Quarter Ended
	<u>Dec. 30, 2011</u>	<u>Dec. 24, 2010</u>
<b>Diluted EPS from Continuing Operations Attributable to Tyco Shareholders (GAAP)</b>	<b>\$0.71</b>	<b>\$1.00</b>
<i>expense / (benefit)</i>		
Restructuring, net	0.02	0.04
Acquisition / Integration costs	0.01	0.01
Asset impairments and (gains) / losses on divestitures, net	0.03	(0.32)
Note receivable write-off	-	0.01
Separation costs	0.07	-
Legacy legal items	-	(0.01)
Tax items	-	0.02
<b>Total Before Special Items</b>	<b>\$0.84</b>	<b>\$0.75</b>

**Tyco International Ltd.**  
**For the Quarter Ended December 30, 2011**  
*(in millions, except per share data)*  
*(Unaudited)*  
expense / (benefit)

	Tyco Security Solutions	Tyco Fire Protection	Tyco Flow Control	Corporate and Other	Revenue
Revenue (GAAP)	\$2,155	\$1,130	\$923	-	\$4,208

	Operating Income								Total Operating Income	Margin	Interest (Expense), net	Other (Expense), net	Income Tax (Expense)	Noncontrolling Interest (Expense)	Income from Continuing Operations Attributable to Tyco Shareholders	Diluted EPS from Continuing Operations Attributable to Tyco Shareholders
	Tyco Security Solutions	Margin	Tyco Fire Protection	Margin	Tyco Flow Control	Margin	Corporate and Other	Margin								
As Reported (GAAP)	\$339	15.7%	\$144	12.7%	\$114	12.4%	(\$125)	N/M	\$472	11.2%	(\$52)	(\$8)	(\$78)	(\$1)	\$333	\$0.71
Restructuring, net	7		2				5		14				(5)		9	0.02
Asset impairment charges	22		1						23				(8)		15	0.03
Acquisition / Integration costs	7				(1)		2		8				(3)		5	0.01
Separation Costs							32		32				(1)		31	0.07
Total Before Special Items	\$375	17.4%	\$147	13.0%	\$113	12.2%	(\$86)	N/M	\$549	13.0%	(\$52)	(\$8)	(\$95)	(\$1)	\$393	\$0.84

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

# Tyco International Ltd.

For the Quarter Ended December 24, 2010

(in millions, except per share data)

(Unaudited)

expense / (benefit)

	Tyco Security Solutions	Tyco Fire Protection	Tyco Flow Control	Corporate and Other	Electrical & Metal Products	Revenue
Revenue (GAAP)	\$2,107	\$1,099	\$826	-	\$347	\$4,379

	Operating Income										Total Operating Income	Margin	Interest (Expense), net	Income Tax (Expense)	Income from Continuing Operations Attributable to Tyco Shareholders	Diluted EPS from Continuing Operations Attributable to Tyco Shareholders
	Tyco Security Solutions	Margin	Tyco Fire Protection	Margin	Tyco Flow Control	Margin	Corporate and Other	Margin	Electrical & Metal Products	Margin						
As Reported (GAAP)	\$347	16.5%	\$88	8.0%	\$100	12.1%	\$164	N/M	\$7	2.0%	\$706	16.1%	(\$53)	(\$163)	\$490	\$1.00
Restructuring, net	(1)		27				5		1		32			(9)	23	0.04
(Gains) / losses on divestitures, net	1		12				(259)				(246)			87	(159)	(0.32)
Acquisition costs	5										5			(2)	3	0.01
Note receivable write-off									5		5			-	5	0.01
Legacy legal items							(7)				(7)			-	(7)	(0.01)
Tax items											-		12		12	0.02
Total Before Special Items	\$352	16.7%	\$127	11.6%	\$100	12.1%	(\$97)	N/M	\$13	3.7%	\$495	11.3%	(\$53)	(\$75)	\$367	\$0.75

Diluted Shares Outstanding	492
Diluted Shares Outstanding - Before Special Items	492

# Non-GAAP Measures

*Organic revenue, free cash flow (outflow) (FCF), and income from continuing operations, earnings per share (EPS) from continuing operations, operating income, operating margin and corporate expense, 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 do not reflect the underlying results and trends (for example, revenue reclassifications). Effective the first quarter of fiscal 2011, the Company's organic growth / decline calculations incorporate an estimate of prior year reported revenue associated with acquired entities that have been fully integrated within the first year (such as Broadview Security), and exclude prior year revenues associated with entities that do not meet the criteria for discontinued operations which have been divested within the past year. The rate of organic growth or decline is calculated based on the adjusted number to better reflect the rate of growth or decline of the combined business, in the case of acquisitions, or the remaining business, in the case of dispositions. The rate of organic growth or decline for acquired businesses that are not fully integrated within the first year will continue to be based on unadjusted historical revenue. Organic revenue and the rate of organic growth or decline as presented herein may not be comparable to similarly titled measures reported by other companies.*

*Organic revenue 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 results of the company's businesses, such as acquisitions and divestitures. 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 in combination with the GAAP numbers. See the accompanying tables to this presentation for the reconciliation presenting the components of organic revenue.*

*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 flows 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, 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,*
- *accounts purchased by ADT,*
- *cash paid for purchase accounting and holdback liabilities, voluntary pension contributions, and*
- *the sale of accounts receivable programs.*

# Non-GAAP Measures Continued

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

*The limitation associated with using FCF is that it adjusts 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. This limitation is best addressed by using FCF in combination with the GAAP cash flow numbers..*

*FCF as presented herein may not be comparable to similarly titled measures reported by other companies. The measure should be used in conjunction with other GAAP financial measures. Investors are urged to read the company's financial statements as filed with the Securities and Exchange Commission, as well as the accompanying tables to this presentation that show all the elements of the GAAP measures of Cash Flows from Operating Activities, Cash Flows from Investing Activities, Cash Flows from Financing Activities and a reconciliation of the company's total cash and cash equivalents for the period. See the accompanying tables to this presentation for a cash flow statement presented in accordance with GAAP and a reconciliation presenting the components of FCF.*

*The company has presented its income and EPS from continuing operations, operating income and margin, and its corporate expense before special items. Special items include charges and gains related to divestitures, acquisitions, restructurings, impairments, 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. 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. Operating income and margin before special items do not reflect any additional adjustments that are not reflected in income from continuing operations before special items. 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 operating income and margin and operating income and EPS from continuing operations. This limitation is 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. Tyco 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."*