

Second Quarter Review

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 and the subsequent merger of Flow Control and Pentair, Inc. (the spin-offs and merger are referred to as the "separation transactions"), the expectation that the separation transactions will be tax-free, statements regarding the leadership, resources, potential, priorities, and opportunities for the independent companies following the separation transactions, statements regarding the credit profile of the three independent companies following the separation transactions and the timing of the proposed separation 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 separation transactions;
- Adverse effects on the market price of Tyco's common stock or operating results because of a failure to complete the proposed separation transactions;
- 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 separation transactions, and significant transaction costs and/or unknown liabilities resulting from the proposed separation transactions;
- Unanticipated expenses related to the proposed separation transactions, such as litigation or legal settlement expenses;
- Failure to obtain tax rulings or tax law changes in connection with the proposed separation transactions;
- Changes in capital market conditions that may affect proposed debt refinancing related to the proposed separation transactions;
- The impact of the proposed separation transactions on 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 separation transactions.

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.



Other Important Information

In connection with the proposed separation transactions; a definitive proxy statement for the stockholders of Tyco will be filed with the Securities and Exchange Commission (the "SEC"). Tyco will mail the final proxy statement to its stockholders. BEFORE MAKING ANY VOTING DECISION, TYCO'S STOCKHOLDERS AND INVESTORS ARE URGED TO READ THE PROXY STATEMENT AND OTHER DOCUMENTS FILED WITH THE SEC CAREFULLY AND IN THEIR ENTIRETY WHEN THEY BECOME AVAILABLE, BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION ABOUT THE PROPOSED TRANSACTIONS. Investors and security holders may obtain, without charge, a copy of the proxy statement, as well as other relevant documents containing important information about Tyco at the SEC's website (http://www.sec.gov) once such documents are filed with the SEC. You may also read and copy any reports, statements and other information filed by Tyco at the SEC public reference room at 100 F. Street, N.E., Washington DC 20549. Please call the SEC at 1-800-SEC-0330 for further information.

Tyco and its directors, executive officers and other members of its management and employees may be deemed to be participants in the solicitation of proxies from its stockholders in connection with the proposed transactions. Information concerning the interests of Tyco's participants in the solicitation is set forth in Tyco's proxy statements and Annual Reports on Form 10-K, previously filed with the SEC, and in the proxy statement relating to the transactions when it becomes available.



Q2 2012 Results – Financial Overview

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

	Q2FY12	Q2FY11	Change
Revenue	\$4,354	\$3,992	9%
Operating Income before special items*	\$547	\$475	15%
Operating Margin before special items*	12.6%	11.9%	70bps
Tax Rate	17.2%	15.4%	
EPS from Cont. Ops. before special items*	\$0.86	\$0.73	18%



^{*} 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.

Q2 Highlights

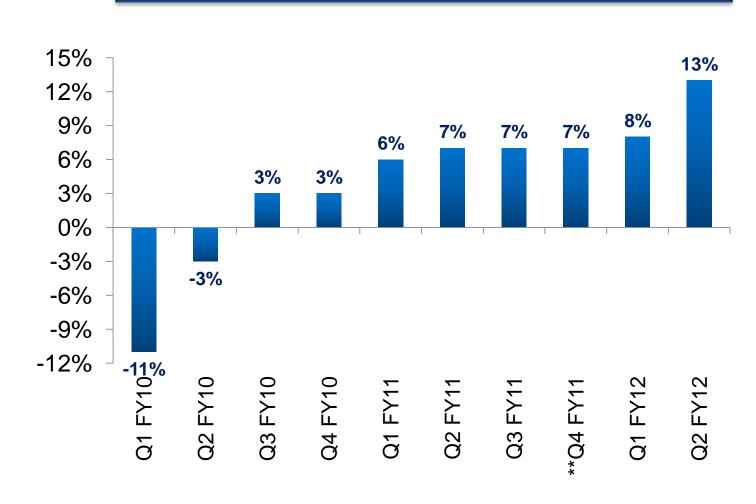
- Revenue of \$4.4 billion with organic revenue* growth of 7%
- Year over year operating margin* improvement of 70 bps to 12.6%
 - Increased volume leverage led by Fire and Security product businesses
 - Continued growth of recurring and service revenue
 - Continued benefits of cost containment and restructuring helped fund increased investments across the businesses, mainly in sales, marketing and R&D
- Operating income before special items* increased 15% and earnings per share before special items* increased 18% year over year
- Orders growth of 13% year over year, excluding impact of foreign currency

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



Order Trends Remained Strong





^{*} Excludes the impact of foreign currency



^{**} Excludes the impact of an additional week compared to the prior year quarter.

Second Quarter – Fire and Security

(\$ in millions)	Q2FY12	Q2FY11	Change
Revenue	\$2,551	\$2,420	5%
Operating Income*	\$309	\$277	12%
Operating Margin*	12.1%	11.4%	70bps

- Backlog increased to \$4.7 billion, an increase of 5% on a quarter sequential basis, excluding impact of foreign currency
- Orders grew 9.5% year over year, excluding currency
 - Service orders were up 6%
 - Systems Installation orders were up 3%
 - Products orders increased 33%

- Organic revenue* grew 3.5%
 - Service revenue grew3% organically*
 - Systems Installation revenue declined 1% organically*
 - Global products revenue grew 14% organically*
- Year over year operating margin expansion driven by increased volume in products businesses, continued growth 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.

Second Quarter – ADT North America Residential

(\$ in millions)

	Q2FY12	Q2FY11	Change
Revenue	\$807	\$768	5%
Operating Income*	\$199	\$193	3%
Operating Margin*	24.7%	25.1%	(40bps)

- Attrition rate of 13.2% was flat year over year and increased 20 bps sequentially
- Pulse take rate increased to 35% of new accounts added by internal sales force
 - Began initial roll out to ADT authorized dealers

- Organic recurring revenue* grew 5%
 - Average revenue per user increased 3.5% year over year to \$37.98
 - Customer account growth of 2% year over year
- Operating income increased due to growth in higher margin recurring revenue, partially offset by an increase in sales and marketing investment

^{*} 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.



Second Quarter – Flow Control

(\$ in millions)	Q2FY12	Q2FY11	Change
Revenue	\$996	\$804	24%
Operating Income*	\$114	\$91	25%
Operating Margin*	11.4%	11.3%	10bps

- Orders increased 21% year over year, excluding impact of foreign currency
 - 20% growth in Valves
 - 36% increase in Water
 - 13% increase in Thermal
- Backlog of \$1.9 billion increased 4% sequentially, excluding impact of foreign currency

- Valves up 18%*
- Water up 21%*
- Thermal up 32%*
- Operating margin impacted by estimated \$10 million (~100bps) of headwinds
 - Charge related to a water project retained from a prior divestiture
 - Mix in Thermal related to lower sales of higher margin products due to unseasonably warm winter season in North America

Organic revenue* grew 21%

^{*} 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.

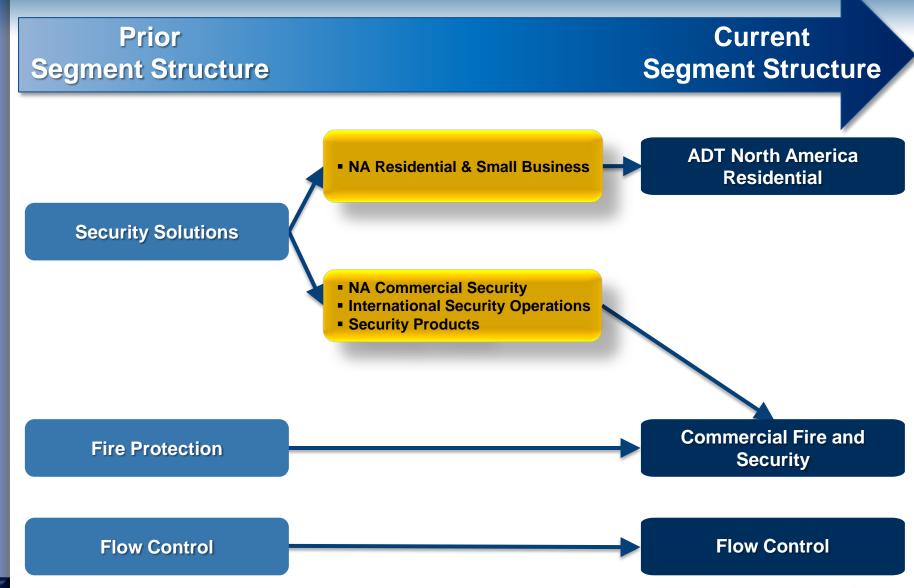
Other Items

- Free cash flow* of \$326 million in Q2 included \$76 million of cash paid for special items. Adjusted free cash flow* was \$402 million
 - Year to date adjusted free cash flow* of \$415 increased 21% year over year
- Corporate expense before special items was \$75 million in the quarter
 - Outlook: expect approximately \$95 to \$100 million of corporate expense before special items in Q3'12
- Tax rate excluding special items was 17.2% for the quarter
 - Outlook: expect tax rate of approximately 18% in Q3'12



^{*} Free cash flow and adjusted free cash flow are non-GAAP measure. For a reconciliation to the most comparable GAAP measure, please see Appendix.

Q2 FY '12 Segment Realignment





APPENDIX

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

	For the		For tl	ne
	Quarters I	Ended	Six Months	Ended
	March 30,	March 25,	March 30,	March 25,
	2012	2011	2012	2011
Revenue from product sales	\$2,406	\$2,118	\$4,700	\$4,625
Service revenue	1,948	1,874	3,861	3,745
Net revenue	4,354	3,992	8,561	8,370
Cost of product sales	1,674	1,468	3,239	3,241
Cost of services	1,002	976	1,980	1,952
Selling, general and administrative expenses	1,109	1,085	2,232	2,222
Separation costs	66		98	_,
Restructuring, asset impairments and divestiture charges (gains), net	19	26	56	(188)
Operating income	484	437	956	1,143
Interest income	6	9	13	18
Interest expense	(60)	(63)	(119)	(125)
Other expense, net	(6)	(6)	(14)	(6)
Income from continuing operations before income taxes	424	377	836	1,030
Income tax expense	(90)	(57)	(168)	(220)
Income from continuing operations	334	320	668	810
(Loss) income from discontinued operations, net of income taxes	(7)	(4)	(7)	165
Net income	327	316	661	975
Less: noncontrolling interest in subsidiaries net income		1_	1	1
Net income attributable to Tyco common shareholders	\$327	\$315	\$660	\$974
Amounts attributable to Tyco common shareholders:				
Income from continuing operations	\$334	\$319	\$667	\$809
(Loss) income from discontinued operations	(7)	(4)	(7)	165
Net income attributable to Tyco common shareholders	\$327	\$315	\$660	\$974
Basic earnings per share attributable to Tyco common shareholders:				
Income from continuing operations	\$0.72	\$0.68	\$1.44	\$1.69
(Loss) income from discontinued operations	(0.01)	(0.01)	(0.02)	0.34
Net income attributable to Tyco common shareholders	\$0.71	\$0.67	\$1.42	\$2.03
Diluted earnings per share attributable to Tyco common shareholders:				
Income from continuing operations	\$0.71	\$0.67	\$1.42	\$1.67
(Loss) income from discontinued operations	(0.01)	(0.01)	(0.01)	0.34
Net income attributable to Tyco common shareholders	\$0.70	\$0.66	\$1.41	\$2.01
Weighted average number of shares outstanding:				
Basic	463	472	463	480
Diluted	469	477	469	485

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 and Form 10-Q for the quarter ended December 30, 2011.

(in millions) (Unaudited)

		Qua	rters En	ded			Six Months Ended					
	Ma	March 30,		March 25,			March 30,			March 25,		
		2012			2011			2012			2011	
NET REVENUE												
Commercial Fire and Security	\$	2,551		\$	2,420		\$	5,042		\$	4,861	
ADT North American Residential		807			768			1,600			1,532	
Flow Control		996			804			1,919			1,630	
Corporate and Other		-			-			-			347	
Total Net Revenue	\$	4,354		\$	3,992		\$	8,561		\$	8,370	
OPERATING INCOME AND MARGIN												
Commercial Fire and Security	\$	286	11.2%	\$	264	10.9%	\$	579	11.5%	\$	526	10.8%
ADT North American Residential		194	24.0%		187	24.3%		384	24.0%		360	23.5%
Flow Control		111	11.1%		86	10.7%		225	11.7%		186	11.4%
Corporate and Other		(107)	N/M		(100)	N/M		(232)	N/M		71	N/M
Operating Income and Margin	\$	484		\$	437		\$	956		\$	1,143	

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

	March 30, 2012	September 30, 2011
Assets		
Cash and cash equivalents	\$1,086	\$1,390
Accounts receivable, net	2,441	2,400
Inventories	1,543	1,343
Prepaid expenses and other current assets	992	896
Deferred income taxes	401	402
Assets held for sale	-	2
Total current assets	6,463	6,433
Property, plant and equipment, net	4,150	4,051
Goodwill	10,130	9,999
Intangible assets, net	3,745	3,628
Other assets	2,574	2,666
Total Assets	\$27,062	\$26,777
Liabilities and Equity		
Short-term debt and current maturities of long-term debt	\$3	\$2
Accounts payable	1,326	1,278
Accrued and other current liabilities	2,276	2,407
Deferred revenue	681	643
Total current liabilities	4,286	4,330
Long-term debt	4,137	4,146
Deferred revenue	1,151	1,143
Other liabilities	2,803	2,878
Total Liabilities	12,377	12,497
Redeemable noncontrolling interest	106	93
Total Tyco shareholders' equity	14,562	14,182
Nonredeemable noncontrolling interest	17	5
Total Equity	14,579	14,187
Total Liabilities, Redeemable Noncontrolling Interest and Equity	\$27,062	\$26,777

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 and Quarterly Report on Form 10-Q for the quarter ended December 30, 2011.

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

	For the Quarters Ended		For the Six Mo		
	March 30, 2012	March 25, 2011	March 30, 2012	March 25, 2011	
Cash Flows From Operating Activities:		D045	# 000	CO74	
Net income attributable to Tyco common shareholders Noncontrolling interest in subsidiaries net income	\$327 —	\$315 1	\$660 1	\$974 1	
Loss (income) from discontinued operations, net of income taxes	7	4	7	(165)	
Income from continuing operations Adjustments to reconcile net cash provided by operating activities:	334	320	668	810	
Depreciation and amortization	342	322	675	645	
Non-cash compensation expense	26	28	52	59	
Deferred income taxes Provision for losses on accounts receivable and inventory	28 33	(4) 16	76 61	122 48	
Loss (gain) on divestitures	3	13	3	(233)	
Other non-cash items	22	20	61	36	
Changes in assets and liabilities, net of the effects of acquisitions and divestitures: Accounts receivable, net	(104)	(54)	(16)	(43)	
Contracts in progress	18	(24)	(9)	(53)	
Inventories	(53)	(61)	(184)	(165)	
Prepaid expenses and other current assets Accounts payable	26 38	11 (20)	(29) 3	(13) (99)	
Accrued and other liabilities	(68)	(12)	(290)	(282)	
Deferred Revenue	62	`57	33	67	
Other Net cash provided by operating activities	9 716	54 666	(50) 1,054	13 912	
Net cash provided by operating activities Net cash provided by (used in) discontinued operating activities		2	1,034	(8)	
Cash Flows From Investing Activities:		_		`	
Capital expenditures Proceeds from disposal of assets	(224) 1	(182) 2	(431) 3	(361) 5	
Acquisition of businesses, net of cash acquired	(110)	_	(205)	(9)	
Dealer generated customer accounts and bulk account purchases	(166)	(146)	(336)	(279)	
Divestiture of businesses, net of cash divested Other	(4) 35	(4) 26	(4) 64	706 23	
Net cash (used in) provided by investing activities	(468)	(304)	(909)	85	
Net cash (used in) provided by discontinued investing activities		(6)		259	
Cash Flows From Financing Activities: Proceeds from issuance of short-term debt	469		880		
Repayment of short-term debt	(504)	(516)	(880)	(532)	
Proceeds from issuance of long-term debt	`	`497	`	`497	
Repayment of long-term debt Proceeds from exercise of share options	(1) 59	(1) 42	(2) 88	(2) 64	
Dividends paid	(115)	(111)	(231)	(224)	
Repurchase of common shares by treasury	(100)	(500)	(300)	(1,000)	
Transfer (to) from discontinued operations Other	<u> </u>	(4) 2	(19)	251 10	
Net cash used in financing activities	(193)	(591)	(464)	(936)	
Net cash provided by (used in) discontinued financing activities		4		(251)	
Effect of currency translation on cash Net increase (decrease) in cash and cash equivalents	18 73	(222)	(304)	14 75	
. ,	73	(222)	(304)	75	
Decrease in cash and cash equivalents from deconsolidation of variable interest entity	_	_	_	(10)	
Cash and cash equivalents at beginning of period	1,013	2,062	1,390	1,775	
Cash and cash equivalents at end of period	\$1,086	\$1,840	\$1,086	\$1,840	
B					
Reconciliation to "Free Cash Flow": Net cash provided by operating activities	\$716	\$666	\$1,054	\$912	
Sale of accounts receivable	φ/16 —	<u> </u>	φ1,054 1	φ91Z	
Capital expenditures, net	(223)	(180)	(428)	(356)	
Dealer generated customer accounts and bulk account purchases	(166)	(146)	(336)	(279)	
Purchase accounting and holdback liabilities	(1)	1	(1)	1	
Free Cash Flow	\$326	\$341	\$290	\$278	
Decemblishing to #Adjusted Free Cook Flour					
Reconciliation to "Adjusted Free Cash Flow": Free cash flow	\$326	\$341	\$290	\$278	
Cash separation costs	\$326 33	φ34 I —	\$∠90 55	φ2/6	
Cash restructuring costs	25	23	51	 55	
Cash payment / (receipt) from Covidien and TE Connectivity	17		17	_	
Cash acquisition / integration costs	1	7	2	11	
Legacy legal settlements	<u> </u>			(1)	
Adjusted Free Cash Flow	\$402	\$371	\$415	\$343	

NOTE: Free cash flow and adjusted free cash flow are non-GAAP measures. See description of non-GAAP measures contained in this release.

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

		Quarter Ended March 30, 2012								
Net Revenue for the Quarter	Base Year Adjustments	Aajustea 2012 Base				Net Revenue for the Quarter Ended				
Ended March 25, 2011	(Divestitures)	Revenue	Foreign Currency	Acquisitions	Organic Revenue (1)	March 30, 2012				
	, , , , , , , , , , , , , , , , , , , ,		. ,			\$ 2,551 5.4%				
			, ,			807 5.1%				
804	(6) -0.7%	798	(3) -0.4%	31 3.9%	170 21.3%	996 23.9%				
\$ 3,992	<u>\$ (17)</u> -0.4%	\$ 3,975	\$ (25) -0.6%	<u>\$ 109</u> 2.7%	\$ 295 7.4%	\$ 4,354 9.1%				
			Six Months En	nded March 30, 2012]				
	Base Year Adjustments									
Net Revenue for the Six Months Ended		Adjusted 2012 Base				Net Revenue for the Six Months Ended				
	\$ 2,420 768 804 \$ 3,992	Net Revenue for the Quarter Ended March 25, 2011	Net Revenue for the Quarter Ended March 25, 2011	Base Year Adjustments Adjusted 2012 Base Revenue Foreign Currency	Base Year Adjustments Adjusted 2012 Base Foreign Currency Acquisitions	Base Year Adjustments Adjusted 2012 Base Foreign Currency Acquisitions Organic Revenue (1)				

(1) Organic revenue growth percentage based on adjusted 2012 base revenue.

- 0.0%

(10) -0.6%

(41) -0.5%

(347) -100.0%

(388) -4.6%

1,532

1,630

8,023

347

8,370

ADT North American Residential

Total before Corporate & Other

Corporate and Other (2)

Total Net Revenue

Flow Control

(2) Corporate and Other includes the former Electrical and Metal Products business which was divested during Q1 2011.

1,532

1,620

7,982

7,982

(1) -0.1%

(4) -0.2%

(47) -0.6%

- 0.0%

(47) -0.6%

0.0%

3.2%

0.0%

2.1%

52

177 2.2%

177

69

251

449

449

4.5%

15.5%

5.6%

0.0%

5.6%

1,600 4.4%

1,919 17.7%

8,561 6.7%

8,561 2.3%

-100.0%

Earnings Per Share Summary (Unaudited)

	Quarter Ended
	March 30, 2012
Diluted EPS from Continuing Operations Attributable to Tyco Shareholders (GAAP)	\$0.71
expense / (benefit)	
Restructuring, net	0.03
Acquisition / integration costs	0.01
(Gains) / losses on divestitures, net	0.01
Separation costs	0.13
Former management ERISA reversal	(0.07)
Legacy legal items	0.04
Total Before Special Items	\$0.86

Quarter E	
March 25,	, 2011
	\$0.67
	0.02
	0.01
	0.03
	\$0.73

Tyco International Ltd.

For the Quarter Ended March 30, 2012 (Unaudited) expense / (benefit) ADT North American Residential Commercial Fire and Flow Control Corporate and Other Security Revenue \$4,354 As Reported Revenue (GAAP) \$807

			Operating	Income						Ī				Income from Continuing	EPS from Continuing
[ADT North American Residential	Margin	Flow Control	Margin	Commercial Fire and Security	Margin	Corporate and Other	Margin	Total Operating Income	Margin	Interest (Expense), net	Other (Expense), net	Income Tax (Expense)	Operations Attributable to Tyco Shareholders	Operations Attributable to Tyco Shareholders
As Reported Operating Income (GAAP)	\$194	24.0%	\$111	11.1%	\$286	11.2%	(\$107)	N/M	\$484	11.1%	(\$54)	(\$6)	(\$90)	\$334	\$0.71
Restructuring, net			1		16		(2)		15				(4)	11	0.03
Asset impairment charges					1				1					1	-
Acquisition / integration costs	5		1		2				8				(2)	6	0.01
Separation costs			1		1		64		66				(5)	61	0.13
(Gains) / losses on divestiture, net					3				3				(1)	2	0.01
Former management ERISA reversal							(50)		(50)				17	(33)	(0.07)
Legacy legal items							20		20					20	0.04
Tax items													1	1	-
Total Before Special Items	\$199	24.7%	\$114	11.4%	\$309	12.1%	(\$75)	N/M	\$547	12.6%	(\$54)	(\$6)	(\$84)	\$403	\$0.86

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

Tyco International Ltd.

For the Quarter Ended March 25, 2011 (in millions, except per share data)

(Unaudited)	ADT					l
expense / (benefit)	North		Commercial			l
	American	Flow	Fire and	Corporate		1
	Residential	Control	Security	and Other	Revenue	
Previously Reported Revenue (GAAP)	\$768	\$804	\$2,420		\$3,992	
Discontinued Operations					-	
Recasted (GAAP)	\$768	\$804	\$2,420		\$3,992	

															Income from	Diluted EPS from
	ADT			Operatir	g Income										Continuing Operations	Continuing Operations
	North				Commercial				Total					Noncontrolling	Attributable	Attributable
	American		Flow		Fire and		Corporate		Operating		Interest	Other	Income	Interest	to Tyco	to Tyco
	Residential	Margin	Control	Margin	Security	Margin	and Other	Margin	Income	Margin	(Expense), net	(Expense), net	Tax (Expense)	(Expense)	Shareholders	Shareholders
As Reported Operating Income (GAAP)	\$187	24.3%	\$86	10.7%	\$264	10.9%	(\$100)	N/M	\$437	10.9%	(\$54)	(\$6)	(\$57)	(\$1)	\$319	\$0.67
Restructuring, net	(3)		6		8		2		13				(4)		9	0.02
Restructuring charges in cost of sales and SG&A			(1)						(1)						(1)	-
(Gains) / losses on divestitures, net					4		9		13				1		14	0.03
Acquisition costs	9				1		2		12				(4)		8	0.01
Legacy legal items							1		1						1	-
Total Before Special Items	\$193	25.1%	\$91	11.3%	\$277	11.4%	(\$86)	N/M	\$475	11.9%	(\$54)	(\$6)	(\$64)	(\$1)	\$350	\$0.73

Diluted Shares Outstanding	477
Diluted Shares Outstanding - Refore Special Items	477

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). The Company's organic growth / decline calculations incorporate an estimate of prior year reported revenue associated with any acquired entities that have been fully integrated within the first year, 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 are 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 that 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,
- dealer generated accounts and bulk 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 dealer generated and bulk 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. In addition, from time to time the company may present 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.

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 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 and adjusted 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, 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. 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."