



Third Quarter Review

25 / July / 2014

tyco

// Forward-Looking Statements / Safe Harbor

This presentation contains a number of forward-looking statements. In many cases forward-looking statements are identified by words, and variations of words, such as "anticipate", "estimate", "believe", "commit", "continue", "could", "intend", "may", "plan", "potential", "predict", "positioned", "should", "will", "expect", "objective", "projection", "forecast", "goal", "guidance", "outlook", "effort", "target", and other similar words. However, the absence of these words does not mean the statements are not forward-looking. Examples of forward-looking statements include, but are not limited to, revenue, operating income and other financial projections, statements regarding the health and growth prospects of the industries and end markets in which Tyco operates, the leadership, resources, potential, priorities, and opportunities for Tyco in the future, statements regarding other projections, earnings and Tyco's credit profile, capital allocation priorities and other capital market related activities, and statements regarding Tyco's acquisition, divestiture, restructuring and other productivity initiatives. The forward-looking statements in this presentation are based on current expectations and assumptions that are subject to risks and uncertainties, many of which are outside of our control, and could cause results to materially differ from expectations. Such risks and uncertainties include, but are not limited to:

- Economic, business competitive, technological or regulatory factors that adversely impact Tyco or the markets and industries in which it competes;
- Changes in tax requirements (including tax rate changes, new tax laws or treaties and revised tax law interpretations);
- The ability of the Company, its employees and its agents to comply with complex and continually changing laws and regulations that govern our international operations, including the U.S. Foreign Corrupt Practices Act, similar anti-bribery laws in other jurisdictions, a variety of export control, customs, currency exchange control and transfer pricing regulations, and our corporate policies governing these matters;
- The outcome of litigation, arbitrations and governmental proceedings, including the effect of income tax audits, appeals and litigation;
- Economic, legal and political conditions in international markets, including governmental changes and restrictions on the ability to transfer capital across borders;
- Changes in capital market conditions, including availability of funding sources, currency exchange rate fluctuations, and interest rate fluctuations and other changes in borrowing cost;
- The possible effects on us of pending and future legislation in the United States that may limit or eliminate potential U.S. tax benefits resulting from Tyco's jurisdiction of incorporation or deny U.S. government contracts to us based upon Tyco's jurisdiction of incorporation;
- The ability of the Company to achieve anticipated cost savings and to execute on its portfolio refinement and acquisition strategies, including successfully integrating acquired operations;
- The ability of the Company to realize the expected benefits of the 2012 separation transactions, including the integration of its commercial security and fire protection businesses;
- Availability and fluctuations in the prices of key raw materials, and events that could impact the ability of our suppliers to perform ;
- Natural events such as severe weather, fires, floods and earthquakes.

Actual results could differ materially from anticipated results. Tyco is under no obligation (and expressly disclaims any obligation) to update its forward-looking statements. 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 Sept. 27, 2013 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.

// Executing According to Plan

// Another strong quarter of double-digit earnings per share growth

- Continued revenue growth driven by strong Products demand
- Second consecutive quarter of installation growth combined with continued growth in service
- Strong segment operating margin expansion from increased volume and productivity benefits

// Executed repurchase of 13 million shares for \$556 million during the fiscal third quarter

- On track to repurchase 30 million shares in the second half of fiscal 2014

// Closed previously announced divestiture of ADT Korea and completed the sale of remaining minority interest in Atkore for \$2.2 billion in proceeds

// Completed acquisition of a commercial and residential security business in Belgium and reached a definitive agreement to purchase a residential security business in Brazil for an aggregate of approximately \$45 million

Strong Revenue & Operating Margin Driving 17% EPS Growth Before Special Items*



* Earnings per share before special items is a non-GAAP measure. For a reconciliation to the most comparable GAAP measures, please see Appendix.

// Third Quarter Highlights

// Revenue of \$2.7 billion increases 5% year over year

- Organic revenue* growth of 4% - Products +12%, Service +1% and Installation +2%
Acquisition growth of 2% was partially offset by the impact of divestitures

// Segment operating margin before special items* improved 80 basis points year over year to 14.5%

// Earnings per share before special items* increased 8 cents or 17% year over year

- Consisted of \$0.07 contribution from operations and \$0.01 contribution from corporate expense and below-the-line items



* Organic revenue, segment 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.

// Third Quarter Highlights Continued

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

- Service +3%, Installation +4%, and Products +3%

// Backlog of \$5.0 billion increased 3% year over year, and was flat on a quarter sequential basis, excluding impact of foreign currency

- Quarter sequential backlog change impacted by shipments of the new Scott Air-Pak X3, related to regulatory approval received at the end of March

// Q3 2014 Results – Financial Overview

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

(\$ in millions)	Q3FY14	Q3FY13	Change
Revenue	\$2,662	\$2,537	5%
Segment Operating Income before special items *	\$386	\$348	11%
Segment Operating Margin before special items*	14.5%	13.7%	+80bps
Corporate Expense before special items*	\$58	\$62	(6%)
Tax Rate before special items*	16.9%	17.7%	
EPS from Cont. Ops. before special items*	\$0.54	\$0.46	17%

Another Strong Operational Quarter



* Segment operating income, segment operating margin, corporate expense, tax rate and EPS from continuing operations before special items are non-GAAP measures. For a reconciliation to the most comparable GAAP measures, please see Appendix.

// Third Quarter – NA Installation & Services

(\$ in millions)	Q3FY14	Q3FY13	Change
Revenue	\$968	\$966	-
Operating Income*	\$134	\$117	14.5%
Operating Margin*	13.8%	12.1%	170bps

// Orders increased 5% year over year, excluding currency; favorably impacted by several large orders

- Service orders were up 2%
- Install orders were up 9%

// Backlog of \$2.5 billion increased 1% on a quarter sequential basis, excluding the impact of foreign currency

- Up 1% year over year

// Organic revenue* up 1% year over year

- Service grew 1%
- Installation grew 1%

// A 1% benefit from acquisitions was more than offset by divestitures and changes in foreign currency exchange rates

// Operating margin* increased 170 bps year over year

- Improved execution
- Productivity and restructuring benefits

// Third Quarter – ROW Installation & Services

(\$ in millions)	Q3FY14	Q3FY13	Change
Revenue	\$1,001	\$971	3%
Operating Income*	\$112	\$112	-
Operating Margin*	11.2%	11.5%	(30bps)

// Organic revenue* increased 2%

- Service grew 1%
- Installation grew 4%

// A 3% benefit from acquisitions was partially offset by impact of divestitures

// Orders increased 1.5% year over year, excluding currency; driven by tough compare with prior year

- Service orders were up 4%
- Installation orders decreased 1%

// Backlog of \$2.3 billion was flat on a quarter sequential basis, excluding impact of foreign currency

- Up 8% year over year

// Operating margin* decreased 30 bps year over year

- Benefits of ongoing productivity initiatives were more than offset by the mix of businesses contributing to growth, as well as a lower percentage of higher-margin service revenue

// Third Quarter – Global Products

(\$ in millions)	Q3FY14	Q3FY13	Change
Revenue	\$693	\$600	15.5%
Operating Income*	\$140	\$119	18%
Operating Margin*	20.2%	19.8%	40bps

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

// Organic revenue* increased 12%

- Approval in new standards implementation for the new Scott Air Pak X3 positively impacted organic revenue growth by five percentage points

// Acquisitions contributed three percentage points of growth

// Operating margin* improved 40 bps year over year

- Driven by increased revenues and productivity benefits, partially offset by headwinds of 150 bps from incremental investments in R&D and non-cash purchase accounting

// Other Items

//Corporate expense before special items* was \$58 million in the quarter

//Tax rate excluding special items was 16.9% for the quarter

//Weighted average diluted share count of 466 million shares for the quarter

- **Outlook:** Expected weighted average diluted share count of ~450 million shares for Q4 and ~465 million shares for full year; expect to exit the year with a diluted share count of approximately 442 million shares

// Impact of Recast Financial Information on 2014 Quarterly EPS From Continuing Operations*

(EPS amounts are fully diluted and attributable to Tyco common shareholders)

//During the third quarter, management decided to sell certain businesses previously reported within the ROW Installation & Services operating segment

- Businesses generated \$41 million of revenue with an operating loss of \$11 million in fiscal 2013

(\$ per share)		EPS from Cont. Ops Before special items*	Previously Reported EPS from Cont. Ops Before special items*
Q1 2014		\$0.42	\$0.42
Q2 2014		\$0.46	\$0.45
Q3 2014		\$0.54	N/A

//The results of these businesses have been classified as discontinued operations for the current and historical periods

- Revenue and operating income results provided in the appendix have been adjusted to reflect these changes in all periods



* EPS from continuing operations before special items is a non-GAAP measure. For a reconciliation to the most comparable GAAP measures, please see Appendix.

// Impact of Recast Financial Information on 2013 Quarterly and Full Year EPS From Continuing Operations*

(EPS amounts are fully diluted and attributable to Tyco common shareholders)

(\$ per share)	EPS from Cont. Ops Before special items*	Previously Reported EPS from Cont. Ops Before special items*
Q1 2013	\$0.37	\$0.37
Q2 2013	\$0.37	\$0.37
Q3 2013	\$0.46	\$0.45
Q4 2013	\$0.47	\$0.46
Full Year 2013	\$1.66	\$1.64



* EPS from continuing operations before special items is a non-GAAP measure. For a reconciliation to the most comparable GAAP measures, please see Appendix.

Appendix

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

	Quarters Ended		Nine Months Ended	
	June 27, 2014	June 28, 2013	June 27, 2014	June 28, 2013
Revenue from product sales	\$ 1,621	\$ 1,484	\$ 4,553	\$ 4,319
Service revenue	1,041	1,053	3,083	3,144
Net revenue	2,662	2,537	7,636	7,463
Cost of product sales	1,106	1,000	3,108	2,956
Cost of services	572	606	1,725	1,813
Selling, general and administrative expenses	671	712	1,878	2,129
Separation costs	—	4	1	9
Restructuring and asset impairment charges, net	17	53	27	82
Operating income	296	162	897	474
Interest income	4	6	10	13
Interest expense	(24)	(26)	(73)	(75)
Other expense, net	—	(1)	(2)	(30)
Income from continuing operations before income taxes	276	141	832	382
Income tax expense	(55)	(23)	(164)	(56)
Equity gain (loss) in earnings of unconsolidated subsidiaries	215	(6)	206	(18)
Income from continuing operations	436	112	874	308
Income from discontinued operations, net of income taxes	1,016	23	1,057	62
Net income	1,452	135	1,931	370
Less: noncontrolling interest in subsidiaries net (loss) income	2	—	4	—
Net income attributable to Tyco common shareholders	\$ 1,450	\$ 135	\$ 1,927	\$ 370
Amounts attributable to Tyco common shareholders:				
Income from continuing operations	\$ 434	\$ 112	\$ 870	\$ 308
Income from discontinued operations	1,016	23	1,057	62
Net income attributable to Tyco common shareholders	<u>\$ 1,450</u>	<u>\$ 135</u>	<u>\$ 1,927</u>	<u>\$ 370</u>
Basic earnings per share attributable to Tyco common shareholders:				
Income from continuing operations	\$ 0.95	\$ 0.24	\$ 1.89	\$ 0.66
Income from discontinued operations	2.22	0.05	2.29	0.14
Net income attributable to Tyco common shareholders	<u>\$ 3.17</u>	<u>\$ 0.29</u>	<u>\$ 4.18</u>	<u>\$ 0.80</u>
Diluted earnings per share attributable to Tyco common shareholders:				
Income from continuing operations	\$ 0.93	\$ 0.24	\$ 1.85	\$ 0.65
Income from discontinued operations	2.18	0.04	2.26	0.13
Net income attributable to Tyco common shareholders	<u>\$ 3.11</u>	<u>\$ 0.28</u>	<u>\$ 4.11</u>	<u>\$ 0.78</u>
Weighted average number of shares outstanding:				
Basic	458	463	461	465
Diluted	466	471	469	473

Note: These financial statements should be read in conjunction with the Consolidated Financial Statements and accompanying notes contained in the Company's Current Report on Form 8-K filed on May 16, 2014 for the fiscal year ended September 27, 2013 and Quarterly Report on Form 10-Q for the quarter ended March 28, 2014.

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

	Quarters Ended		Nine Months Ended	
	June 27, 2014	June 28, 2013	June 27, 2014	June 28, 2013
Net Revenue				
NA Installation & Services	\$ 968	\$ 966	\$ 2,864	\$ 2,895
ROW Installation & Services	1,001	971	2,909	2,856
Global Products	693	600	1,863	1,712
Total Net Revenue	\$ 2,662	\$ 2,537	\$ 7,636	\$ 7,463
Operating Income and Margin				
NA Installation & Services	\$ 117 12.1 %	\$ 88 9.1 %	\$ 333 11.6 %	\$ 275 9.5 %
ROW Installation & Services	101 10.1 %	77 7.9 %	308 10.6 %	250 8.8 %
Global Products	136 19.6 %	114 19.0 %	329 17.7 %	188 11.0 %
Corporate and Other	(58) N/M	(117) N/M	(73) N/M	(239) N/M
Operating Income and Margin	\$ 296 11.1 %	\$ 162 6.4 %	\$ 897 11.7 %	\$ 474 6.4 %

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

	June 27, 2014	September 27, 2013
Assets		
Current Assets:		
Cash and cash equivalents	\$ 1,912	\$ 563
Accounts receivable, net	1,739	1,704
Inventories	650	645
Prepaid expenses and other current assets	1,141	839
Deferred income taxes	250	250
Assets held for sale	27	856
Total Current Assets	5,719	4,857
Property, plant and equipment, net	1,283	1,284
Goodwill	4,212	4,162
Intangible assets, net	765	791
Other assets	797	1,082
Total Assets	\$ 12,776	\$ 12,176
Liabilities and Equity		
Current Liabilities:		
Loans payable and current maturities of long-term debt	\$ 20	\$ 20
Accounts payable	851	848
Accrued and other current liabilities	1,962	1,852
Deferred revenue	411	393
Liabilities held for sale	15	236
Total Current Liabilities	3,259	3,349
Long-term debt	1,443	1,443
Deferred revenue	344	370
Other liabilities	1,689	1,881
Total Liabilities	6,735	7,043
Redeemable noncontrolling interest	13	12
Total Tyco shareholders' equity	6,002	5,098
Nonredeemable noncontrolling interest	26	23
Total Equity	6,028	5,121
Total Liabilities, Redeemable Noncontrolling Interest and Equity	\$ 12,776	\$ 12,176

Note: These financial statements should be read in conjunction with the Consolidated Financial Statements and accompanying notes contained in the Company's Current Report on Form 8-K filed on May 16, 2014 for the fiscal year ended September 27, 2013 and Quarterly Report on Form 10-Q for the quarter ended March 28, 2014.

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

	For the Quarters Ended		For the Nine Months Ended	
	June 27, 2014	June 28, 2013	June 27, 2014	June 28, 2013
Cash Flows From Operating Activities:				
Net income attributable to Tyco common shareholders	\$ 1,450	135	1,927	370
Noncontrolling interest in subsidiaries net income	2	—	4	—
Income from discontinued operations, net of income taxes	(1,016)	(23)	(1,057)	(62)
Income from continuing operations	436	112	874	308
Adjustments to reconcile net cash provided by operating activities:				
Depreciation and amortization	89	95	270	284
Non-cash compensation expense	17	16	48	47
Deferred income taxes	29	(7)	85	(52)
Provision for losses on accounts receivable and inventory	8	16	31	52
Legacy legal matters	—	—	(92)	—
(Gain) loss on divestitures	—	4	(2)	10
Loss (gain) on investments	(219)	6	(214)	14
Other non-cash items	6	39	20	64
Changes in assets and liabilities, net of the effects of acquisitions and divestitures:				
Accounts receivable, net	(78)	(47)	(39)	(32)
Contracts in progress	(44)	(4)	(49)	(13)
Inventories	10	(39)	(13)	(71)
Prepaid expenses and other current assets	(6)	37	(35)	73
Accounts payable	63	45	15	(44)
Accrued and other liabilities	(140)	(26)	(360)	(231)
Deferred revenue	(23)	(6)	(13)	(1)
Other	4	(33)	(6)	(48)
Net cash provided by operating activities	152	208	520	360
Net cash provided by discontinued operating activities	25	60	100	117
Cash Flows From Investing Activities:				
Capital expenditures	(75)	(65)	(210)	(205)
Proceeds from disposal of assets	1	—	7	4
Acquisition of businesses, net of cash acquired	(9)	(37)	(63)	(75)
Acquisition of dealer generated customer accounts and bulk account purchases	(4)	(4)	(20)	(14)
Sales and maturities of investments	142	64	283	103
Purchases of investments	(292)	(63)	(332)	(182)
Sale of equity investment	250	—	250	—
Other	(4)	12	2	6
Net cash provided by (used in) investing activities	9	(93)	(83)	(363)
Net cash provided by (used in) discontinued investing activities	1,846	(28)	1,789	(82)
Cash Flows From Financing Activities:				
Proceeds from issuance of short-term debt	115	280	830	380
Repayment of short-term debt	(116)	(290)	(831)	(391)
Proceeds from exercise of share options	17	31	79	125
Dividends paid	(83)	(74)	(231)	(214)
Repurchase of common shares by treasury	(556)	(100)	(806)	(300)
Transfer from discontinued operations	1,871	94	1,889	65
Other	—	(18)	(10)	(35)
Net cash provided by (used in) financing activities	1,248	(77)	920	(370)
Net cash used in discontinued financing activities	(1,871)	(94)	(1,889)	(65)
Effect of currency translation on cash	8	(13)	(8)	(16)
Net increase (decrease) in cash and cash equivalents	1,417	(37)	1,349	(419)
Less: net decrease in cash and cash equivalents related to discontinued operations	—	(62)	—	(30)
Cash and cash equivalents at beginning of period	495	430	563	844
Cash and cash equivalents at end of period	\$ 1,912	\$ 455	\$ 1,912	\$ 455

Reconciliation to "Free Cash Flow":

Net cash provided by operating activities	\$ 152	\$ 208	\$ 520	\$ 360
Capital expenditures, net	(74)	(65)	(203)	(201)
Acquisition of dealer generated customer accounts and bulk account purchases	(4)	(4)	(20)	(14)
Purchase accounting and holdback liabilities	—	(1)	—	(7)
Free Cash Flow	<u>\$ 74</u>	<u>\$ 138</u>	<u>\$ 297</u>	<u>\$ 138</u>

Reconciliation to "Adjusted Free Cash Flow":

CIT settlement	\$ —	\$ —	\$ (17)	\$ —
IRS litigation costs	—	—	1	—
Separation costs	27	20	71	168
Restructuring and repositioning costs	23	20	79	61
Environmental remediation payments	6	11	60	24
Legal settlements	6	13	6	46
Net asbestos payments (recoveries)	6	26	13	(24)
Cash payment from Covidien/TE Connectivity	147	16	149	11
Cash payment from ADT Resi/Pentair	19	—	30	—
Special Items	<u>\$ 234</u>	<u>\$ 106</u>	<u>\$ 392</u>	<u>\$ 286</u>
Adjusted Free Cash Flow	<u>\$ 308</u>	<u>\$ 244</u>	<u>\$ 689</u>	<u>\$ 424</u>

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)

Quarter Ended June 27, 2014

	Net Revenue for the Quarter Ended June 28, 2013	Base Year Adjustments		Adjusted Fiscal 2013 Base Revenue	Foreign Currency		Acquisitions		Organic Revenue ⁽¹⁾		Net Revenue for the Quarter Ended June 27, 2014	
		Divestitures /	Other									
NA Installation & Services	\$ 966	\$ (6)	(0.6)%	\$ 960	\$ (7)	(0.7)%	\$ 5	0.5 %	\$ 10	1.0 %	\$ 968	0.2 %
ROW Installation & Services	971	(20)	(2.1)%	951	—	— %	27	2.8 %	23	2.4 %	1,001	3.1 %
Global Products	600	—	— %	600	1	0.2 %	19	3.2 %	73	12.2 %	693	15.5 %
Total Net Revenue	\$ 2,537	\$ (26)	(1.0)%	\$ 2,511	\$ (6)	(0.2)%	\$ 51	2.0 %	\$ 106	4.2 %	\$ 2,662	4.9 %

⁽¹⁾ Organic revenue growth percentage based on adjusted fiscal 2013 base revenue.

Nine Months Ended June 27, 2014

	Net Revenue for the Nine Months Ended June 28, 2013	Base Year Adjustments		Adjusted Fiscal 2013 Base Revenue	Foreign Currency		Acquisitions		Organic Revenue ⁽¹⁾		Net Revenue for the Nine Months Ended June 27, 2014	
		Divestitures /	Other ⁽²⁾									
NA Installation & Services	\$ 2,895	\$ (42)	(1.5)%	\$ 2,853	\$ (24)	(0.8)%	\$ 14	0.5 %	\$ 21	0.7 %	\$ 2,864	(1.1)%
ROW Installation & Services	2,856	(47)	(1.6)%	2,809	(52)	(1.8)%	99	3.5 %	53	1.9 %	2,909	1.9 %
Global Products	1,712	2	0.1 %	1,714	(6)	(0.4)%	56	3.3 %	99	5.8 %	1,863	8.8 %
Total Net Revenue	\$ 7,463	\$ (87)	(1.2)%	\$ 7,376	\$ (82)	(1.1)%	\$ 169	2.3 %	\$ 173	2.3 %	\$ 7,636	2.3 %

⁽¹⁾ Organic revenue growth percentage based on adjusted fiscal 2013 base revenue.

⁽²⁾ Amounts include the transfer of a business from NA Installation & Services to Global Products.

**Earnings Per Share Summary
(Unaudited)**

	Quarter Ended			Quarter Ended				Year Ended
	Dec. 27, 2013	March 28, 2014	June 27, 2014	Dec. 28, 2012	March 29, 2013	June 28, 2013	Sept. 27, 2013	Sept. 27, 2013
Diluted EPS from Continuing Operations Attributable to Tyco Shareholders (GAAP)	\$ 0.52	\$ 0.40	\$ 0.93	\$ 0.30	\$ 0.11	\$ 0.24	\$ 0.29	\$ 0.94
<i>expense / (benefit)</i>								
Restructuring and repositioning activities	0.01	0.02	0.05	0.01	0.04	0.10	0.06	0.21
Separation costs included in SG&A	0.02	0.02	0.02	0.01	0.04	0.04	0.02	0.10
(Gains) / losses on divestitures, net included in SG&A	—	—	—	—	0.02	—	0.02	0.04
Acquisition / integration costs	—	—	—	—	—	—	—	0.01
Asbestos	—	—	(0.01)	—	—	0.03	—	0.03
Environmental remediation	—	—	—	0.01	0.12	—	—	0.13
Tyco share of Atkore impairment	—	—	—	—	—	—	0.04	0.03
Legacy legal items	—	—	—	—	—	0.04	—	0.04
Loss on sale of investment	0.01	—	—	—	—	—	—	—
CIT settlement	(0.03)	—	—	—	—	—	—	—
Settlement with former management	(0.11)	—	(0.01)	—	—	—	—	—
Separation costs	—	—	—	0.01	—	0.01	—	0.02
Tax items	—	0.01	0.02	0.01	—	—	0.04	0.04
2012 Tax Sharing Agreement	—	0.01	—	0.02	0.04	—	—	0.07
Gain on sale of Atkore divestiture	—	—	(0.46)	—	—	—	—	—
Total Before Special Items	\$ 0.42	\$ 0.46	\$ 0.54	\$ 0.37	\$ 0.37	\$ 0.46	\$ 0.47	\$ 1.66

Note: Prior periods have been recast to present certain businesses as a discontinued operation.

Tyco International Ltd.
For the Quarter Ended December 28, 2013
(in millions, except per share data)
(Unaudited)
expense / (benefit)

Segments						
	NA Installation & Services	ROW Installation & Services	Global Products	Segment Revenue	Corporate and Other	Total Revenue
Revenue (GAAP)	\$957	\$971	\$565	\$2,493	\$—	\$2,493

Operating Income																			
	NA Installation & Services	Margin	ROW Installation & Services	Margin	Global Products	Margin	Segment Operating Income	Margin	Corporate and Other	Margin	Total Operating Income	Margin	Interest (Expense), net	Other (Expense), net	Income Tax (Expense)	Equity in earnings of unconsolidated subsidiaries	Noncontrolling Interest	Income from Continuing Operations Attributable to Tyco Shareholders	Diluted EPS from Continuing Operations Attributable to Tyco Shareholders
Operating Income (GAAP)	\$117	12.2 %	\$95	9.8 %	\$86	15.2 %	\$298	12.0 %	\$46	N/M	\$344	13.8 %	(\$21)	(\$1)	(\$70)	(\$4)	(\$2)	\$246	\$0.52
Restructuring and repositioning activities	(2)				4		2		7		9				(2)			7	0.01
Separation costs included in SG&A	14						14		1		15				(6)			9	0.02
(Gains) / losses on divestitures, net included in SG&A									(3)		(3)							(3)	—
Acquisition / integration costs			1				1				1							1	—
Settlement with former management									(92)		(92)				36			(56)	(0.11)
Asbestos									1		1				(1)			—	—
IRS litigation costs									1		1							1	—
CIT settlement									(16)		(16)							(16)	(0.03)
Loss on sale of investment			7				7				7							7	0.01
2012 Tax Sharing Agreement														2				2	—
Total Before Special Items	\$129	13.5 %	\$103	10.6 %	\$90	15.9 %	\$322	12.9 %	(\$55)	N/M	\$267	10.7 %	(\$21)	\$1	(\$43)	(\$4)	(\$2)	\$198	\$0.42

Note: This period has been recast to present certain businesses as a discontinued operation.

Diluted Shares Outstanding	471
Diluted Shares Outstanding - Before Special Items	471

Tyco International Ltd.
For the Quarter Ended March 28, 2014
(in millions, except per share data)
(Unaudited)
expense / (benefit)

Segments						
	NA Installation & Services	ROW Installation & Services	Global Products	Segment Revenue	Corporate and Other	Total Revenue
Revenue (GAAP)	\$939	\$937	\$605	\$2,481	\$—	\$2,481

Operating Income																			
	NA Installation & Services	Margin	ROW Installation & Services	Margin	Global Products	Margin	Segment Operating Income	Margin	Corporate and Other	Margin	Total Operating Income	Margin	Interest (Expense), net	Other (Expense), net	Income Tax (Expense)	Equity in earnings of unconsolidated subsidiaries	Noncontrolling Interest	Income from Continuing Operations Attributable to Tyco Shareholders	Diluted EPS from Continuing Operations Attributable to Tyco Shareholders
Operating Income (GAAP)	\$99	10.5 %	\$112	12.0 %	\$107	17.7 %	\$318	12.8 %	(\$61)	N/M	\$257	10.4 %	(\$22)	(\$1)	(\$39)	(\$5)	—	\$190	\$0.40
Restructuring and repositioning activities	3		4		2		9		7		16				(6)			10	0.02
Separation costs included in SG&A	15						15				15				(5)			10	0.02
(Gains) / losses on divestitures, net included in SG&A			1				1				1							1	—
Acquisition / integration costs			1				1				1							1	—
IRS litigation costs									(1)		(1)							(1)	—
Separation costs									1		1							1	—
Tax items															4			4	0.01
2012 Tax Sharing Agreement														3				3	0.01
Total Before Special Items	\$117	12.5 %	\$118	12.6 %	\$109	18.0 %	\$344	13.9 %	(\$54)	N/M	\$290	11.7 %	(\$22)	\$2	(\$46)	(\$5)	—	\$219	\$0.46

Note: This period has been recast to present certain businesses as a discontinued operation.

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

Tyco International Ltd.
For the Quarter Ended June 27, 2014
(in millions, except per share data)
(Unaudited)
expense / (benefit)

Segments						
	NA Installation & Services	ROW Installation & Services	Global Products	Segment Revenue	Corporate and Other	Total Revenue
Revenue (GAAP)	\$968	\$1,001	\$693	\$2,662	\$—	\$2,662

Operating Income																				
	NA Installation & Services	Margin	ROW Installation & Services	Margin	Global Products	Margin	Segment Operating Income	Margin	Corporate and Other	Margin	Total Operating Income	Margin	Interest (Expense), net	Other (Expense), net	Income Tax (Expense)	Equity in earnings of unconsolidated subsidiaries	Noncontrolling Interest	Income from Continuing Operations Attributable to Tyco Shareholders	Diluted EPS from Continuing Operations Attributable to Tyco Shareholders	
Operating Income (GAAP)	\$117	12.1 %	\$101	10.1 %	\$136	19.6 %	\$354	13.3 %	(\$58)	N/M	\$296	11.1 %	(\$20)	—	(\$55)	\$215	(\$2)	\$434	\$0.93	
Restructuring and repositioning activities	6		11		3		20		10		30				(9)			21	0.05	
Separation costs included in SG&A	11						11				11				(1)			10	0.02	
Acquisition / integration costs					1		1				1							1	—	
Settlement with former management									(4)		(4)				1			(3)	(0.01)	
Asbestos									(6)		(6)				3			(3)	(0.01)	
Tax items															9			9	0.02	
Gain on sale of Atkore divestiture																(216)		(216)	(0.46)	
Total Before Special Items	\$134	13.8 %	\$112	11.2 %	\$140	20.2 %	\$386	14.5 %	(\$58)	N/M	\$328	12.3 %	(\$20)	\$—	(\$52)	(\$1)	(\$2)	\$253	\$0.54	

Diluted Shares Outstanding	466
Diluted Shares Outstanding - Before Special Items	466

Tyco International Ltd.
For the Quarter Ended December 28, 2012
(in millions, except per share data)
(Unaudited)
expense / (benefit)

Segments						
	NA Installation & Services	ROW Installation & Services	Global Products	Segment Revenue	Corporate and Other	Total Revenue
Revenue (GAAP)	\$976	\$953	\$534	\$2,463	\$—	\$2,463

Operating Income																				
	NA Installation & Services	Margin	ROW Installation & Services	Margin	Global Products	Margin	Segment Operating Income	Margin	Corporate and Other	Margin	Total Operating Income	Margin	Interest (Expense), net	Other (Expense), net	Income Tax (Expense)	Equity in earnings of unconsolidated subsidiaries	Noncontrolling Interest	Income from Continuing Operations Attributable to Tyco Shareholders	Diluted EPS from Continuing Operations Attributable to Tyco Shareholders	
Operating Income (GAAP)	\$108	11.1 %	\$94	9.9 %	\$74	13.9 %	\$276	11.2 %	(\$61)	N/M	\$215	8.7 %	(\$20)	(\$9)	(\$35)	(\$6)	(\$2)	\$143	\$0.30	
Restructuring, net			4		2		6		1		7				(1)			6	0.01	
Separation costs included in SG&A	12						12		1		13				(5)			8	0.01	
(Gains) / losses on divestitures, net included in SG&A									(3)		(3)							(3)	—	
Acquisition / integration costs					1		1				1							1	—	
Asbestos									(1)		(1)							(1)	—	
Environmental remediation					6		6				6				(2)			4	0.01	
Separation costs									5		5							5	0.01	
Tax items															4			4	0.01	
2012 Tax Sharing Agreement														10				10	0.02	
Total Before Special Items	\$120	12.3 %	\$98	10.3 %	\$83	15.5 %	\$301	12.2 %	(\$58)	N/M	\$243	9.9 %	(\$20)	\$1	(\$39)	(\$6)	(\$2)	\$177	\$0.37	

Note: This period has been recast to present certain businesses as a discontinued operation.

Diluted Shares Outstanding	473
Diluted Shares Outstanding - Before Special Items	473

Tyco International Ltd.
For the Quarter Ended March 29, 2013
(in millions, except per share data)
(Unaudited)
expense / (benefit)

Segments						
	NA Installation & Services	ROW Installation & Services	Global Products	Segment Revenue	Corporate and Other	Total Revenue
Revenue (GAAP)	\$953	\$932	\$578	\$2,463	\$—	\$2,463

	Operating Income																			
	NA Installation & Services		Margin	ROW Installation & Services		Margin	Global Products	Margin	Segment Operating Income	Margin	Corporate and Other	Margin	Total Operating Income	Margin	Interest (Expense), net	Other (Expense), net	Income Tax (Expense)	Equity in earnings of unconsolidated subsidiaries	Noncontrolling Interest	Income from Continuing Operations Attributable to Tyco Shareholders
Operating Income (GAAP)	\$79	8.3 %		\$79	8.5 %	—	—	\$158	6.4 %	(\$61)	N/M	\$97	3.9 %	(\$22)	(\$20)	\$2	(\$6)	\$2	\$53	\$0.11
Restructuring and repositioning activities	6			13			3	22		4		26				(7)			19	0.04
Separation costs included in SG&A	16							16				16				3			19	0.04
(Gains) / losses on divestitures, net included in SG&A	3			1				4		5		9							9	0.02
Asbestos										(1)		(1)				1			—	—
Environmental remediation							94	94				94				(37)			57	0.12
2012 Tax Sharing Agreement															20				20	0.04
Total Before Special Items	\$104	10.9 %		\$93	10.0 %	\$97	16.8 %	\$294	11.9 %	(\$53)	N/M	\$241	9.8 %	(\$22)	—	(\$38)	(\$6)	\$2	\$177	\$0.37

Note: This period has been recast to present certain businesses as a discontinued operation.

Diluted Shares Outstanding	474
Diluted Shares Outstanding - Before Special Items	474

Tyco International Ltd.
For the Quarter Ended June 28, 2013
(in millions, except per share data)
(Unaudited)
expense / (benefit)

Segments						
	NA Installation & Services	ROW Installation & Services	Global Products	Segment Revenue	Corporate and Other	Total Revenue
Revenue (GAAP)	\$966	\$971	\$600	\$2,537	\$—	\$2,537

Operating Income																			
	NA Installation & Services	Margin	ROW Installation & Services	Margin	Global Products	Margin	Segment Operating Income	Margin	Corporate and Other	Margin	Total Operating Income	Margin	Interest (Expense), net	Other (Expense), net	Income Tax (Expense)	Equity in earnings of unconsolidated subsidiaries	Noncontrolling Interest	Income from Continuing Operations Attributable to Tyco Shareholders	Diluted EPS from Continuing Operations Attributable to Tyco Shareholders
Operating Income (GAAP)	\$88	9.1 %	\$77	7.9 %	\$114	19.0 %	\$279	11.0 %	(\$117)	N/M	\$162	6.4 %	(\$20)	(\$1)	(\$23)	(\$6)	—	\$112	\$0.24
Restructuring and repositioning activities	16		34		5		55		3		58				(11)			47	0.10
Separation costs included in SG&A	12						12		6		18				(3)			15	0.04
(Gains) / losses on divestitures, net included in SG&A	1						1		3		4				(2)			2	—
Acquisition/integration costs			1				1				1							1	—
Asbestos									12		12				(1)			11	0.03
Legacy legal items					-			-	27		27				(9)			18	0.04
Separation costs									4		4							4	0.01
Tax items															2			2	—
2012 Tax Sharing Agreement														1				1	—
Total Before Special Items	\$117	12.1 %	\$112	11.5 %	\$119	19.8 %	\$348	13.7 %	(\$62)	N/M	\$286	11.3 %	(\$20)	—	(\$47)	(\$6)	—	\$213	\$0.46

Note: This period has been recast to present certain businesses as a discontinued operation.

Diluted Shares Outstanding	471
Diluted Shares Outstanding - Before Special Items	471

Tyco International Ltd.
For the Quarter Ended September 27, 2013
(in millions, except per share data)
(Unaudited)
expense / (benefit)

Segments			
NA Installation & Services	ROW Installation & Services	Global Products	Segment Revenue
Revenue (GAAP)	\$996	\$987	\$627
			\$2,610
			\$—
			\$2,610

Operating Income																		
	NA Installation & Services	Margin	ROW Installation & Services	Margin	Global Products	Margin	Segment Operating Income	Margin	Corporate and Other	Margin	Total Operating Income	Margin	Interest (Expense), net	Other (Expense), net	Income Tax (Expense)	Equity in earnings of unconsolidated subsidiaries	Noncontrolling Interest	Income from Continuing Operations Attributable to Tyco Shareholders
Operating Income (GAAP)	\$113	11.3 %	\$83	8.4 %	\$119	19.0 %	\$315	12.1 %	(\$80)	N/M	\$235	9.0 %	(\$22)	\$1	(\$52)	(\$30)	\$3	\$135
Restructuring and repositioning activities	14		12		2		28		11		39				(14)			25
Separation costs included in SG&A	9						9		5		14				(8)			6
(Gains) / losses on divestitures, net included in SG&A	(3)		13				10				10							10
Acquisition / integration costs			1		1		2				2							2
Asset impairment charges			1				1				1							1
Asbestos									2		2							2
Tyco share of Atkore impairment																21		21
Separation costs									(1)		(1)							(1)
Tax items															16			16
2012 Tax Sharing Agreement														1				1
Total Before Special Items	\$133	13.4 %	\$110	11.1 %	\$122	19.5 %	\$365	14.0 %	(\$63)	N/M	\$302	11.6 %	(\$22)	\$2	(\$58)	(\$9)	\$3	\$218

Note: This period has been recast to present certain businesses as a discontinued operation.

Diluted Shares Outstanding	471
Diluted Shares Outstanding - Before Special Items	471

Tyco International Ltd.
For the Year Ended September 27, 2013
(in millions, except per share data)
(Unaudited)
expense / (benefit)

Segments						
	NA Installation & Services	ROW Installation & Services	Global Products	Segment Revenue	Corporate and Other	Total Revenue
Revenue (GAAP)	\$3,891	\$3,843	\$2,339	\$10,073	\$—	\$10,073

	Operating Income																	Income from Continuing Operations Attributable to Tyco Shareholders	Diluted EPS from Continuing Operations Attributable to Tyco Shareholders
	NA Installation & Services	Margin	ROW Installation & Services	Margin	Global Products	Margin	Segment Operating Income	Margin	Corporate and Other	Margin	Total Operating Income								
Operating Income (GAAP)	\$388	10.0 %	\$333	8.7 %	\$307	13.1 %	\$1,028	10.2 %	(\$319)	N/M	\$709	7.0 %	(\$84)	(\$29)	(\$108)	(\$48)	\$3	\$443	\$0.94
Restructuring and repositioning activities	36		63		12		111		19		130				(33)			97	0.21
Separation costs included in SG&A	49						49		12		61				(13)			48	0.10
(Gains) / losses on divestitures, net included in SG&A	1		14				15		5		20				(2)			18	0.04
Acquisition / integration costs			2		2		4				4							4	0.01
Asset impairment charges			1				1				1							1	—
Asbestos									12		12							12	0.03
Environmental remediation					100		100				100				(39)			61	0.13
Tyco share of Atkore impairment																21		21	0.03
Legacy legal items									27		27				(9)			18	0.04
Separation costs									8		8							8	0.02
Tax items															22			22	0.04
2012 Tax Sharing Agreement														32				32	0.07
Total Before Special Items	\$474	12.2 %	\$413	10.7 %	\$421	18.0 %	\$1,308	13.0 %	(\$236)	N/M	\$1,072	10.6 %	(\$84)	\$3	(\$182)	(\$27)	\$3	\$785	\$1.66

Note: This period has been recast to present certain businesses as a discontinued operation.

Diluted Shares Outstanding	472
Diluted Shares Outstanding - Before Special Items	472

// Non-GAAP Measures

Organic revenue, free cash flow (outflow) (FCF), and income from continuing operations, earnings per share (EPS) from continuing operations, operating income and segment operating income, in each case “before special items,” are non-GAAP measures and should not be considered replacements for GAAP results.

Organic revenue is a useful measure used by the company to measure the underlying results and trends in the business. The difference between reported net revenue (the most comparable GAAP measure) and organic revenue (the non-GAAP measure) consists of the impact from foreign currency, acquisitions and divestitures, and other changes that either do not reflect the underlying results and trends of the Company's businesses or are not completely under management's control. There are limitations associated with organic revenue, such as the fact that, as presented herein, the metric may not be comparable to similarly titled measures reported by other companies. These limitations are best addressed by using organic revenue in combination with the GAAP numbers. Organic revenue may be used as a component in the company's incentive compensation plans.

FCF is a useful measure of the company's cash that permits management and investors to gain insight into the number that management employs to measure cash that is free from any significant existing obligation and is available to service debt and make investments. The difference between Cash Flows from Operating Activities (the most comparable GAAP measure) and FCF (the non-GAAP measure) consists mainly of significant cash flows that the company believes are useful to identify. It, or a measure that is based on it, may be used as a component in the company's incentive compensation plans. The difference reflects the impact from:

- *net capital expenditures,*
- *dealer generated accounts and bulk accounts purchased,*
- *cash paid for purchase accounting and holdback liabilities, and*
- *voluntary pension contributions.*

Capital expenditures and dealer generated and bulk accounts purchased are subtracted because they represent long-term investments that are required for normal business activities. Cash paid for purchase accounting and holdback liabilities is subtracted because these cash outflows are not available for general corporate uses. Voluntary pension contributions are added because this activity is driven by economic financing decisions rather than operating activity. In addition, the company presents adjusted free cash flow, which is free cash flow, adjusted to exclude the cash impact of the special items highlighted below. This number provides information to investors regarding the cash impact of certain items management believes are useful to identify, as described below.

// Non-GAAP Measures Continued

The limitation associated with using these cash flow metrics is that they adjust for cash items that are ultimately within management's and the Board of Directors' discretion to direct and therefore may imply that there is less or more cash that is available for the company's programs than the most comparable GAAP measure. Furthermore, these non-GAAP metrics may not be comparable to similarly titled measures reported by other companies. These limitations are best addressed by using FCF in combination with the GAAP cash flow numbers.

The company has presented its income and EPS from continuing operations, operating income and segment operating income before special items. Special items include charges and gains related to divestitures, acquisitions, restructurings, impairments, certain changes to accounting methodologies, legacy legal and tax charges and other income or charges that may mask the underlying operating results and/or business trends of the company or business segment, as applicable. The company utilizes these measures to assess overall operating performance and segment level core operating performance, as well as to provide insight to management in evaluating overall and segment operating plan execution and underlying market conditions. The Company also presents its effective tax rate as adjusted for special items for consistency, and presents corporate expense excluding special items. One or more of these measures may be used as components in the company's incentive compensation plans. These measures are useful for investors because they may permit more meaningful comparisons of the company's underlying operating results and business trends between periods. The difference between income and EPS from continuing operations before special items and income and EPS from continuing operations (the most comparable GAAP measures) consists of the impact of the special items noted above on the applicable GAAP measure. The limitation of these measures is that they exclude the impact (which may be material) of items that increase or decrease the company's reported GAAP metrics, and these non-GAAP metrics may not be comparable to similarly titled measures reported by other companies. These limitations are best addressed by using the non-GAAP measures in combination with the most comparable GAAP measures in order to better understand the amounts, character and impact of any increase or decrease on reported results.

The company provides general corporate services to its segments and those costs are reported in the "Corporate and Other" segment. This segment's operating income (loss) is presented as "Corporate Expense." Segment Operating Income represents Tyco's operating income excluding the Corporate and Other segment, and reflects the results of Tyco's three operating segments. Segment Operating Income before special items reflects GAAP operating income adjusted for the special items noted in the paragraph above.

tyco