



# 2010 Electrical Products Group Conference

**Ed Breen**

*Chairman & Chief Executive Officer*

May 19, 2010



## Forward-Looking Statements / Safe Harbor

Certain statements in this presentation are "forward-looking statements" within the meaning of the U.S. Private Securities Litigation Reform Act of 1995. All forward-looking statements involve risks and uncertainties. All statements contained herein that are not clearly historical in nature are forward-looking, and the words "anticipate," "believe," "expect," "estimate," "project" and similar expressions are generally intended to identify forward-looking statements. Any forward-looking statement contained herein, in press releases, written statements or documents filed with the Securities and Exchange Commission ("SEC"), or in Tyco's communications and discussions with investors and analysts in the normal course of business through meetings, webcasts, phone calls and conference calls, regarding expectations with respect to sales, earnings, cash flows, operating and tax efficiencies, product expansion, backlog, the consummation and benefits of acquisitions and divestitures, as well as financings and repurchases of debt or equity securities, are subject to known and unknown risks, uncertainties and contingencies. Many of these risks, uncertainties and contingencies are beyond our control, and may cause actual results, performance or achievements to differ materially from anticipated results, performances or achievements. Factors that might affect such forward-looking statements include, among other things:

- overall economic and business conditions;
- the demand for Tyco's goods and services;
- competitive factors in the industries in which Tyco competes;
- changes in tax requirements (including tax rate changes, new tax laws and revised tax law interpretations);
- results and consequences of Tyco's internal investigations and governmental investigations concerning the Company's governance, management, internal controls and operations including its business operations outside the United States;
- the outcome of litigation and governmental proceedings;
- effect of income tax audit settlements;
- the ratings on our debt and our ability to repay or refinance our outstanding indebtedness as it matures;
- our ability to operate within the limitations imposed by financing arrangements and to maintain our credit ratings;
- interest rate fluctuations and other changes in borrowing costs;
- our ability to execute our portfolio refinement and acquisition strategy, and our ability to integrate acquired businesses;
- other capital market conditions, including availability of funding sources and currency exchange rate fluctuations;
- availability of and fluctuations in the prices of key raw materials, including steel and copper;
- economic and political conditions in international markets, including governmental changes and restrictions on the ability to transfer capital across borders;
- the ability to achieve cost savings in connection with the company's restructuring initiatives;
- potential impairment of our goodwill and/or our long-lived assets;
- the impact of fluctuations in the price of Tyco common shares;
- risks associated with the change in our jurisdiction of incorporation from Bermuda to Switzerland, including the possibility of reduced flexibility with respect to certain aspects of capital management, increased or different regulatory burdens, and the possibility that we may not realize anticipated tax benefits;
- changes in U.S. and non-U.S. government laws and regulations; and
- 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 International's jurisdiction of incorporation or deny U.S. government contracts to us based upon Tyco International's jurisdiction of incorporation.

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

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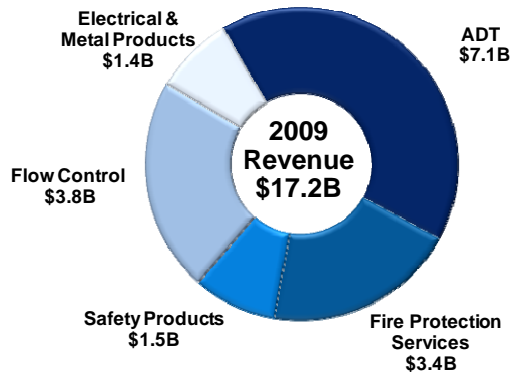
## Tyco International Highlights

- A diverse portfolio of industry leading businesses in Security Products and Services, Fire Protection Products and Services and Flow Control Technology
- Strong global presence in attractive industries
  - Emerging market focus
- Large and growing service revenue - almost \$7B of annual revenue
- Strong balance sheet, cash flow generation and financial flexibility

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## A Diverse Portfolio Of Businesses With Strong Brands



Most Businesses Are Industry Leaders

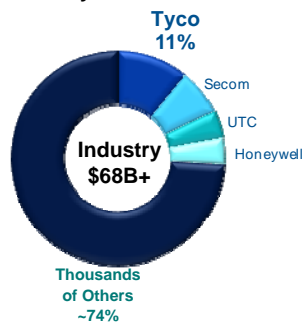
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## We Are Well-Positioned In Attractive Industries

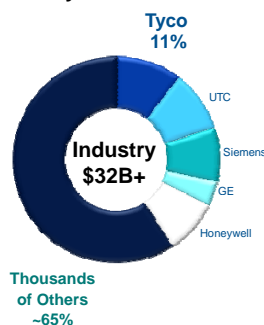
### Global Electronic Security Industry

Expected Long-Term Industry Growth = 5-6%



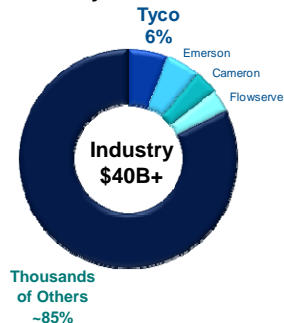
### Global Fire Industry

Expected Long-Term Industry Growth = 3-4%



### Global Industrial Valves & Controls Industry

Expected Long-Term Industry Growth = 4-5%



Fragmented Industries Provide Growth Opportunities

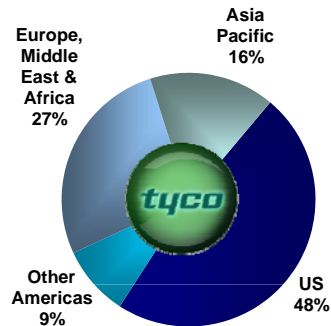
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Source: Freedonia, McIlrain, Industry and Management Estimates

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## A Strong Position In Developed Markets With An Expanding Emerging Markets Presence

2009 Revenue = \$17.2B



- >50% of our revenue is generated outside of the United States
- We provide products and services to customers around the world
- More than 100,000 employees
- Emerging markets represent ~15% of revenue

Strong Emerging Market Focus

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## Significant Opportunities for Long-Term Growth

### Earnings Growth

#### Internal Investments

Organic growth focus

Both product and service focused

Growth oriented capital spending

Restructuring

Productivity improvements

Cost management

#### Portfolio

*Selective Acquisitions*

Broadview

Bolt-ons

*Divestitures*

ADT France

Electrical & Metal Products

#### Use of Capital

Disciplined investment in our businesses

Return excess cash to shareholders

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## Investing For Long-Term Growth

### Technology & Innovation

- Growth-oriented capital spending represents ~70% of capital expenditures
- Maintained investment in R&D
- 16 R&D Centers in North America, Europe and Asia
- Broadview along with bolt-on acquisitions to expand product and service offerings

### Emerging Markets

- Represent ~15% of total revenue
- Providing revenue and earnings diversification
- Adapting products to local markets
- Long-term infrastructure development opportunities

We Plan To Fully Fund Growth Plans In 2010

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## Utilizing Mobile Network Technology To Improve Communications For Firefighters

- 2<sup>nd</sup> Generation of Scott Emergency Management System
- Patented Mobile Network enables firefighters and Site Commanders to move freely around a fire
- Provides critical real-time data to Site Commander
- Integrates with other Scott safety equipment; ability to locate downed fire fighters

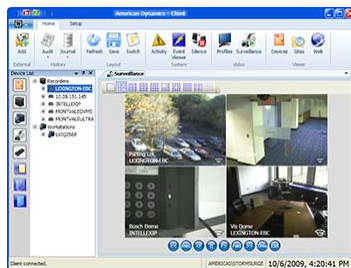
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EVAC ALL	4321 Jeremy Barber	6:14	→
EVAC ASSIGN	1234 Mike Smith	6:14	→
ACK PASS	548 Richard Sparks	10:45	→
ACK W/D	6589 Dan McKinney	5:27	→
ADD Detail	154 Ron Klingman	4:57	→
ADD Resource			



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## VideoEdge Provides IP-enabled Enterprise Security And Intrusion System



- One computer system to manage and control network video recorders, analog and IP video cameras, and intrusion security devices
- Combines video, alert management, and user management in one system
- Next generation Windows technology provides ease of use, better performance, and compatibility with XP, Vista and Windows 7

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## Developing Localized Products To Penetrate High-Growth Emerging Markets

### Fire Detection



- InfoAlarm replaces two existing fire detection panels with a single display

### Life Safety



- SCBA features a vibration alarm system to warn firefighters when their tank is running low on air

### Sensormatic

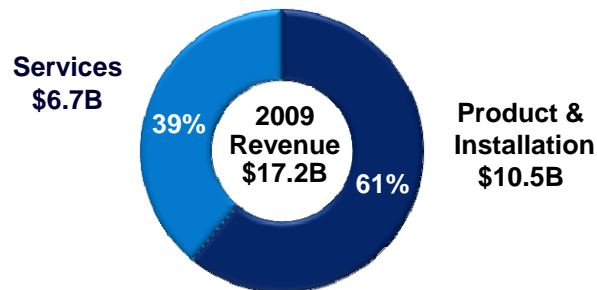


- New Mini Hard Tag is a low cost, electronic article surveillance (EAS) multi-use anti-theft device for the India market

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## Almost 40% Total Revenue Is Monitoring And Service Revenue



- ADT generated \$4.8B of revenue from monitoring and service activities (68% of total ADT revenue)
- Fire generated \$1.7B of service and maintenance revenue (49% of total Fire revenue)

**A Large, Stable Base Of Service Revenue**

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## We Expect Our Expansion Into Interactive Services To Fuel Continued Growth In RPU

### Security Industry Past 20 Years

- Intrusion Detection
- Fire/Smoke Detection
- Carbon Monoxide Detection
- Flood Detection



### Interactive Services 2010+

- Security Gateway Hub Connects Alarm Panel & Interactive Services Peripherals
- Broadband / GSM (cell)
- Security Control / Digital Picture Frame
- Premise Control and Live Camera Features
- Internet Widgets (Traffic and Weather)
- Z-way: Lamp Modules, Thermostats, Locks

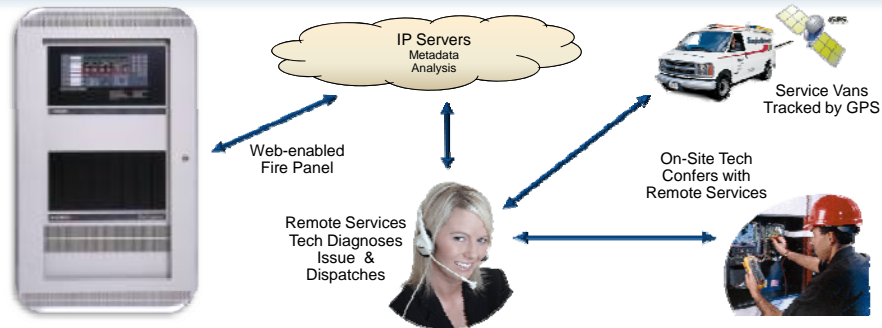


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## Remote Diagnostics For Fire Services



- Remote diagnostics, predictive service, and improved first-time fix rate
- Drives service revenue in Fire Protection Services
- Enhances productivity through more efficient service visits

**Fix Potential Problems Before They Occur**

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## Enhancing the Portfolio

- **Strategic acquisitions**
  - Broadview Security acquisition closed May 14<sup>th</sup>
  - Additional bolt-on acquisitions in Security, Fire or Flow Control – up to \$500M over the next 12 months
- **Divestitures**
  - Sale of ADT Security business in France completed in Q2FY10
  - Announced intention to spin Electrical & Metal Products on a tax free basis – expect to conclude transaction in first half of fiscal 2011

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## Broadview Security at a Glance



- Spun off from Brinks in October of 2008
- Full service provider of residential and commercial security systems, founded in 1983
- 2009 revenue of \$565M with over \$500M of recurring revenue
- 1.3M recurring revenue accounts
- Over 90% of U.S. zip codes covered
- Over 70 locations in North America
- ~3,400 employees

Excellent Fit With ADT



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## Why We Like Broadview Security

- Exceptional business fit
- Grows our North American residential/small business revenue by 25% to \$2.8 billion with over 85% recurring revenue
- Brings additional capabilities and capacity to generate new, high quality accounts
- Also brings additional install and service expertise
- Combination will result in enhanced service offerings for customers
- Expected to be accretive to earnings\* in the first full year by approximately \$0.07 per share (\$0.14 per share on a cash basis). Expected earnings accretion in year two of \$0.14 per share

Will Generate Solid Long-Term Returns For Our Shareholders



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\* Accretive before special items; which include transaction related expenses.

## Significant Operational And Tax Synergies

- Cost synergies expected to approximate \$150M on a run-rate basis, which is expected by year two
  - Integration and deal-related expenses ~\$100M
- Reduces Tyco's tax rate by approximately 2 percentage points in year one

### Ongoing Synergies

- Operational synergies estimated to be \$100M
  - Operational efficiency
  - Leverage advertising spend
  - Reduced G&A expenses
- Tax synergies

### Other Savings

- Estimated to be \$50M
  - Rebranding expense
  - Royalty payment

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## Transaction Summary

### Price

- \$42.50 per Broadview share
- \$2.0 billion transaction value

### Consideration

- 70% stock / 30% cash
  - Issued approximately 35 million Tyco shares
  - Paid cash of approximately \$585 million

### Broadview Shareholder Vote

- Special meeting May 12, 2010:
  - Overwhelming majority in favor of transaction

### Close Date

- May 14, 2010

### Earnings Impact

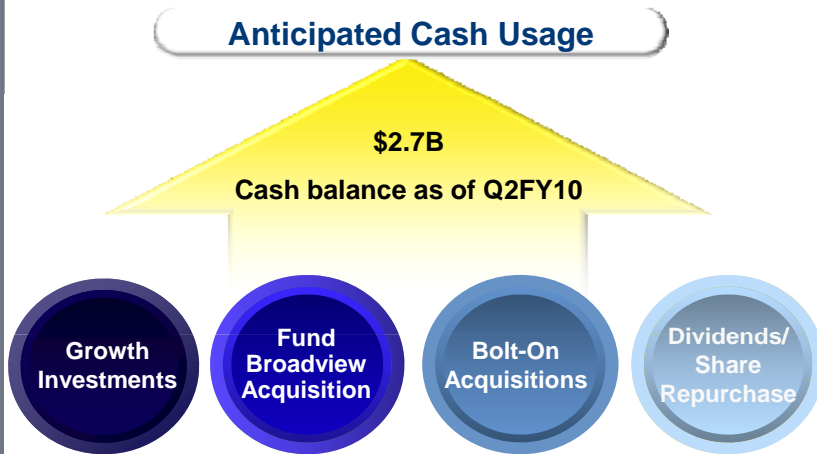
- Negligible impact on fiscal year 2010 earnings

Financed In A Balanced, Tax Efficient Manner

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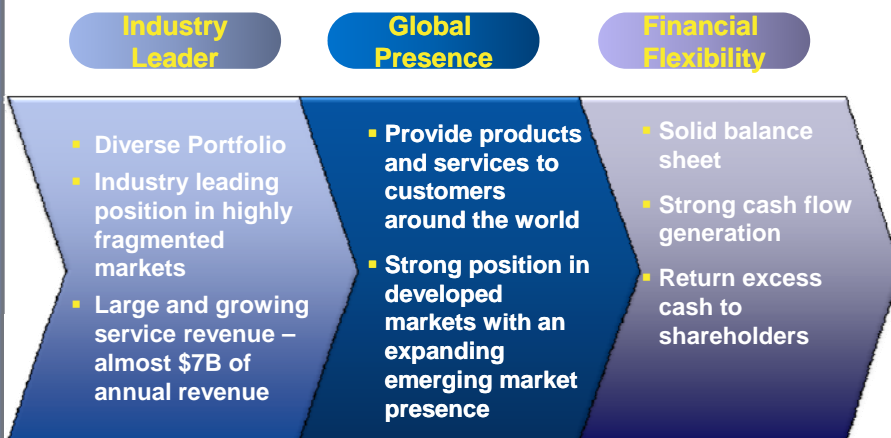
## Use Of Capital



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## Tyco Summary



**Positioning For A Stronger Future**

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