# tyco

# Investor Day

New York, NY

September 18, 2012


# Forward-Looking Statements / Safe Harbor

This presentation contains a number of forward-looking statements. Words, and variations of words, such as “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, revenue, operating income and other financial projections, our intent to spin-off ADT and Flow Control (and subsequently merge Flow Control with Pentair Inc.), the expectation that these transactions will be tax-free, statements regarding the leadership, resources, potential, priorities, and opportunities for the companies following the spin-offs, statements regarding the credit profile of each of the companies following the spin-offs, and the timing of the transactions. The forward-looking statements in this press release 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:

- Failure to obtain necessary regulatory approvals or to satisfy any of the other conditions to the proposed transactions;
- Adverse impacts on the market price of our common stock and on our operating results because of a failure to complete the proposed transactions;
- Failure to realize the expected benefits of the proposed transactions;
- Negative impacts of announcement or consummation of the proposed transactions on the market price of the company’s common stock;
- Significant transaction costs and/or unknown liabilities;
- General economic and business conditions that impact the companies in connection with the proposed transactions;
- Failure to realize expected cost targets following the separation
- Unanticipated expenses such as litigation or legal settlement expenses;
- Failure to obtain tax rulings or tax law changes;
- The impacts of the proposed transactions on the company’s employees, customers and suppliers;
- Future opportunities that the company’s board may determine present greater potential to increase shareholder value; and
- The ability of the companies to operate independently following the transactions; and
- Industry specific events or conditions that may adversely impact revenue or other financial projections.

Actual results could differ materially from anticipated results. For further information regarding risks and uncertainties related to Tyco’s businesses, please refer to the “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and “Risk Factors” sections of Tyco’s SEC filings, including, but not limited to, its annual report on Form 10-K and quarterly reports on Form 10-Q, copies of which may be obtained by contacting Tyco’s Investor Relations Department, Tyco International Management Company LLC, 9 Roszel Road, Princeton, New Jersey 08540 or at Tyco’s Investor Relations website at: **http://investors.tyco.com** under the heading “Investor Relations” and then under the heading “SEC Filings.”

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

# Tyco Investor Day Agenda

| | | |
|---|---|---|
| Tyco Overview | George Oliver | 40 minutes |
| Business Segment Reviews | | |
| – Installation & Services | Brian McDonald | 30 minutes |
| – Fire Protection Products | Colleen Repplier | 20 minutes |
| – Security Products | Mark VanDover | 15 minutes |
| – Life Safety Products | Mike Ryan | 15 minutes |
| BREAK | | 15 minutes |
| Technology & Innovation | Scott Clements | 20 minutes |
| Financial Review | Arun Nayar | 20 minutes |
| Q&A | All | 30 minutes |
| Closing Comments | George Oliver | 5 minutes |

# Our Leadership Team

**George Oliver***
*CEO*

## Business Leaders

**Brian McDonald***
*Chief Operating Officer Installation & Services*

**Scott Clements**
*Chief Technology Officer and Vertical Market Solutions*

**Colleen Repplier**
*Fire Protection Products*

**Mike Ryan**
*Life Safety Products*

**Mark VanDover**
*Security Products*

Global Products

## Functional Leaders

**Judy Reinsdorf***
*General Counsel*

**Arun Nayar***
*Chief Financial Officer*

**Larry Costello***
*Chief Human Resources Officer*

**John Repko**
*Chief Information Officer*

**Vivek Kamath**
*Chief Procurement Officer*

* Executive Officer



tyco

# Overview

**George Oliver**

Chief Executive Officer

# A Combination Of World Class Fire & Security Businesses

## Security Solutions

- NA Commercial Security
- International Security Operations
- Security Products

## Fire Protection

- Fire Protection Services
- Fire Protection Products
- Life Safety

"New" tyco

**We Advance Safety And Security By Finding Smarter Ways To Save Lives, Improve Businesses And Protect Where People Live And Work**

# The "New" Tyco
## Uniquely Positioned To Lead The Fire & Security Industry




- World's leading "pure play" Fire & Security company with forecasted 2012 pro-forma revenue* of $10.4B
- Market leader in $100 billion fragmented, consolidating space growing in excess of GDP
- Industry leading brands and technologies with deep innovation pipeline
- Significant scale advantage with over 600 worldwide sales and service branches
- Comprehensive capability to design, install and service Fire & Security solutions around the world
- Strong cash flow generation and financial flexibility

**Accelerate Revenue Growth To Achieve 4-5% CAGR Over The Next 3 Years With 270-370bps Operating Margin Expansion**

*Forecasted 2012 pro-forma revenue is a projection for the fiscal year ended September 28, 2012 and reflects the ADT North America Residential and Small Business and Flow Control businesses as discontinued operations.

# Delivering Mission Critical Solutions That Protect People And Assets Across The Globe







**Note**: internal company estimates

# Respected Industry Brands Known For Quality And Innovation

*Customer Quotes:*

**"Tyco is known in the industry we participate in…as the leader in the country and probably the world"**

---

**"Tyco really is finding new and better ways to serve customers"**

---

**"What we're looking for is a company that brings fire and security together and does it very well. I believe Tyco has the capabilities to do that"**

tyco

ANSUL
Grinnell — A Tyco International Company
ADT*
Sensormatic
SCOTT SAFETY
SimplexGrinnell
WORMALD
Visonic
Simplex
American Dynamics
DSC
CHEMGUARD
SOFTWARE HOUSE

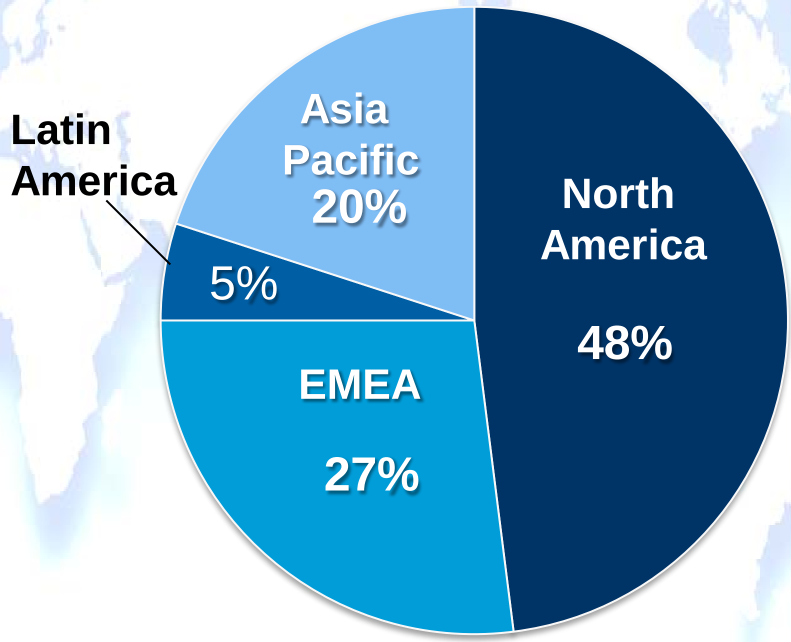
* Outside of North America

# A Strong Presence In Developed Markets With An Accelerating Presence In Key Growth Markets

## Geographic Mix

- ~50% of our revenue is generated outside of North America
- Growth markets represent ~11% of total revenue with an opportunity to accelerate
- We operate in more than 100 countries
- 69,000 employees globally in more than 1,200 office locations
- Over 3 million customers

**Forecasted FY12 Pro-forma Revenue* $10.4B**




**Leveraging Industry Depth To Capitalize On Growth Markets**

*Forecasted 2012 pro-forma revenue is a projection for the fiscal year ended September 28, 2012 and reflects the ADT North America Residential and Small Business and Flow Control businesses as discontinued operations.

# Organized In Three Reporting Segments

**Forecasted 2012 Pro-forma Revenue***
$10.4 Billion


**Leadership In Products And Installation Drives Service Growth**

*Forecasted 2012 pro-forma revenue is a projection for the fiscal year ended September 28, 2012 and reflects the ADT North America Residential and Small Business and Flow Control businesses as discontinued operations.

# We Provide An Extensive Range Of Product & Service Offerings

**Products & Services**

## Products
**$2.1B Revenue**

- Suppression systems, sprinklers, extinguishers, fire & alarm detection
- Intrusion and access control, video and electronic article surveillance
- Respiratory protection systems, thermal imaging and gas detection equipment

## Installation
**$3.7B Revenue**

- Installation of:
  - Electronic security systems (intrusion, access control, EAS, video)
  - Fire detection and suppression systems

## Services
**$4.6B Revenue**

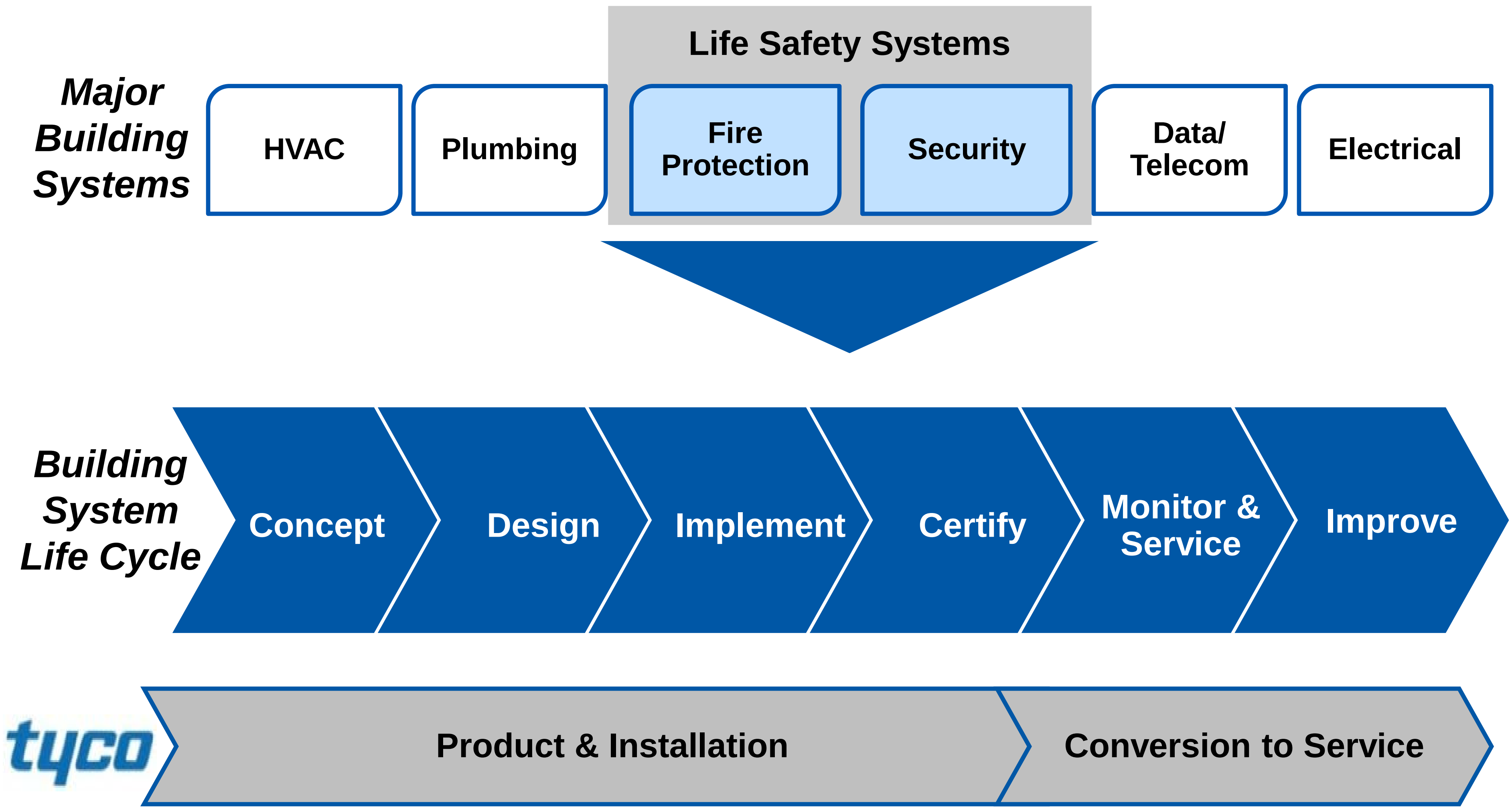
- Monitoring & maintenance services for:
  - Electronic security systems
  - Fire detection and suppression systems

**Uniquely Positioned To Deliver Differentiated Solutions To Key End Markets**



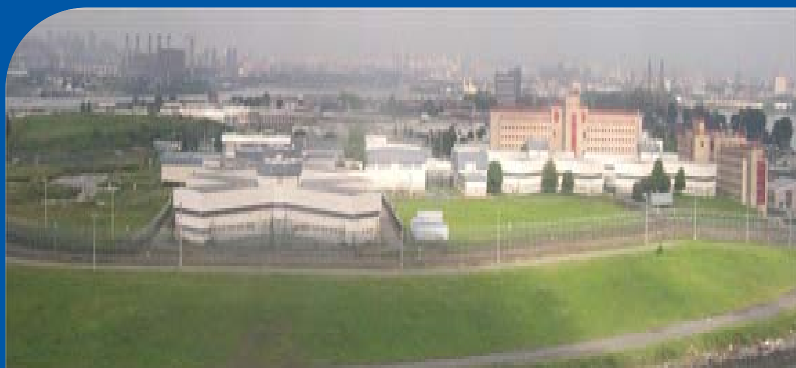
tyco

# We Provide The Most Critical Building Systems



# Delivering A Comprehensive Integrated Life Safety Solution

## Riker's Island



- NYC largest jail facility operated by Department of Corrections (DOC)
- 10 major jails
- Peak capacity 14,000 inmates, with an equal number of staff

**Fire Detection & Alarm**

**Fire Sprinkler**

**Fire Suppression**

- Full consultative review and design in 2007
- Awarded $20M contract to provide and maintain cohesive, integrated, fire and life safety solution

**Expanding Relationship**

- Awarded $70M contract in 2012 to upgrade the fire alarms in multiple sites run by the DOC across NYC
- In addition, providing security applications that integrate with our fire solutions

# Multiple Channels Serve Local, Regional & Global Customers

## *Channels To Market*

| Direct Channel | 80% | | 20% | Indirect Channel |
|---|---|---|---|---|

## *End Users*

**Local Customers**
- Proximity to customers
- Knowledge of local laws, regulations and procedures
- Speed of service and delivery

**Regional Customers**
- Responsiveness to customer at multiple locations
- Regional expertise
- Standardization and scale efficiencies

**Global Customers**
- Global scope & scale
- Broad portfolio of products & services
- Extensive branch network

## *Influencers*

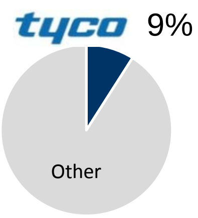
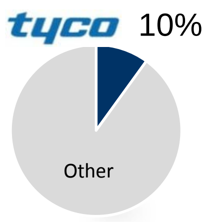
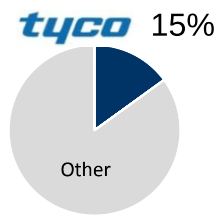
| Architects | Design Engineers | Building Contractors | Installers | Building Owner | Tenant / End User | Regulators |
|---|---|---|---|---|---|---|

**Strong Relationships With Customers & Influencers**



tyco

# We Are A Leader In A $100 Billion Global And Fragmented Market

| | Products | Installation | Services |
|---|---|---|---|
| **Market Size** | ~$30 Billion | ~$40 Billion | ~$30 Billion |
| **Estimated Tyco Global Market Share** |   |   |   |
| **Market Position** | #1-2 | #1 | #1 |
| **Market Characteristics** | ▪ Top 5 global players account for ~25% share<br>▪ Innovation and product development critical to success | ▪ Fragmented, 65-80% small, local and regional players<br>▪ Project selectivity, management and execution critical to success | ▪ Fragmented, 65-80% small, local and regional players<br>▪ Services innovation and productivity critical to success |

**Unique Advantage To Leverage Scale**



**Source**: IMS, Management Estimate

tyco

# Favorable Long-Term Growth Trends Driving Demand

| | |
|---|---|
| **Demographics** | ▪ Expanding middle-class<br>▪ Increasing urbanization in growth markets<br>▪ Modest population growth |
| **Technology** | ▪ Demand for innovation and new applications<br>▪ Application and systems convergence |
| **Global Economy** | ▪ Growth markets growing at ~3x the overall market<br>▪ Current European weakness<br>▪ Non-residential construction recovery |
| **Regulations** | ▪ Increasing building & fire codes and standards<br>▪ Growth market codes and standards proliferation |
| **Industry** | ▪ Large fragmented market<br>▪ Growing, diverse market opportunities<br>▪ Increased consolidation |
| **Customers** | ▪ Strong interest in latest technology<br>▪ High switching costs<br>▪ Increasingly price conscious |

**Long-Term Positive Trends For Tyco**

# Our Strengths Position Us To Win

**Customer Demand**

- Increased demand for integrated fire & security systems
- Strong growth in high margin niche markets
- Significant growth in emerging markets
- Increased development of fire codes and standards

**Technology Evolution**

- Integration of access, video, intrusion, fire and building management systems
- New business opportunities such as data and business analytics and remote diagnostics
- Vertical-specific technologies and applications
- Convergence of physical security and IT

**Competitive Landscape**

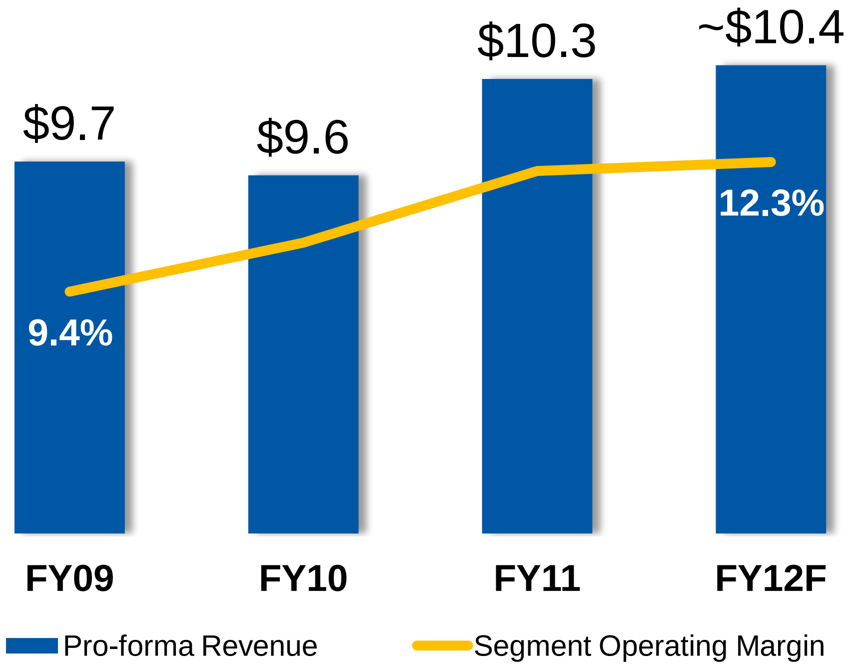
- Fragmented market
- Increasing industry consolidation

**Tyco Strengths & Opportunities**

- Technology leadership
- Accelerated development and integration of new technologies & service offerings
- Vertical-market-specific skills and solutions
- Strategic bolt-ons
  - Accelerate technology advancements
  - Broaden footprint

# A Proven Track Record Of Operational Improvement…

### Pro-Forma Revenue & Segment Operating Margin*




### 290bps Margin Expansion

- Accelerated new product introductions
- Increased higher margin service revenue
- Focused on project selectivity
- Improved margins in Europe from mid-single digits to double digits
- Refined portfolio - divested $150M of non-core assets
- Continued to invest in core businesses
  - Increased R&D spend by ~13% (CAGR)

**…With Additional Runway Ahead**



* Operating margin before special items is a non-GAAP measures. For a reconciliation, see appendix.

tyco

# Strategic Areas Of Focus

1

Accelerate Organic Growth

2

Execute Disciplined Bolt-On Acquisitions

3

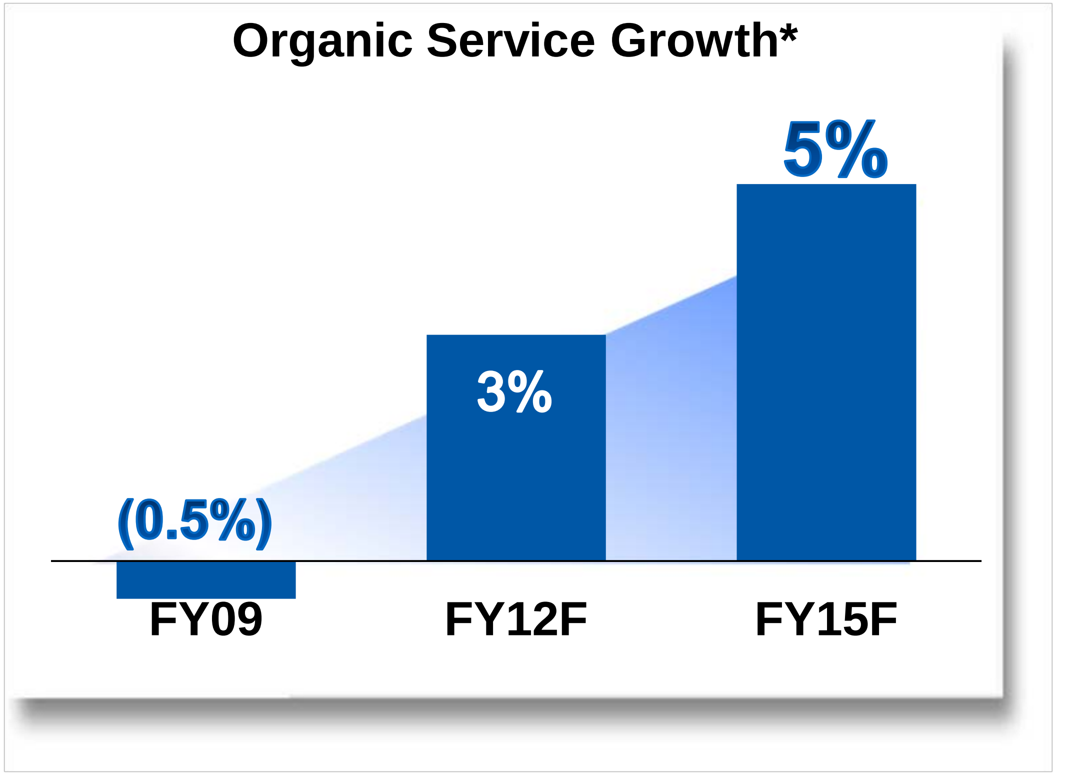
Drive Productivity Initiatives



tyco

# 1a Accelerate Service Growth In Our Direct Channel

- Leverage existing customer base for growth
- Differentiate offerings through innovation
- Improve customer service via technology and process enhancements
- Utilize global best practices




***Service Growth Focus Areas:***

| | | | |
|---|---|---|---|
| **Customer Retention** | **Customer Conversion** | **New / Integrated Services** | **Tools & Process** |

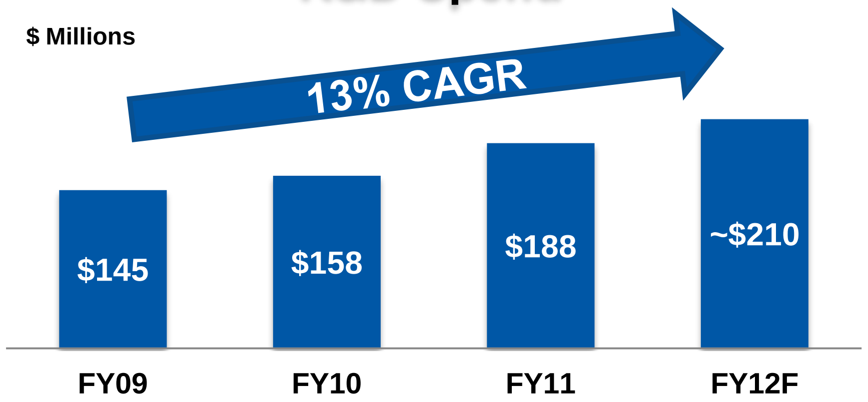
*Organic revenue is a non-GAAP measure. For a reconciliation, see appendix.



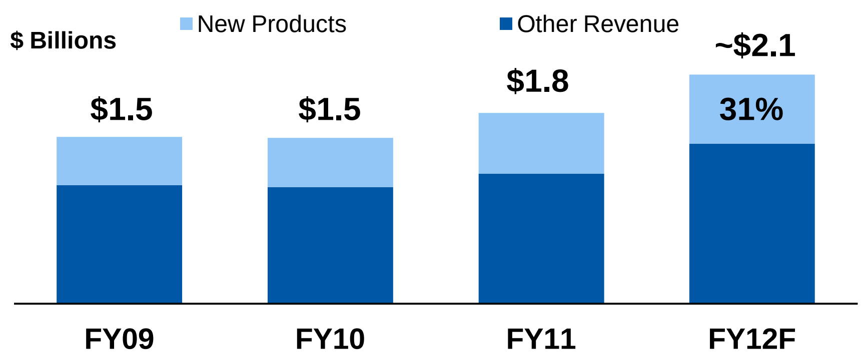
tyco

# 1b Innovation Driving Product Revenue Growth

## R&D Spend




## Global Products Revenue




| | FY09 | FY10 | FY11 | FY12F |
|---|---|---|---|---|
| **Organic Revenue Growth*:** | (13%) | (1%) | 11% | 10% |

## Focus Areas

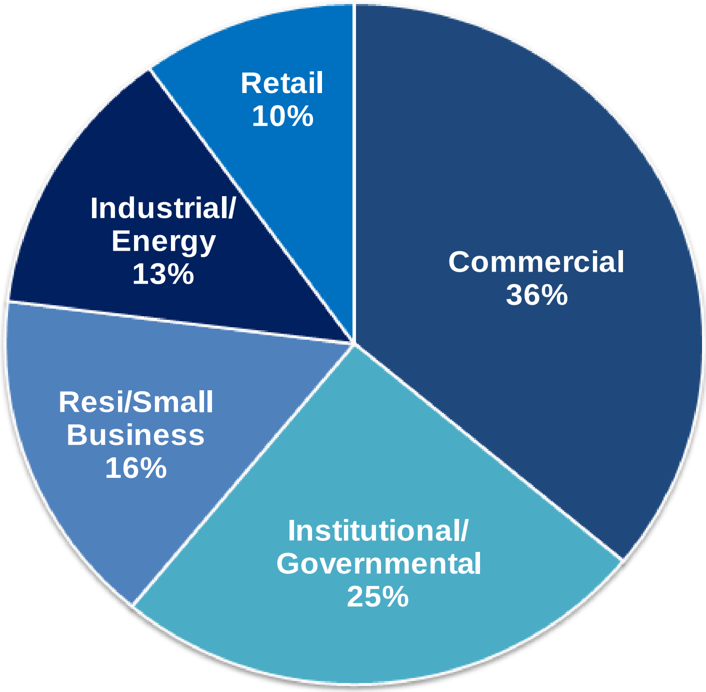
- New product and platform development
- Targeted solutions for growth markets
- Differentiated technology
- Core product service innovation
- Total lifecycle cost reduction

**New Product Introductions Represent Over 30% Of Global Products Revenue**

*Organic revenue is a non-GAAP measure. For a reconciliation, see appendix.

## 1c Drive Vertical Market Solutions To Create Opportunities For Differentiated Growth

### Forecasted FY12 Pro-forma Revenue* = $10.4B




### Growth Opportunities

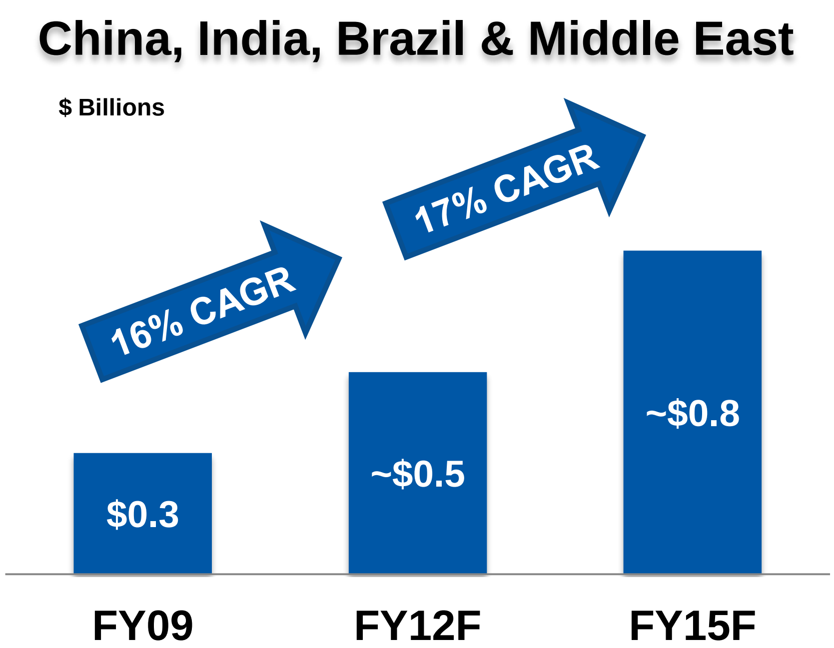
- Strong demand for existing Tyco capabilities
- Global and concentrated customer base
- Significant opportunity for profitable service revenue
- Opportunity to develop vertical-specific solutions
  - Retail
  - Oil & Gas
  - Mining
  - Marine

**Strong Positions In Key Markets Enables Development Of Targeted Innovative Solutions**

*Forecasted 2012 pro-forma revenue is a projection for the fiscal year ended September 28, 2012 and reflects the ADT North America Residential and Small Business and Flow Control businesses as discontinued operations.

# Accelerate Growth Market Capabilities & Revenue

1d




- Currently operating or selling into 40+ growth market countries with annual sales of $1.2B
- Focus on China, India, Brazil and Middle East to drive higher growth
  - Local leadership to drive growth across all businesses within each region
  - Consolidated sourcing initiatives
  - R&D centers in China and India
- Local market-driven R&D supported by Tyco's global technology and resources
- Investing in local sales and marketing capabilities

# 1d Multifaceted Approach To Delivering Performance In Growth Markets

## Right Products At The Right Costs

- Localization
- Influence codes & standards
- Productivity initiatives

## Robust Service Model

- Service and maintenance codes & standards
- Monitoring and remote service
- Leverage global best practices

## Training & Education

- Internal knowledge sharing
- Design and application classes
- Project management and delivery training

## Business Development

- Vertical market focus
- Higher value products
- Partner with engineering firms
- In-country business partners
- Acquisitions

## Optimize Channel Strategy

- Direct sales
- Distributors/ contractors
- Integrators

# 2 Accelerate Growth Through Targeted Acquisitions

| | | | |
|---|---|---|---|
| Enhance Technology Portfolio | Expand Product Portfolio | Broaden Service & Vertical Solutions | Strengthen Geographic Reach |

- Maintain disciplined approach to acquisitions
- Deep pipeline of highly synergistic opportunities with attractive return metrics

**Fragmented Industry Provides Attractive Bolt-On Opportunities**



tyco

# Bolt-on Acquisitions Have Broadened Our Portfolio And Accelerated Growth Platforms

2

## Chemguard-Williams
Fire Protection Products

- Enhances foam and other chemical suppression capabilities
- Strengthens portfolio in oil & gas and other key verticals
- Vertically integrates supply chain

CHEMGUARD WILLIAMS FIRE & HAZARD CONTROL

## Reliance
Installation & Services

- Leading installation and fire protection solutions provider in China
- Expands our footprint and customer base

准信企业 RELIANCE

Hua Neng Fuzhou Power Plant

## Visonic
Security Products

- Strengthens wireless technology capabilities
- Leverages wireless encryption, frequency hopping, wireless remote upgrade/diagnostic capabilities across the product portfolio

Visonic

**~$400M In Revenue Added In Last 18-24 Months**

# 3 A Centralized Model To Fund Investments In Growth And Drive Shareholder Value

| Cost Structure FY12 ~$9.3B | | Key Initiatives |
|---|---|---|
| Purchased Materials & Services | 45% | ▪ Leverage scale<br>▪ Reduce complexity<br>▪ Implement consolidated strategic sourcing process |
| Infrastructure & Administration Costs | 40% | ▪ Lean/Six Sigma<br>▪ Install/services productivity<br>▪ "Branch in a Box"<br>▪ Reduce real estate footprint<br>▪ Consolidate ERP systems |
| Growth Investments | 15% | ▪ Reinvestment in R&D, sales, and marketing |

Net Cost Efficiency Initiatives Of ~$100M / Yr

**Deliver ~$50 Million In Annual Net Savings To Expand Margins**



tyco

# 3 Operating As A "Pure Play" Company

## Driving Savings Through Sourcing

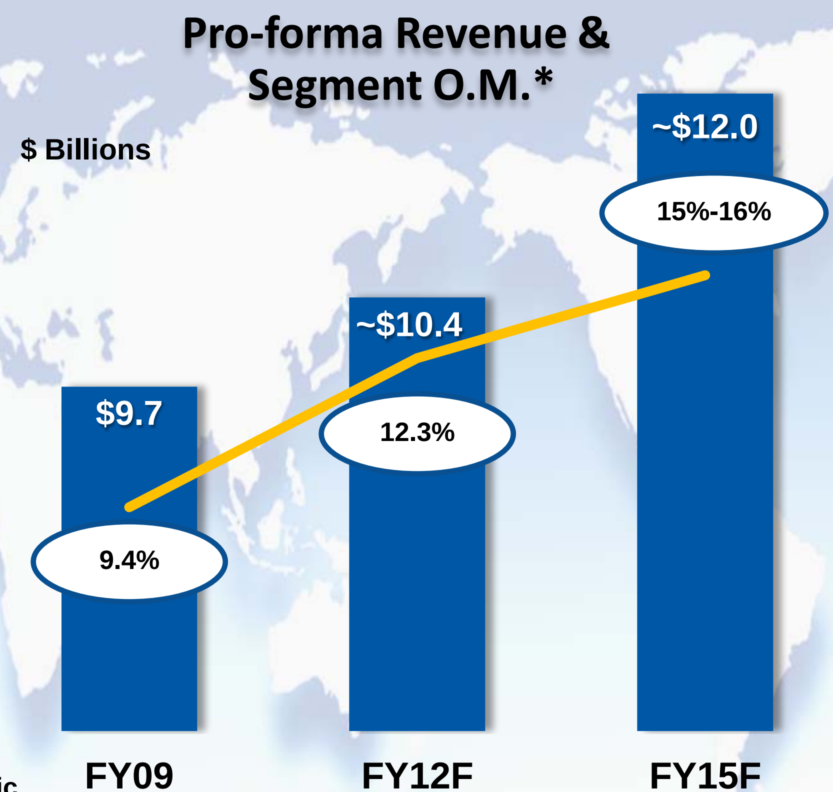
- Building global sourcing capability
  - 15+ procurement groups to single global organization
  - Standardizing process, strengthening compliance, and increasing speed
- Transformed 4 commodities (~25% of spend) with 10-15% savings identified

## Simplify Operations With "Branch in a Box"

- Consolidating facilities and centralizing back office operations
  - ~1,000 real estate locations including ~600 branch offices
- Approach to global roll-out
  - Focus the district offices on front office activity
  - Standardize, centralize and automate back office processes

**Leveraging Our Scale & Simplifying Our Operations**

# Positioned To Accelerate Growth And Expand Margins




| Organic Revenue Growth*: | FY09 | FY12F | FY15F |
|---|---|---|---|
| | (6%) | 3% | 5% |

## Accelerating Growth Over the Next 3 Years

- Sales CAGR of 4-5%
  - 1% revenue growth equates to 2% EPS growth
- Net productivity enhancement of $50 million annually equates to ~5% EPS growth
- Total EPS CAGR of ~15%

*Organic revenue and operating margin before special items are non-GAAP measures. For a reconciliation, see appendix.
Note: Operating margin excludes corporate costs.

# Installation & Services

**Brian McDonald**
Chief Operating Officer
Installation & Services

# Installation & Services At A Glance

- Leading global provider of system design, installation and services
- 2012 total forecasted revenue* of $8.3B; 55% of which is service
  - NA Installation & Services $4.0B
  - ROW Installation & Services $4.3B
- Broad geographic reach
  - Over 1,000 locations in 33 countries
- Leading brands and technologies
- Diversified customer base
  - Serving over 3 million commercial and residential customers

*Forecasted 2012 revenue is a projection for the fiscal year ended September 28, 2012.

# Comprehensive Portfolio Of Services & Solutions…

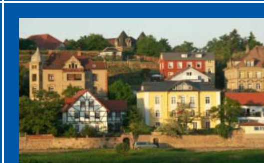
| Lines of Business | Key Brands |
|---|---|
| ▪ Fire detection | tyco |
| ▪ Fire suppression | tyco Integrated Security |
| ▪ Security systems | SimplexGrinnell |
| ▪ Monitoring and maintenance services | Sensormatic® |
| | WORMALD |
| | ADT® * |

**With Well Known Leading Brands**



* Outside North America

# Serving A Variety Of Customers Across Multiple Verticals

| | | |
|---|---|---|
| **Commercial** |  | Residential and commercial property developers, financial institutions, food service businesses and commercial enterprises |
| **Industrial** |  | Oil & gas, power generation, mining, petrochemical and other industries |
| **Retail Customers** |  | International, regional and local consumer outlets, from national chains to specialty stores |
| **Institutional** |  | Healthcare facilities, academic institutions, museums and foundations |
| **Governmental** |  | Federal, state and local governments, defense installations, mass transportation networks, public utilities |
| **Residential & Small Business** |  | Single-family homes and local providers of a wide range of goods and services |

**Deep Understanding Of Customer Needs**



tyco

# We Are Positioned To Grow In A Fragmented Market

## Industry

- Highly fragmented market with few global competitors
- Top 5 install and service players account for less than 25% share
- Thousands of small, local and regional players


## Tyco

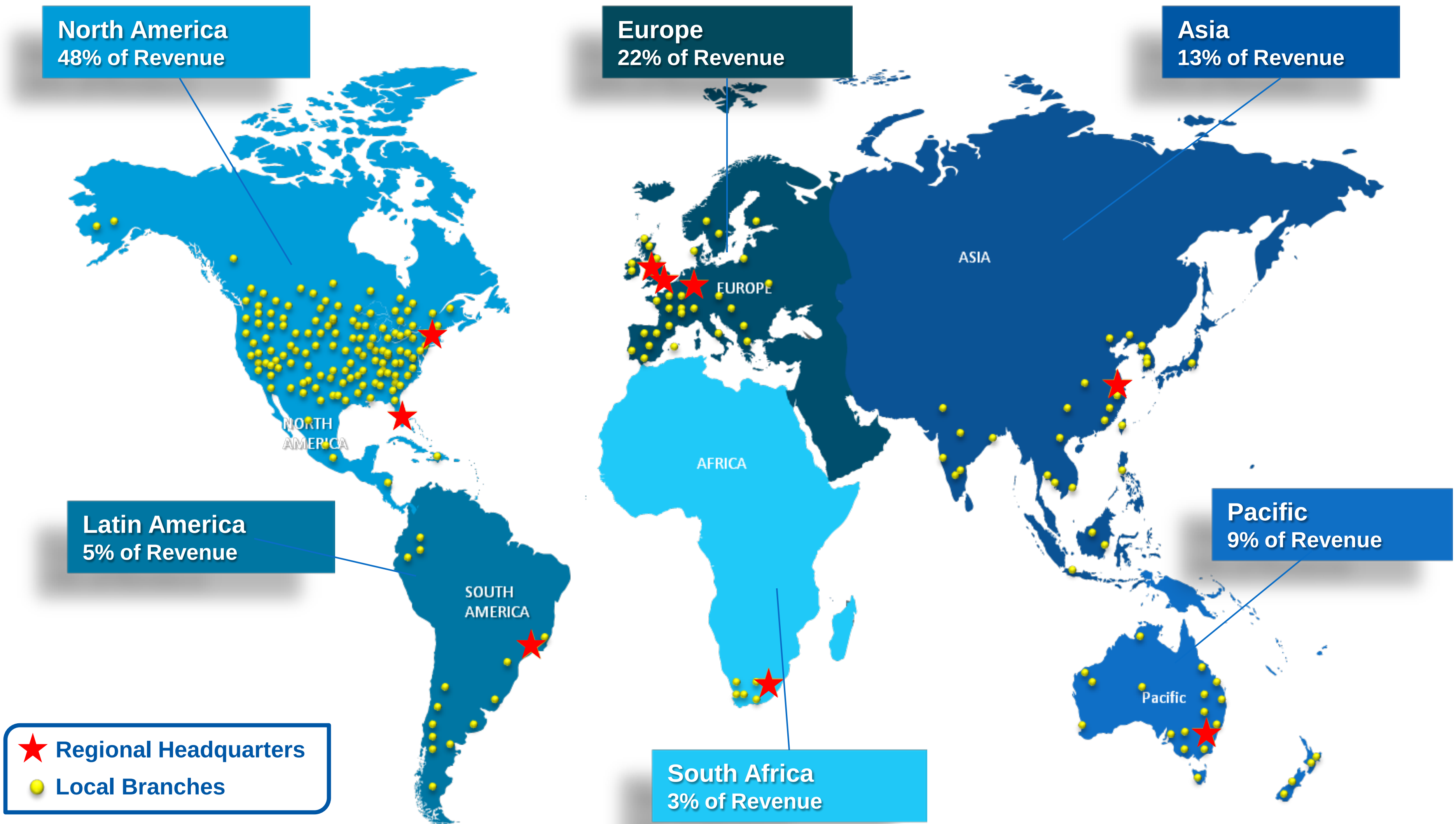
- Tyco has #1 market position
- Only fully integrated Fire & Security company which provides products, installation and services
- Unmatched footprint and scope of services

**Source**: IMS, Management estimates

# What Differentiates Us


- Brand recognition in the industry with a broad offering of both fire and security products and services
- Direct sales and delivery footprint – 8,000 sales representatives; 30,000 technicians
- Experienced local management with deep understanding of local customer needs
- Lifecycle ownership from manufacturing to design to installation and service
- Diverse customer base with vertical market solutions
- In-depth knowledge and influence of codes and standards

# Global Footprint With Local Management




**Global Reach And Significant Scale Of Operations**

# Installation And Services Life Cycle

**New System Installation** → **Higher Margin Service**

| System Sales | Design | Installation | Service |
|---|---|---|---|
| Selectivity | Centers of Excellence | Tyco Products | Innovative Solutions |
| 1 to 3 Years | | | 20+ Years |

**Monitoring**

**Preventive Maintenance**

**Repairs**

**Upgrades**

**Convert Installations To Long-Term Customer Relationships**



tyco

# Vertical Solutions For High Value Customers
# University Example

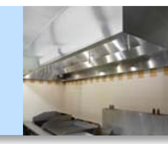

1. Control Panel 

2. Fire Pumps 

3.Intrusion Detection 

4. Security Cameras 

5. Emergency Communications Systems 

6. Kitchen Hoods 

7. Network 

8. Control Software 

9. Campus-wide Monitoring & Diagnostics 

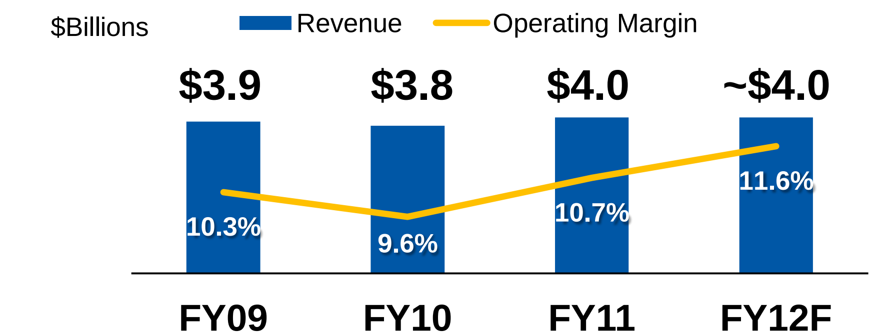
**Provider Of Life Safety Products And / Or Service Solutions To Over 2,300 Campuses**



tyco

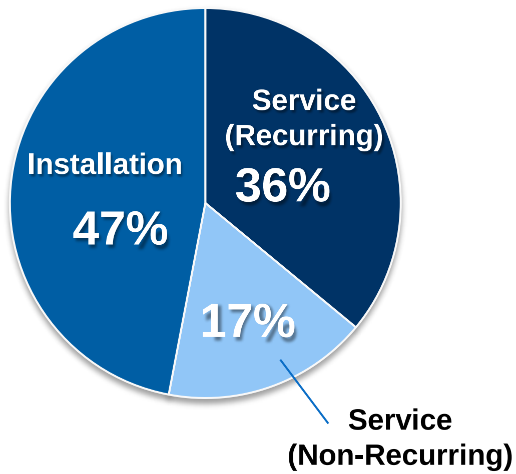
# Installation & Services Financial Trends – North America

## Revenue & Operating Margin*




| | FY09 | FY10 | FY11 | FY12F |
|---|---|---|---|---|
| **Organic Revenue Growth*:** | (8%) | (5%) | 4% | Modestly Positive |

## Revenue Mix




## Business Drivers

- Service expansion
- Integrated solutions
- Business refresh and modernization cycles
- Retail performance and growth

## Key Elements of Plan

- Slow non-resi recovery
- North America security dis-synergies
- Integration/back office consolidation benefits
- North America security project selectivity

## Growth Targets to FY15F

*+1 to 2% revenue CAGR*

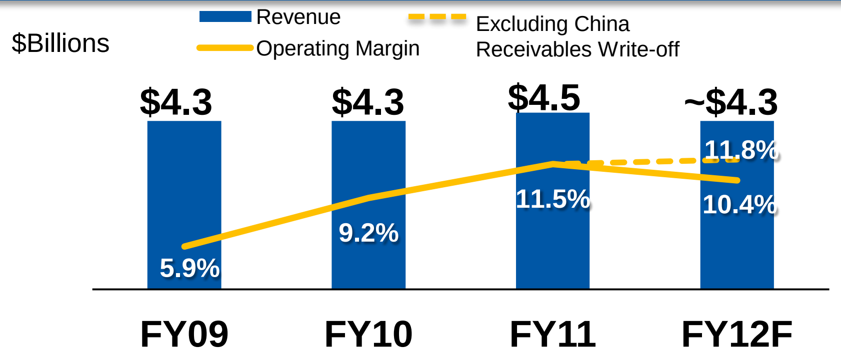
*+150 to 250bps operating margin improvement*



*Organic revenue and operating margin before special items are non-GAAP measures. For a reconciliation, see appendix.

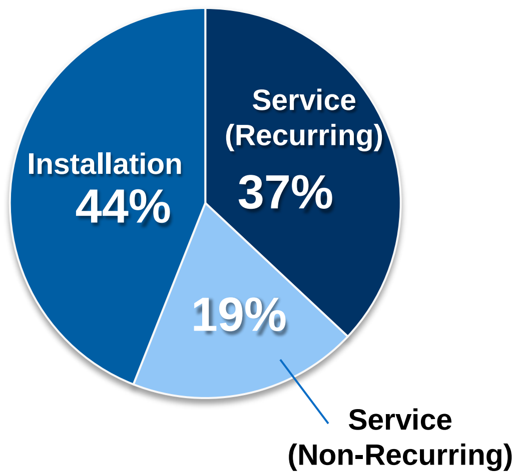
# Installation & Services Financial Trends – Rest of World

## Revenue & Operating Margin*




| | FY09 | FY10 | FY11 | FY12F |
|---|---|---|---|---|
| **Organic Revenue Growth*:** | (3%) | (2%) | 3% | 1% |

## Revenue Mix




## Business Drivers

- Infrastructure growth in emerging markets
- Integrated solutions
- Fire codes and standards evolution

## Key Elements of Plan

- Continued softness in Europe
- Service expansion / subscriber revenue growth
- Strong emerging market growth
- Integrated / back-office consolidation benefits

## Growth Targets to FY15F

*+5 to 6% revenue CAGR*

*+300 to 400bps operating margin improvement*

*Organic revenue and operating margin before special items are non-GAAP measures. For a reconciliation, see appendix.



tyco

# Installation & Services – Strategic Priorities

1

## Accelerate Service Growth

- Service and product innovation
- Value differentiation

2

## Enhance Service Productivity

- Improve customer experience
- Advance field technology

3

## Improve Installation Performance

- Project selectivity / risk management
- Early Involvement

4

## Rationalize Costs & Infrastructure

- Local "Branch In A Box"
- National shared services and customer service centers

# 1 Accelerate Services Growth – Install To Service

**Value Differentiation**

**Preventive Maintenance / Repair** | **Monitoring**

- Drive volume and scale efficiencies
- Global best practices

**Remote Diagnostics** | **Cloud-Based Services**

- Service innovation / digitization
- Tyco solutions

**Integration, Command & Control Systems** | **Mission Critical Control Rooms**

- Deeper customer relationship
- Software as a service

**Technology & Innovation**

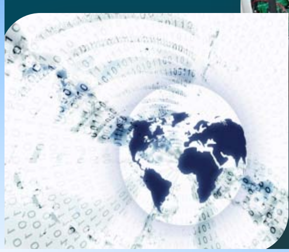


tyco

# 2 Enhance Services Productivity

Customer Experience

Global Metrics



First Time Fix

- Data analytics
- Standard global processes

Technician Mobility

Advanced Scheduling

- Efficiency applications
- Standard platforms

Remote Diagnostics

Customer Service Center

- Product innovation
- IT investments

Operating Margin



tyco

# 3 Improve Installation Performance

**Planning** → **Estimating** → **Design** → **Bid / Negotiation** → **Sourcing** → **Installation**

**Planning**
- Relationship Building
- Project Selection

**Estimating**
- Training
- Tools

**Design**
- Centers of Excellence

**Bid / Negotiation**
- Management Approvals
- Sales Compensation

**Sourcing**
- OpEx
- Tyco Products

**Installation**
- Project Management
- Metrics

**Gaining Efficiencies Throughout The Construction Cycle**

# 4 Rationalize Costs & Infrastructure

## Historical

### Traditional Branch

- Sales
- Installation
- Service
- Processing
- Billing
- Collections
- Customer Contact
- Technician Dispatch

### Monitoring Center

- Monitoring
- Tech Support

## Goal

### "Branch In A Box"

- Sales
- Installation
- Service

Branch | Branch | Branch | Branch

### Centralized Services

| Customer Service Center | Shared Services |
|---|---|
| ▪ Customer Contact<br>▪ Technician Dispatch<br>▪ Monitoring<br>▪ Tech Support | ▪ Processing<br>▪ Billing<br>▪ Collections |

**Simplify & Standardize, Centralize And Automate**



tyco

# Significant Benefits Realized In The U.K.

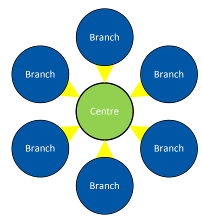
4

### Simplify & Standardize

- Paperwork
- Pricing
- Planning
- Logistics
- Call Flow

### Centralize

- Back Office Admin
- Credit / Collections
- Service/Install Planning
- Small Project Quoting
- Shared Services




### Automate

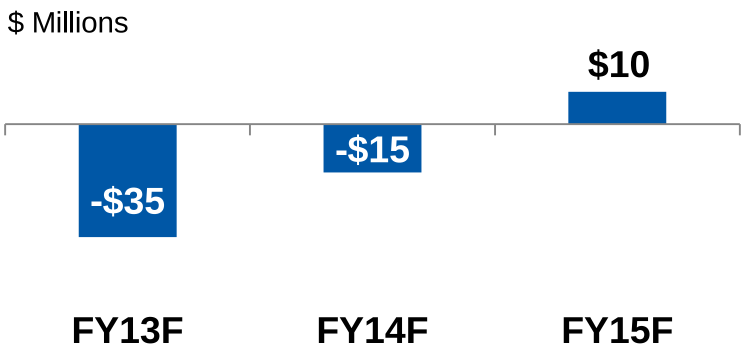
- Data Entry
- Inspection
- Scheduling
- Call Handling
- Self Service

### Benefits Realized Over 3 Year Period

- Reduced headcount by 300 full-time equivalents
- Pared Branch structure by ~55%
- Reduced call volume by ~60%, driven by first time resolution
- Contributed 160bps to a total operating margin improvement of ~700bps

# 4 Generating Synergies Within The Fire & Security Businesses In North America

**Dis-Synergies, Net of Highlighted Cost Savings**




- Higher initial recurring costs due to separation of N.A. residential and commercial security businesses
  - Build-out of IT infrastructure and incremental depreciation
- More than offset by FY15F with IT, real estate and branch efficiencies alone
  - Resulting from the combination of Tyco's N.A. Fire and Security businesses

**Additional Opportunities from Fire & Security Combination**

- Increased sales channel penetration
- ERP systems consolidation
- Sourcing / supply chain consolidation
- Continuous improvement initiatives



tyco

# Installation & Services Summary

- Market leader in a highly fragmented market with significant upside potential
- Strong brand recognition with a comprehensive portfolio of services and solutions
- Extensive global direct installation and service footprint with deep local expertise
- Continued partnership with customers through the lifecycle – from manufacturing and design to install and service
- Highly attractive and growing service revenue mix across an extensive installed base
- Significant opportunity to improve performance and increase margins



tyco

# Global Products

**Colleen Repplier**
Fire Protection Products

# Extensive Portfolio of Fire & Security Product Solutions with Leading Technology

- 2012 forecasted revenue* of $2.1B
- Industry leading provider of Fire Detection and Suppression, Electronic Security & Life Safety Products
- Well known and respected brands
- Strong industry positions with leading technologies
- Attractive industries with long-term growth and profit opportunities
- Deep technology pipeline
- Focus on growth markets and key verticals

*Forecasted 2012 revenue is a projection for the fiscal year ended September 28, 2012.

# Global Products Consists Of Three Platforms

| | Lines of Business | Products |
|---|---|---|
| **Fire Protection Products**<br>55%<br>Revenue | ▪ Suppression systems<br>▪ Fire sprinklers & valves<br>▪ Fire extinguishers<br>▪ Fire detection & alarm systems<br>▪ Mechanical products |  |
| **Security Products**<br>25%<br>Revenue | ▪ Intrusion<br>▪ Access control<br>▪ Video surveillance<br>▪ Real time location tracking |  |
| **Life Safety Products**<br>20%<br>Revenue | ▪ Respiratory protection systems<br>▪ Thermal imaging technologies<br>▪ Gas detection equipment |  |

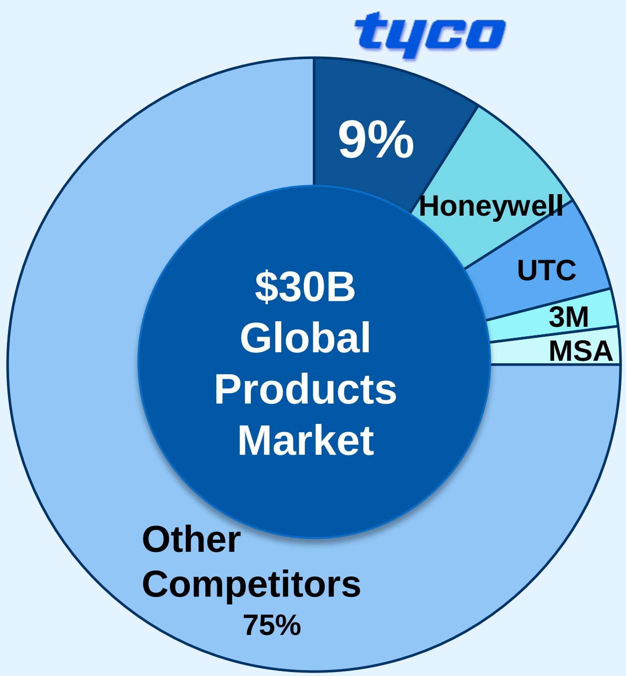


tyco

# Global Products Is Well Positioned To Win In The Market

## Industry

- Highly fragmented market
- Top 5 global players account for ~25% share
- Innovation and product development critical to success




## Tyco

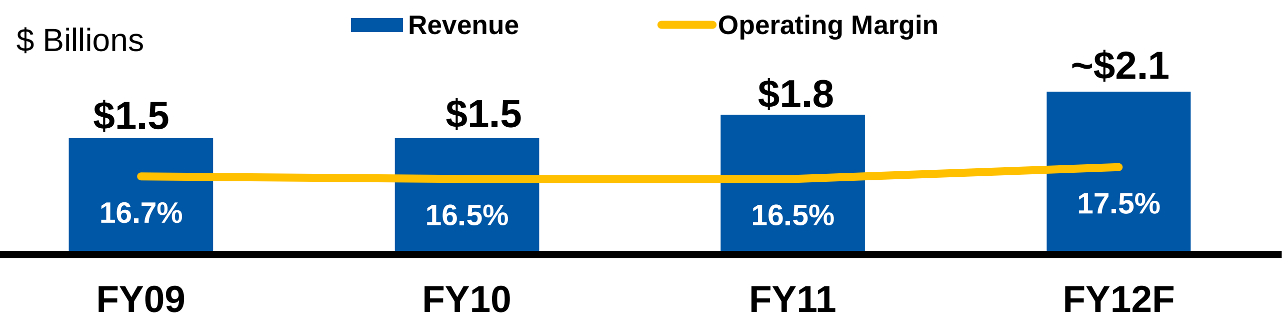
- ~8,400 employees worldwide
- 35 manufacturing facilities
  - 11 in Americas
  - 15 in EMEA
  - 9 in Asia
- 20 R&D Centers of Excellence

**Tyco Is The Market Leader In Fire & Security Products**

**Source**: IMS, Management estimates

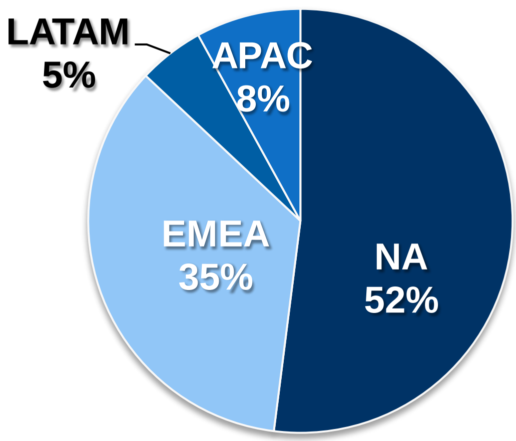
# Global Products Financial Overview

## Revenue & Operating Margin*




| | FY09 | FY10 | FY11 | FY12F |
|---|---|---|---|---|
| **Organic Revenue Growth*:** | (13)% | (1)% | 11% | 10% |

## Revenue By Geography




## Growth Targets to FY15F

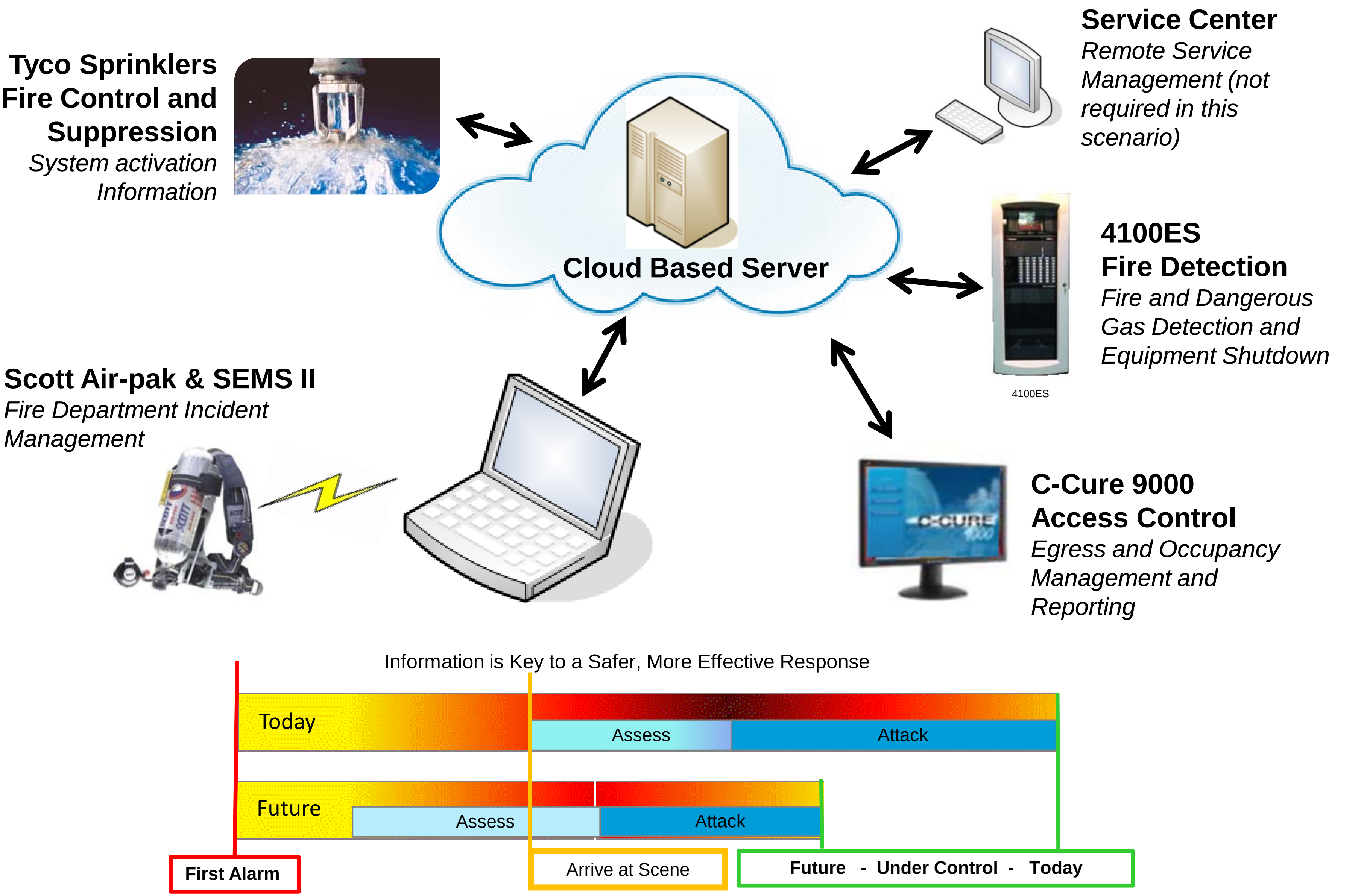
*+8 to 9% revenue CAGR*

*+300 to 350bps operating margin improvement*



*Organic revenue and operating margin before special items are non-GAAP measures. For a reconciliation, see appendix.

# Product Integration Advantage
# Example - Real Time Incident Management



# Fire Protection Products

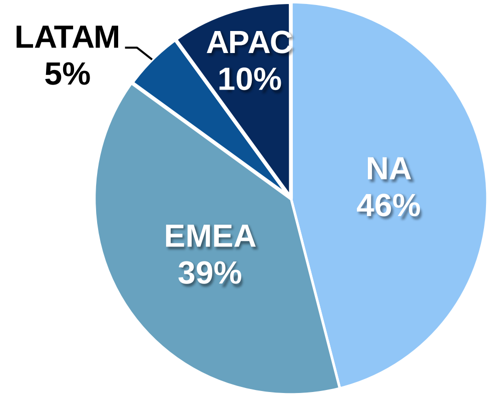
**Colleen Repplier**
Fire Protection Products

# Fire Protection Products At a Glance

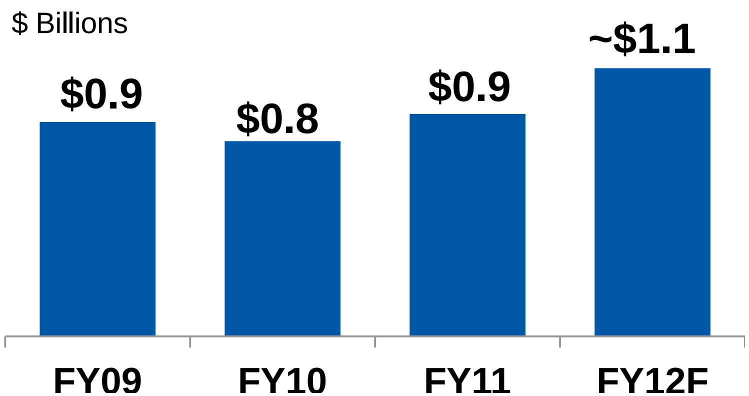
## Overview

- Market leading provider of fire detection and suppression products
- Reputation for providing quality, high performance products and innovative solutions
- Diverse customer base in a variety of vertical markets with multiple applications

## Revenue Mix By Geography




## Revenue




| | FY09 | FY10 | FY11 | FY12F |
|---|---|---|---|---|
| **Organic Revenue Growth*:** | (14)% | (7)% | 10% | 9% |

## Business Drivers

- Growth in high hazard industrial sector (e.g. Oil & Gas, Mining)
- Infrastructure spending
- Fire codes and standards evolution
- Commercial construction and multi-family housing
- New products that reduce risk or lower total installed or lifecycle cost

*Organic revenue is a non-GAAP measure. For a reconciliation, see appendix.

# We Serve Fire Protection Needs Across Multiple Product Categories…

## Special Hazards


Portables


Engineered Systems


Pre-Engineered Systems


Foam

## Water


Sprinklers


Valves


Watermist Nozzle

## Detection


Panels


Detectors


Notification

## Mechanical


Mechanical Grooved


Fire Grooved


Metal Framing & Supports

**An Extensive Portfolio Of Critical Fire Protection Products**

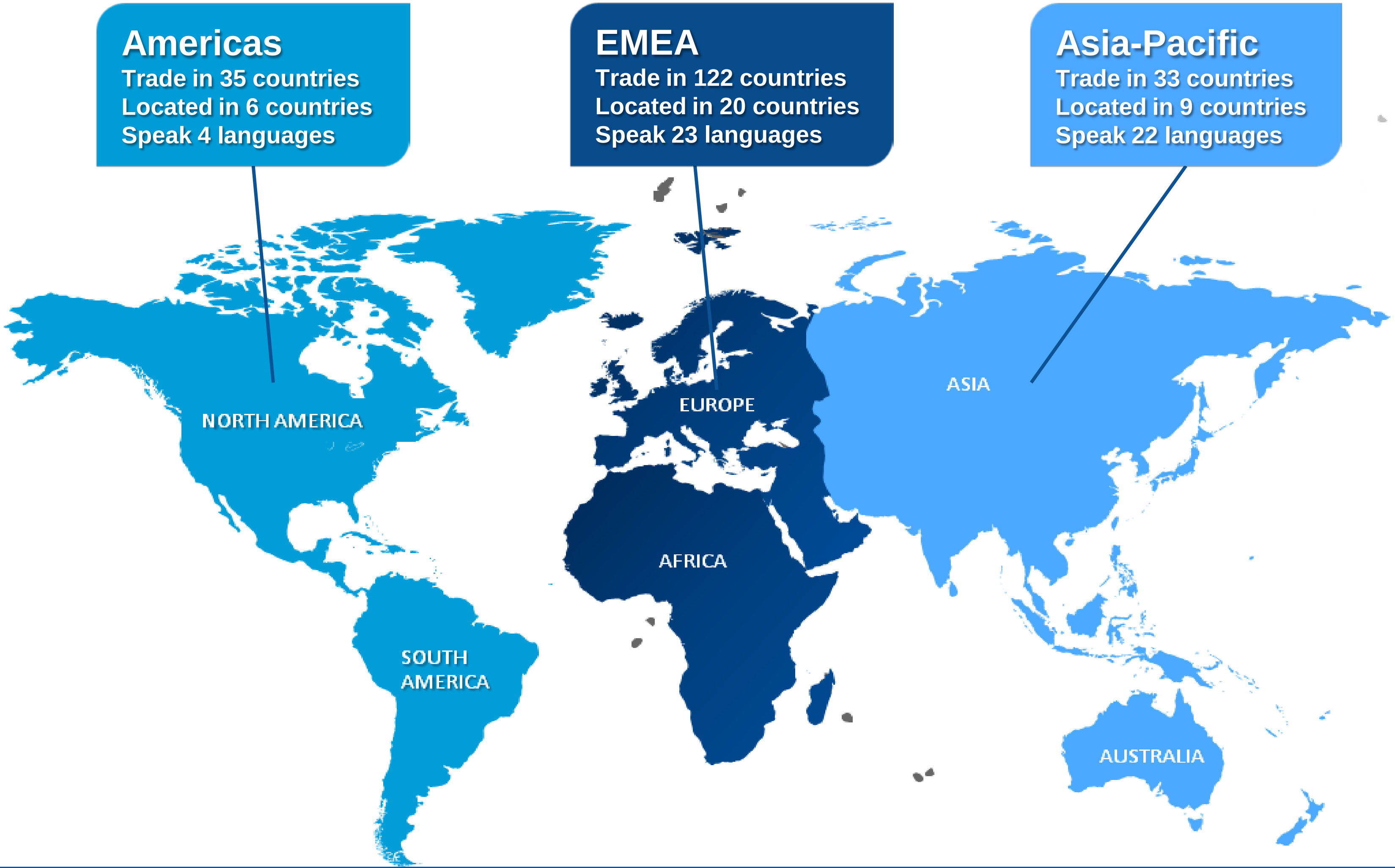


tyco

# …With Various Applications Across Key Verticals…

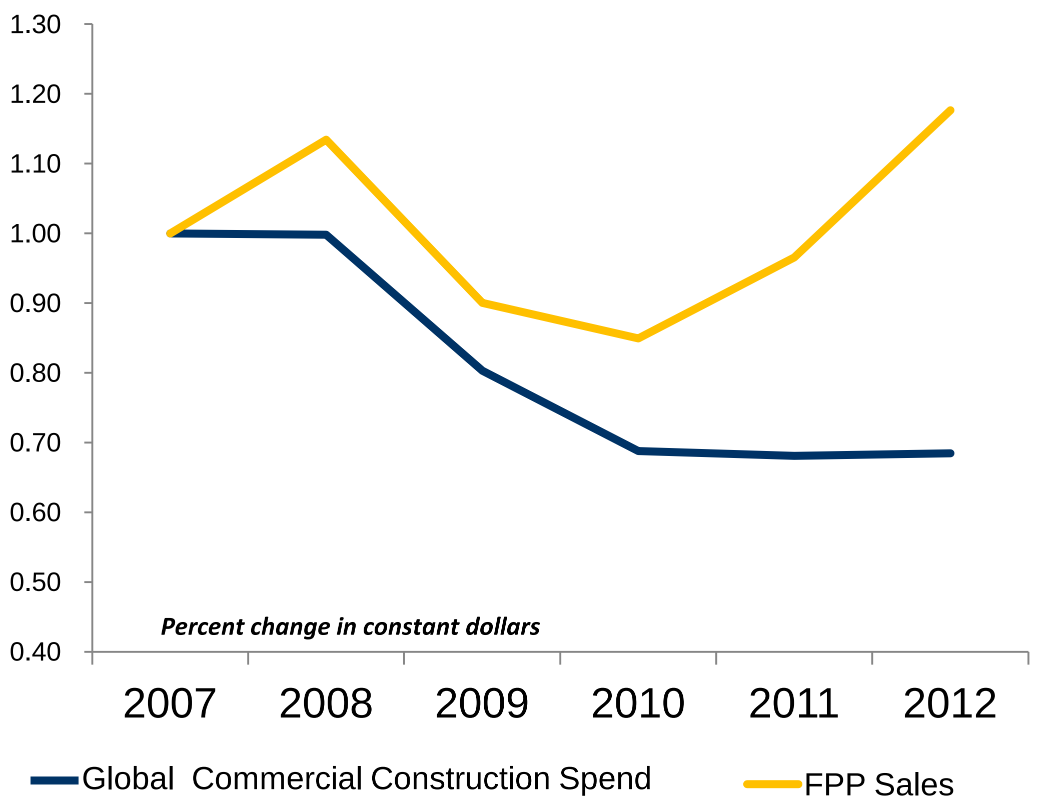
Commercial | Residential | Storage | Institutional | Power | Oil & Gas | Mining

# …Around the World




**27 Manufacturing Locations, 50 Distribution Branches And ~4,600 Employees In 35 Countries; Trading In 190 Countries In 43 Languages**

# Fire Protection Products Outperforming Construction Market



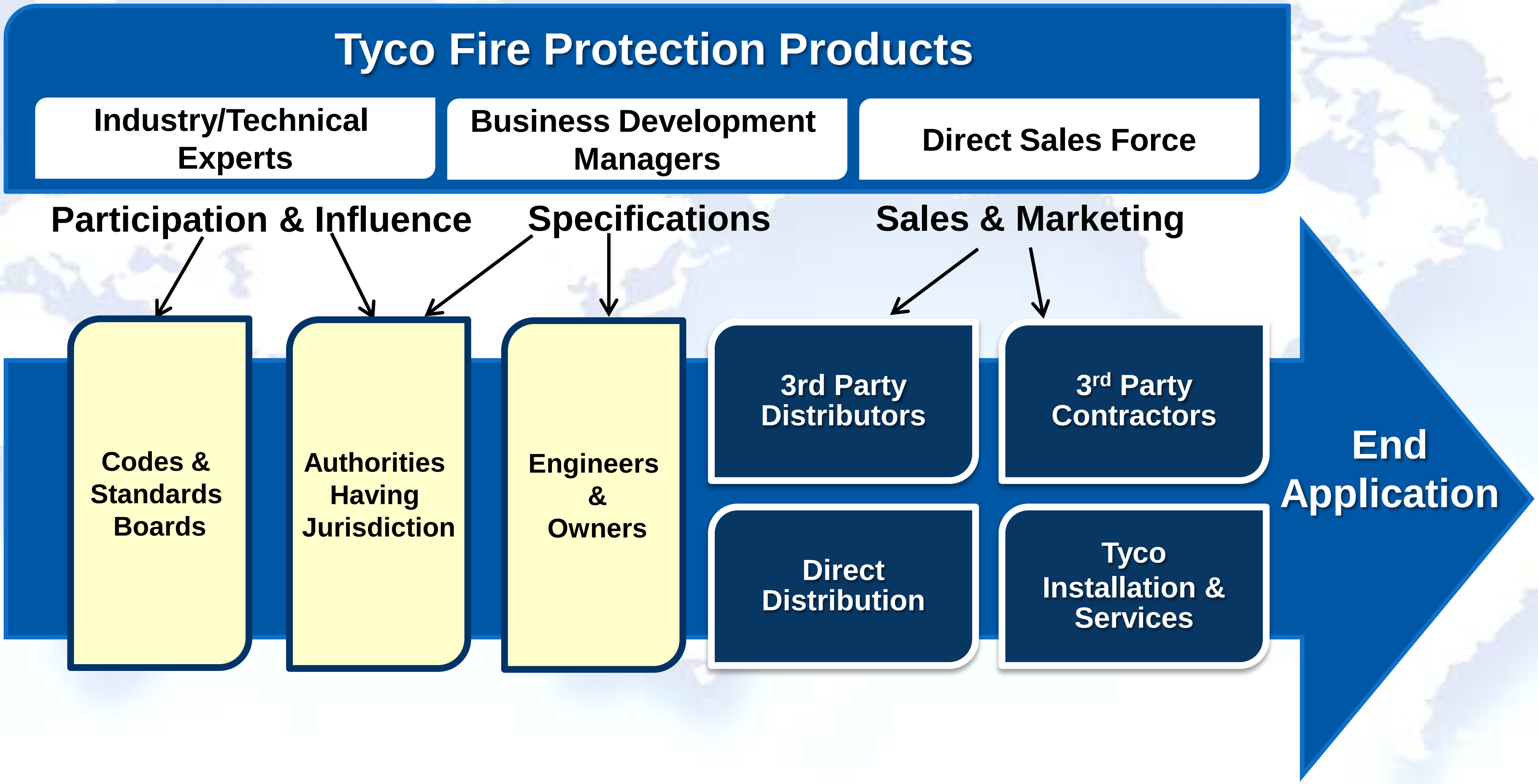

- Diverse products and customers have mitigated the impact of slower construction spend
- Sales heavily driven by codes and standards
- Differentiation of products through innovation also drives demand

**Source**: IHS Global Insight

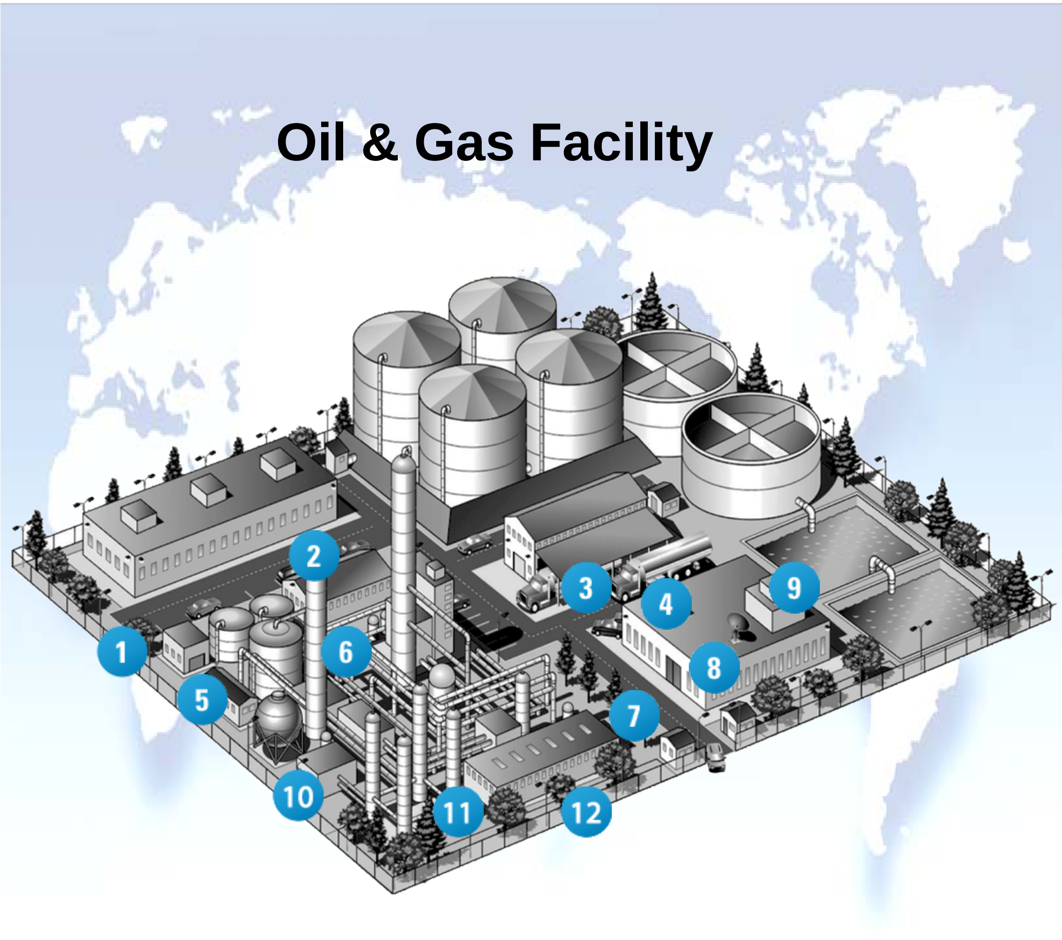


tyco

# Highly Effective Go-To Market Approach Driving Leadership Position

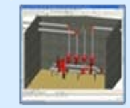


# We Provide Vertical Solutions




1. Portable & Wheeled Units

2. Design Services

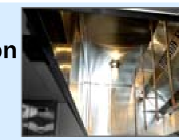


3. Foam Agents & Hardware

4. Chemical Spill Control

5. Clean Agents

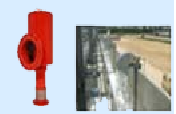
6. Restaurant Suppression



7. Automatic Sprinklers

8. Mechanical Products

9. Foam Channel & Dike Protection



10. Metal Framing & Pipe Supports

11. Emergency Foam Supply

12. Detection & Control

**Opportunity To Enhance Value Through Integrated Solutions**



tyco

# R&D Investment Driving New Product Innovation

## THE NEED

**Automatic Fire Detection and Suppression on unmanned platforms**
***(North Sea)***

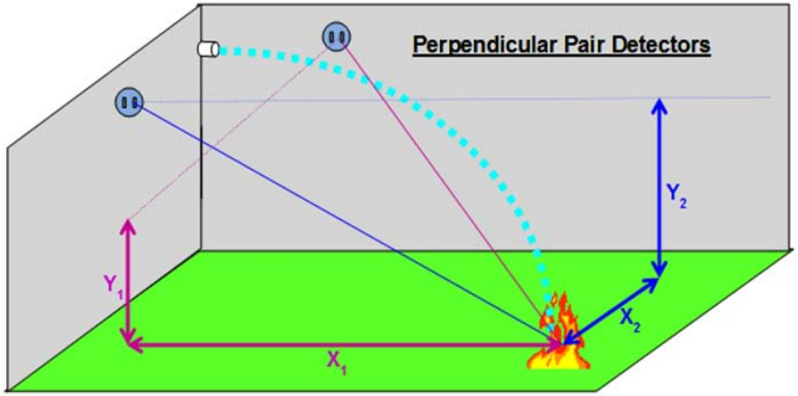
## THE ENABLING TECHNOLOGIES

**Tyco Far-Infrared Imaging Flame Detector**
***(Ráječko, Czech Republic)***

**Tyco Compact Electrically Positioned Extinguishing Monitor**
***(Great Yarmouth, England)***

## THE INNOVATION

Wind Compensated Triangulation Algorithm Pinpoints and Targets Flame Source
*(Bangalore, India)*




**The Solution – Automated High Performance Large Area Fire Protection**



tyco

# Fire Protection Products Summary

- Broadest portfolio of fire products in the industry
- Industry experts driving innovation and shaping the future
- Global reach and integrated solutions focus position us for growth
- Solid organic growth complemented by accretive acquisitions
- Recovering construction demand provides additional opportunity

# Security Products

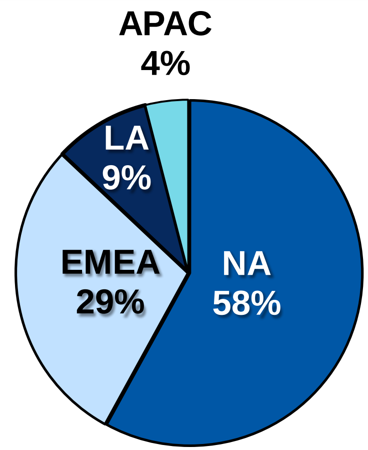
**Mark VanDover**
Security Products

# Security Products At A Glance

## Overview

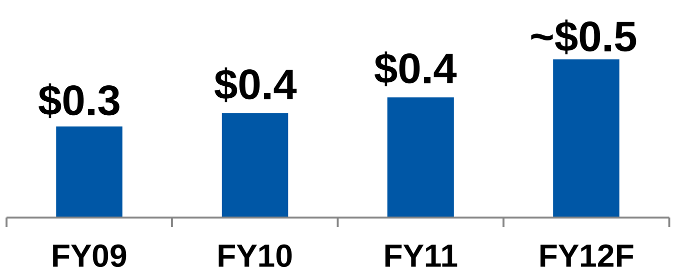
- Industry leader in access control, video, real time location services and intrusion products
- Provide most comprehensive range of premium solutions in security industry
- Strong market position with large installed base and brand loyalty

## Revenue Mix By Geography




## Revenue

$Million




| | FY09 | FY10 | FY11 | FY12F |
|---|---|---|---|---|
| **Organic Revenue Growth*:** | (11%) | 8% | 10% | 17% |

## Business Drivers

- Security and IT integration
- Technology acceleration
  - Mobility
  - Edge Intelligence
- Visonic acquisition
- Strong customer relationships

*Organic revenue is a non-GAAP financial measure. See non-GAAP reconciliation for details.

# Our Brands Help Make The World Safer In Many Industries Around The Globe

**Worldwide We Help Protect…**

- Transportation systems on 5 continents
- 37% of the world's top 100 retailers
- Over 2,000,000 commercial enterprises
- Thousands of students in 900+ schools
- 42% of the Fortune 500 companies

# We Serve Security Needs Across Various Product Categories…

## Intrusion

DSC BENTEL SECURITY Visonic

Panels

Keypads

Communicators

Sensors & Detectors

## Access Control

SOFTWARE HOUSE CEM SYSTEMS KANTECH

Cards and Readers

Controllers

Security Mgmt Software

## Video

American Dynamics

Network and Digital Video Management Systems

IP and Analog Cameras

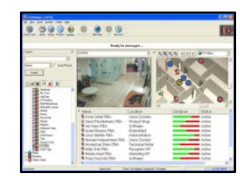
Monitors and Matrix Switchers

## Real Time Location Systems

Elpas

Active RFID Tags

Controllers, Readers, and Exciters



Tracking & Management Software

# …Around The World

**Americas**
Trade in 34 countries
Located in 6 countries
Trade in 4 languages

**EMEA**
Trade in 120 countries
Located in 8 countries
Trade in multiple languages

**Asia-Pacific**
Trade in 22 countries
Located in region
Trade in multiple languages


**3 Manufacturing Locations, 9 Distribution Branches And ~2,700 Employees Trading In 176 Countries In Multiple Languages**

# Markets & Customers

## Key Verticals

Commercial | Residential | Retail | Transportation | Financial | Government | Healthcare | Education

## Contractors & Distributors

### External Channel

- mascon Strategic Supply Chain Services
- IN ALERT
- SGi
- Advanced Systems Supply, S.A.
- TRI-ED
- SIEMENS
- INTRUSION
- DEFENDER DIRECT

### Internal Channel

- SimplexGrinnell
- tyco
- ADT*
- TOTAL WALTHER

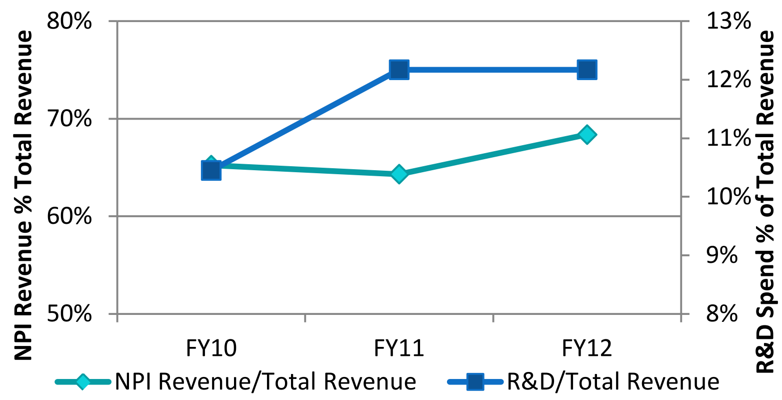
## End Users

- P&G
- FOXWOODS RESORT CASINO
- PRINCETON UNIVERSITY
- SKECHERS
- BAA
- Carrefour
- RUSH UNIVERSITY MEDICAL CENTER
- UNITED NATIONS
- Shell
- DANA-FARBER CANCER INSTITUTE
- HSBC
- BOSTON UNIVERSITY
- HARVARD UNIVERSITY
- Merrill Lynch
- GREENVILLE HOSPITAL SYSTEM UNIVERSITY MEDICAL CENTER

* Outside of North America

# R&D Is Key To Driving Innovation And Growth

## New Product Introductions Revenue & R&D Spend As % Of Total Revenue




## New Integrated Solutions

- **Intevo:** One Box to manage access control, video & intrusion

- **Interactive Remote Home/SB Monitoring Solutions**

- **PowerSeries Residential With Visonic Wireless**

## New Product Introductions

- **Video Edge**
  Network Video Recorder Management System

- **HDVR**
  Hybrid video recording: both analog & IP cameras

- **C-Cure:** Access Control & Event Management System for multi location enterprises

- **Impassa:** Easy to install & use wireless security system keypad with quick emergency response

- **Wireless Shock Sensor**



- **Illustra IP Cameras**

- **Hardwired Residential Touchscreen Keypad**

- **Hattrix:** Access Control on Premise or Monitored Service



tyco

# M&A Is Enabling Next Generation Platforms

Trident Tek

*Acquired November 2007*

**Network Video Storage**

- Enables seamless migration to an IP solution
- Provides high performance, scalable storage portfolio

IntelliVid

*Acquired July 2008*

**Video Analytics, R&D Skill Set**

- Video for theft prevention and retail intelligence
- Video intelligence to quickly respond to security incidents

Visonic

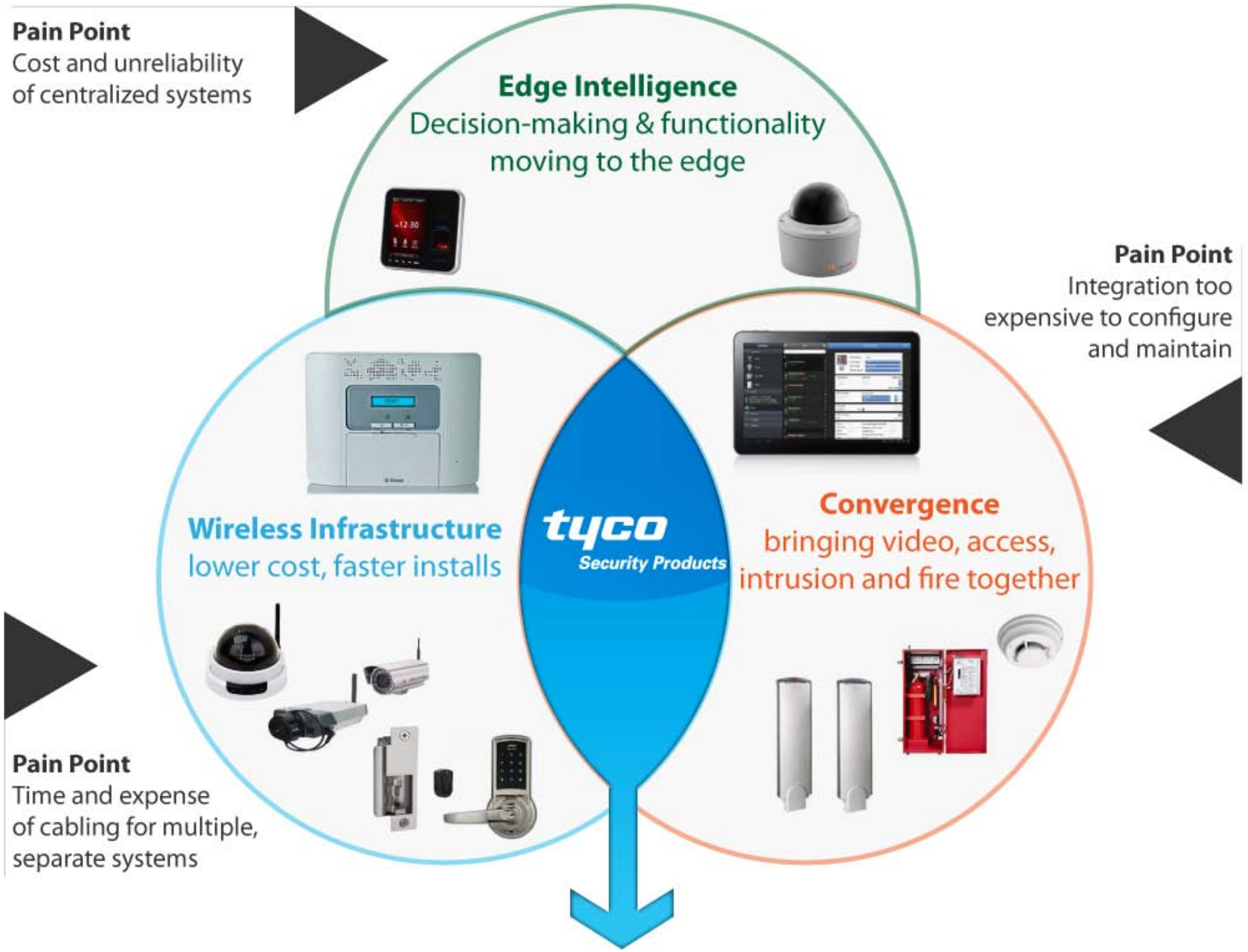
*Acquired December 2011*

**Wireless Technology, Market Share, R&D Skills, Distribution**

- Wireless encryption / frequency hopping
- Wireless remote upgrade / diagnostic capabilities

**Technology Embedded In Core Business**

# Addressing Customer Needs With Integrated Solutions




**Opportunity To Innovate & Lead In Intelligent Edge Devices & Converged Wireless Solutions**

# Security Products Summary

- Extensive range of premium solutions in the security industry
- Strong market position with large installed base and brand loyalty
- New platforms and technology are accelerating growth
- R&D investments are driving operating margin expansion and innovation
- Attractive vertical markets with good growth and profit opportunities
- Security integration platforms allow customers to see more, do more, and save more

# Life Safety Products

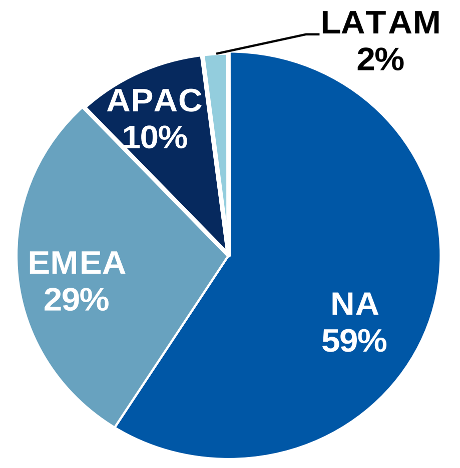
**Mike Ryan**
Life Safety Products

# Life Safety At A Glance

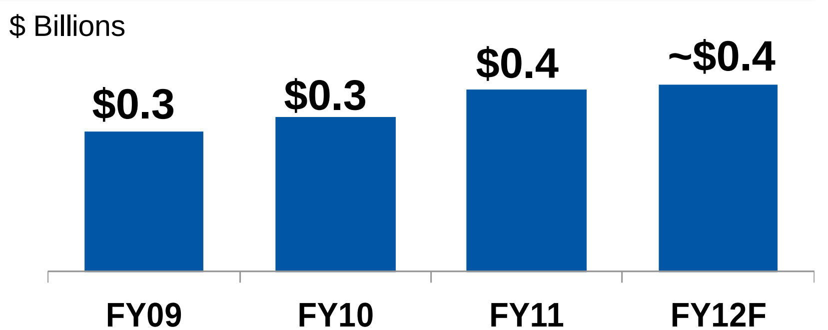
## Overview

- Market leading provider of life safety products
- Strong market position with leading technologies
- Attractive markets with good growth and profit opportunities

## Revenue Mix By Geography




## Total Revenue & Organic Growth




| | FY09 | FY10 | FY11 | FY12F |
|---|---|---|---|---|
| Organic Revenue Growth*: | (12%) | 8% | 12% | 7% |

## Business Drivers

- Product Lifecycle
- Product Regulatory Standards
- Technology Advancements
- Government / Municipal Spending
- Growth in High Hazard Infrastructure Spending (e.g., Oil & Gas, Power)

*Organic revenue is a non-GAAP financial measure. See non-GAAP reconciliation for details.



tyco

# Why Scott Safety?

- Brand
- Relationships & Trust
- Reliable
- Technical Innovators
- Service Capability

SCOTT SAFETY

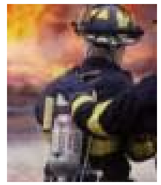
# Product Categories

## Technology Expertise

- Product “Ruggedization”
- Pneumatics
- Ambient Air Filtration
- Sensors & Connectivity

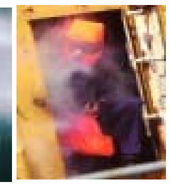
## Products

### Supplied Air


SCBA


Compressor


Air Line


Escape Set

### Air Purification


Mask

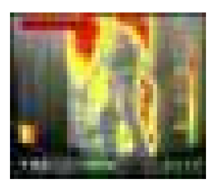

Filter

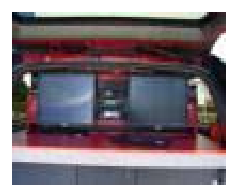

PAPR


Head Tops

### Detection & Accountability


Detection


Thermal Image


Incident Management

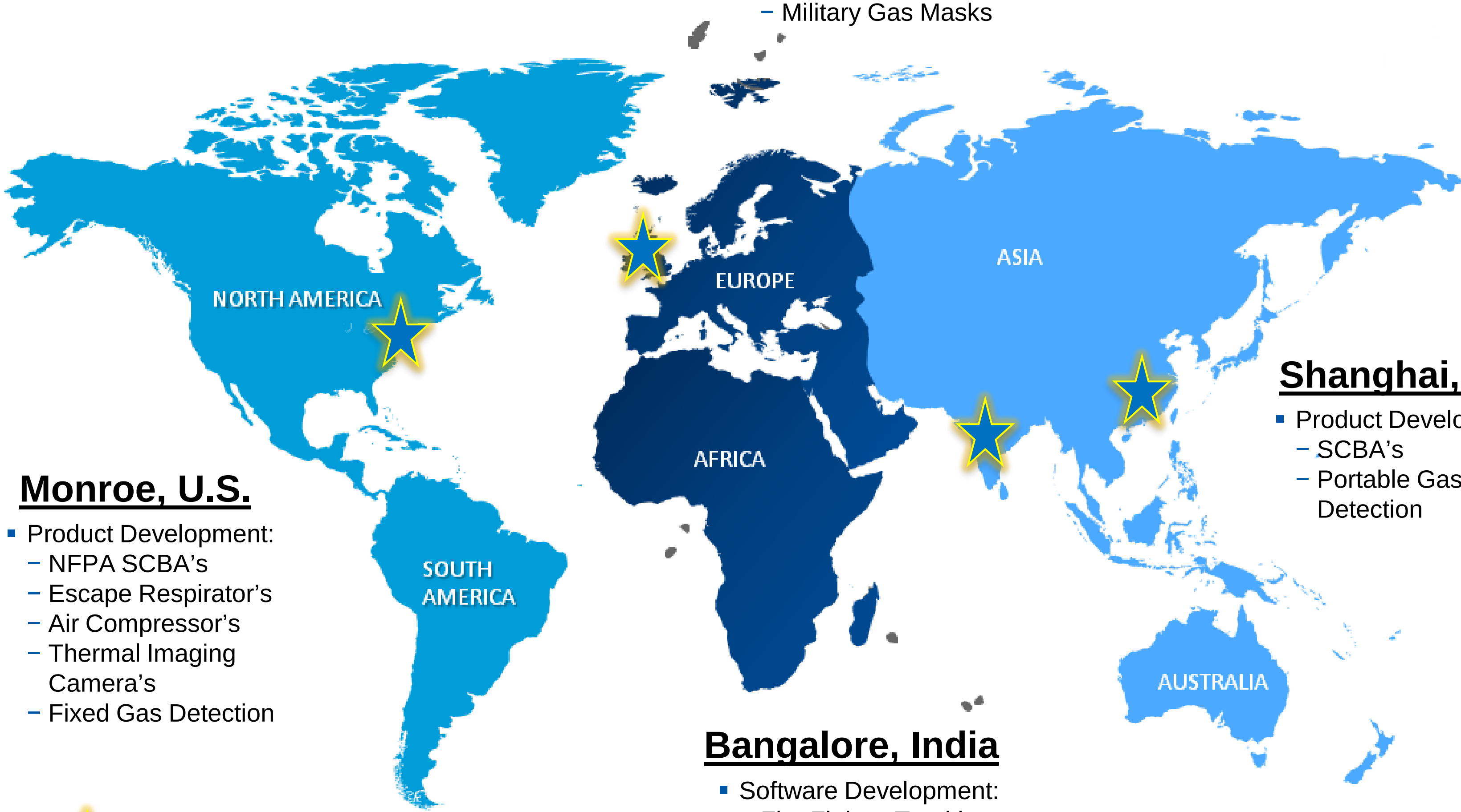
## Differentiation

- Product Reliability
- Cost of Ownership
- Comfort / Aesthetics
- Intuitive / Ease of Use

# Global Product Platform Strategy

## Skelmersdale, England

- Product Development:
  - SCBA's
  - Escape Respirator's
  - Powered Air Respirator's
  - Military Gas Masks




## Monroe, U.S.

- Product Development:
  - NFPA SCBA's
  - Escape Respirator's
  - Air Compressor's
  - Thermal Imaging Camera's
  - Fixed Gas Detection

## Shanghai, China

- Product Development:
  - SCBA's
  - Portable Gas Detection

## Bangalore, India

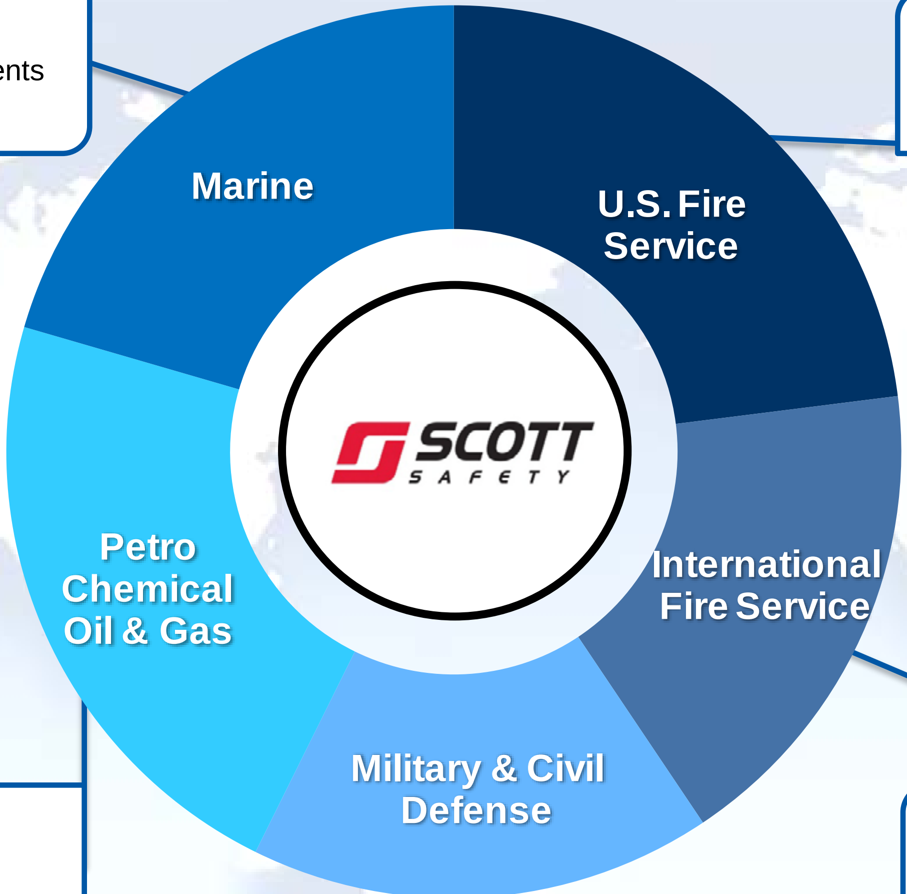
- Software Development:
  - Fire Fighter Tracking

= R&D Facility

# Key Verticals

- New Ship Builds
- Regulatory Requirements
- Fleet Management

- Government Spending
- Regulatory Standards
- Product Life Cycle




- Supply & Demand
- Infrastructure Spend
- Oil / Gas Exploration

- Government Spending
- Regulatory Standards
- Product Life Cycle

- Defense Spending
- Geo-Political Tensions
- Terrorist Threat

# Key Product Launches in FY12

Highest Quality SCBA
New Branding

New Reducer

5500psi Cylinder

## High Pressure SCBA…5500psi, Reduced Weight and Profile

- 10% reduction in size & weight
- Lower cost to manufacture & service
- Market disrupter
- Launched April 2012

High Flow Blower
New Branding

New Head Top Range

## SPIRIT; Powered Air Purifier (PAPR)

- Ergonomic lightweight
- Increased air flow blower…Adjustable
- Filter and head top recognition
- Vibrating alarm options
- New head top line…Backward compatible
- Launched June 2012

High Protection Factor

Modular Assembly

## First Responder Respirator (FRR)

- Best in class protection factor
- Greater comfort with increased vision
- Modular construction
- European launch July, 2012
- NIOSH approval Q3FY13

# Key Products In Development

Back Frame & Pressure Reducer

Thermal Lens & STI Comms

Gauge Console

Thermal Materials

## NFPA 2013 Compliant SCBA

- Higher heat and flame exposure
- New voice intelligibility standard
- Universal alarm sounds
- Unique features…
  - Extended tracking range w/altitude
  - Bluetooth interface to radio
- Launch in July 2013

Ergonomic Design

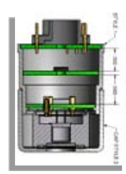
4-up Docking Station

IR Programmer

## Disposable Single Gas Detector & Docking Station

- New Scott Safety offering
- Compliments existing multi-gas unit
- Global regulatory approvals
- Intuitive design
- Launch in December 2012

Universal Transmitter



IS Detector Head / MOS Kernel

Cat Bead
MOS
IR
PID
E-Chem

Sensor Technologies

## Fixed Gas Detection…Universal Transmitter

- Multiple sensors - single housing
- Low cost of ownership
- "Hot Zone" maintenance
- Global regulatory approvals
- Launch in April 2013



tyco

# Life Safety Summary

- Industry leading provider of life safety products with strong well known brands
- Preferred choice by end users
- Investments in R&D driving development of new products
- Growth Acceleration Driven By Continued Diversification:
  - Geography: China, Middle East and Latin America
  - Markets: Marine, Mining and POG Upstream
  - Products: Gas and Flame Detection

# Technology & Innovation

**Scott Clements**
Chief Technology Officer
Vertical Market Solutions

# Technology Trends Impacting Tyco

| Trend | Impact |
| --- | --- |
| **Information Intensity - Software** | ▪ World class software development<br>▪ Integrated security/safety platforms<br>▪ Signal processing, data & video analytics<br>▪ Advanced alarm management |
| **Ubiquitous Networks** | ▪ Remote connected services<br>▪ Wireless networks reduce install costs<br>▪ Security/fire sensor proliferation<br>▪ Internet-of-things / intelligent edge devices |
| **Mobility** | ▪ Asset/personnel tracking / security<br>▪ Presence detection<br>▪ Mobile notification and response<br>▪ Workforce / task management |
| **Material Sciences** | ▪ Nano-particles for air filtration and hazardous gas absorption<br>▪ Micro-cell chemical sensors<br>▪ New fire suppression methods<br>▪ Shape memory alloys / miniature actuators |

**Managing Technology Convergence To Create Competitive Advantage**

# Tyco's New Innovation Framework - Technology Leadership

**Enterprise Technology Management**

- Office of Chief Technology Officer + Innovation Council
- Enterprise Solution Roadmap
- Prioritize tech investment
- Innovation Process & Metrics

**Global Network of Capabilities**

- Enterprise Capability Mgmt
- Global Center of Excellence Network
- Depth and efficiency
- Reverse Innovation
- Vertical solutions

**Strengthen Technology Leadership**

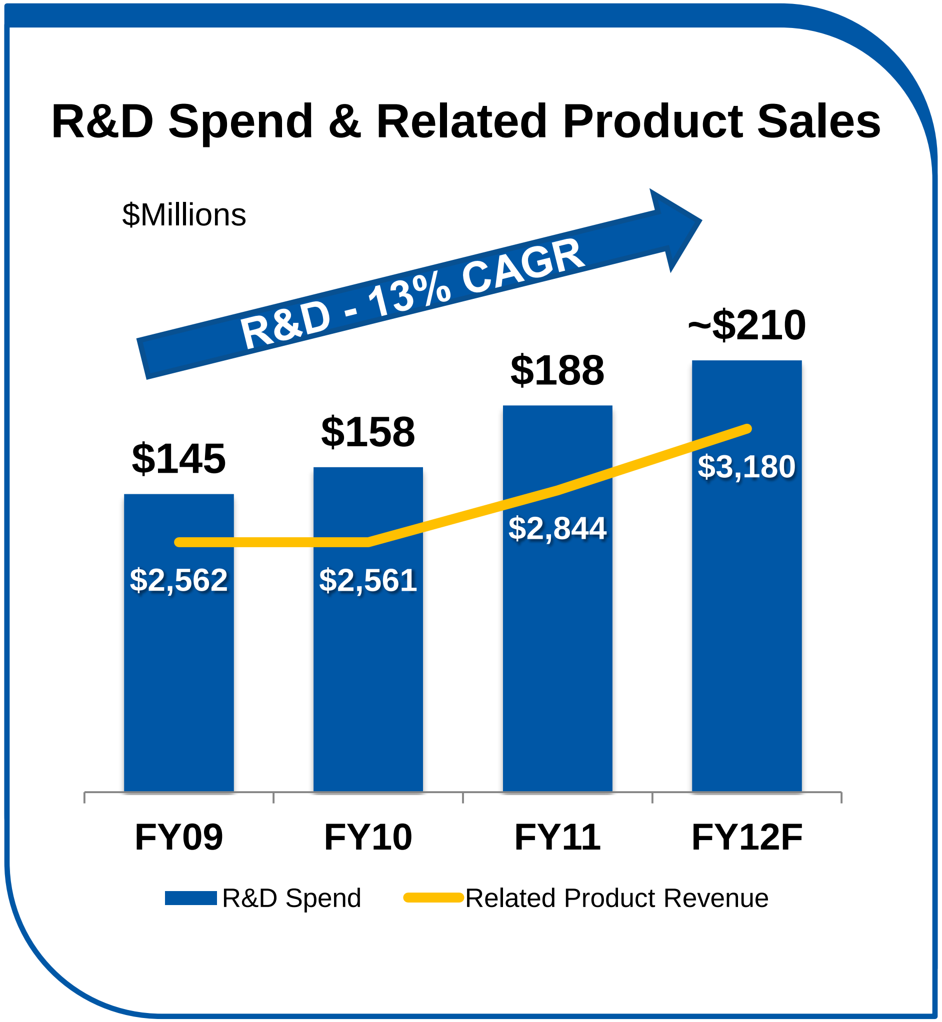
- Benchmark R&D invest level
- 3-Horizon Pipeline View
- Advanced R&D
- Open Innovation
- World-class software capability

## 2013 Focus Areas

- Maintain and extend product leadership
- Develop platform solutions for security integration and vertical markets
- Enable recurring revenue service offerings for installed base

**Strengthening Tyco's Innovation DNA – People, Process, Metrics**

# Extend Product Leadership - Increased R&D Investment Is Spurring Strong Revenue Growth




## Key Points

- Underinvesting in product R&D prior to 2009
- Reinvestment driving 7.5% product revenue CAGR
- Implementing enterprise-level approach to R&D investment prioritization
- New growth opportunities from cross-portfolio field of view
- Expanded view of services innovation

**Strong Returns From Technology Investments**



tyco

# Ubiquitous Networks - Intelligent Edge Devices Power Advanced Data Driven Offerings

**PowerG Wireless** – Robust wireless technology drastically reduces power consumption for battery powered sensors

**Access Control NFC Mobile Application** - Near Field Communications(NFC) enables mobile phone as an access control reader


**IP Camera Video Storage & Analytics** – High-definition cameras with on-board video storage and analytics for motion & facial detection capability

**Proliferation Of Sensors Drives New Applications And Increased Value**



tyco

# Enterprise Technology Management - Linking Tyco Technologies Creates Unique Solutions

## Cross Portfolio Integration Examples

TrueVUE

*Advanced Retail Traffic Management*

VideoEdge

*Enterprise Retail Video Solution*

ZETTLER® Sentinel®

Elpas

*Healthcare Asset Management*

*Advanced Fire Detection*

*Completed Collaboration Projects*

*In Process Collaboration Projects*

*Future Collaboration Projects*

## Key Points

- Customer-centric perspective
- Enterprise view of Tyco capabilities
- Amplify Tyco technologies for unique solutions
- Common platforms and technology re-use
- Power advanced services and analytics

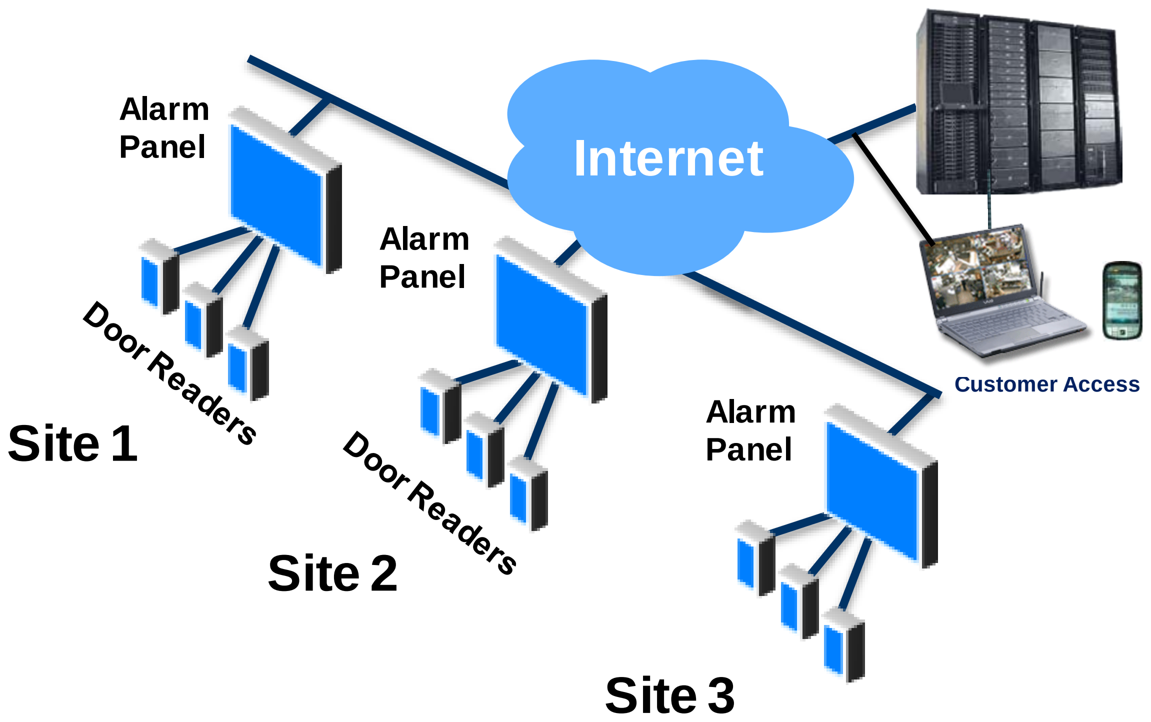
**Technology Leadership - R&D Efficiency - Speed To Market**



tyco

# Software Expertise - Enabling Recurring Revenue Services

## Access Control as a Service




## Key Points

- Cloud based Software-as-a-Service (SaaS) model
- Eliminates customer's infrastructure costs
- Highly scalable
- Converts one-time sale to a recurring revenue stream
- Leverages Tyco's Kantech architecture

**Powering Recurring Revenue Service Opportunities – Expanding Addressable Markets**

# Vertical Insight - Business Model Innovation in Retail

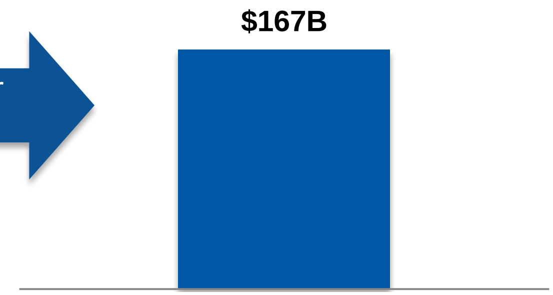
## *Tyco Retail*

**Traditional Security Opportunity**

**Operational Performance Opportunity**



**Retailer Shrink Losses**




**Retailer Out-of-Stock Losses**

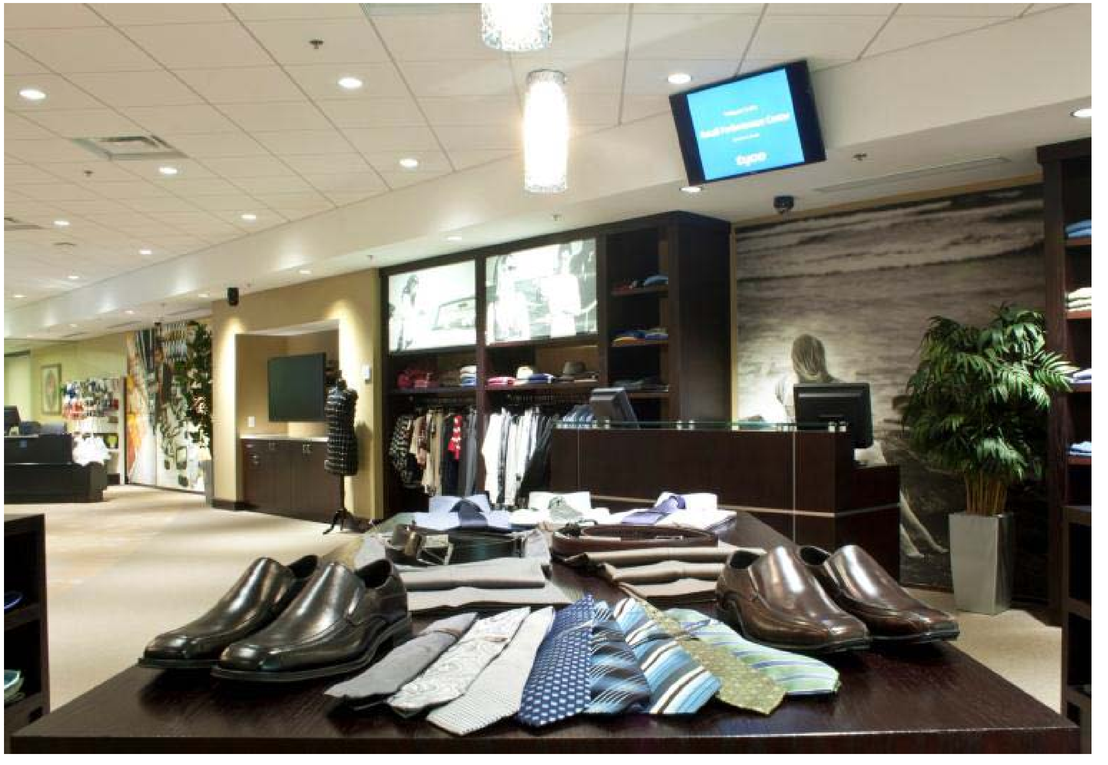

- ✓ Traditional value propositions
- ✓ Hardware centric
- ✓ Simple sensors
- ✓ Isolated systems
- ✓ Alarm state information
- ✓ One-time sale


- ✓ Expanded value propositions
- ✓ Software powered
- ✓ Intelligent sensors
- ✓ Network enabled
- ✓ Information rich
- ✓ High recurring revenue

**New Technologies Build On Legacy Capabilities To Expand Market Opportunity**

*Source: IHL Inventory Distortion Report 2012, Global Theft Barometer 2011

# Tyco Retail Solutions – *Store Performance Solutions Platform*



## Typical *Inventory Intelligence* Project Impact

| Financial Impact | Shopper Impact |
|---|---|
| ▪ 5-10 % sales uplift | ▪ Improved shopping experience |
| ▪ 95%+ inventory accuracy | ▪ Faster check-out |
| ▪ Significant employee theft reduction | ▪ Optimized assortment execution |
| ▪ Substantially reduced labor costs | ▪ Enable Omni-channel interaction |



tyco

# Vertical Insight - Process Verticals Solution Coverage

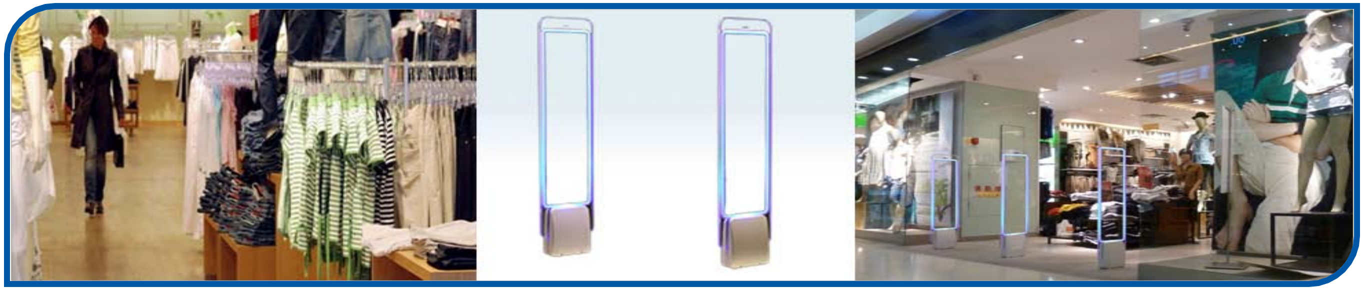
| Capability / Product Category | Oil & Gas<br>$5.2B Market | Marine<br>$4.6B Market | Mining<br>$1.8B Market |
|---|---|---|---|
| Fire Detection | ✓ | ✓ | ✓ |
| Fire Suppression | ✓ | ✓ | ✓ |
| Fire Special Hazards | ✓ | ✓ | ✓ |
| Life Safety | ✓ | ✓ | ✓ |
| Command and Control Integration | ✓ | ✓ | ✓ |
| Remote Diagnostics and Services | ✓ | ✓ | ✓ |
| Security | ✓ | | ✓ |
| Vehicle Systems | | | ✓ |

**Global Leverage In Solutions, Application Engineering, Coverage And Services**

# Profitable Growth Through Innovation

- Three Tyco growth acceleration vectors
  - Increase penetration of high-growth emerging markets
  - Focus on selected verticals with superior growth potential
  - Increased innovation and technology investment

- Tyco Innovation Framework
  - Increased product development investment
  - Managing innovation with an enterprise perspective
  - Research into targeted areas of technology
  - Open innovation to access broader sources of innovation
  - Strengthening Tyco's Innovation DNA – People, Process, Metrics



**Innovation Leadership – A Healthy, Dynamic Enterprise**

# Financial Review

**Arun Nayar**
Chief Financial Officer

# A Foundation of Strength

## Compelling financial profile positions us well for the future

- Large, diverse revenue stream provides stability
- Solid cash flow generation supports investments
- Attractive return on invested capital

## A great track record of improved financial performance

- Demonstrated margin expansion
- Continued penetration in growth markets
- History of value-enhancing acquisitions

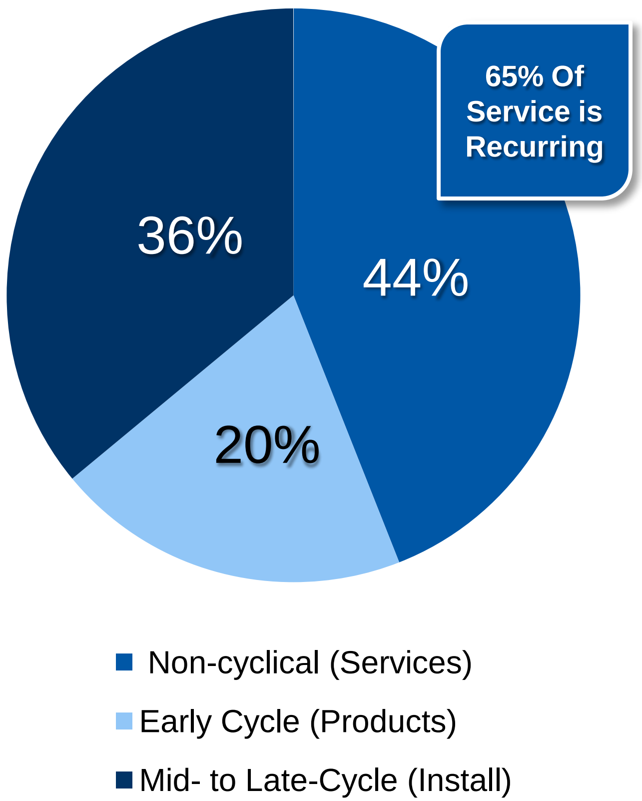
## Strong capital position supports financial flexibility

- Ample liquidity
- Balanced debt maturity with no near term maturities
- Solid investment rating

**Positioned Well For Future Growth**

# Diverse Revenue Mix Across Economic Cycles

## Revenue By Cycle



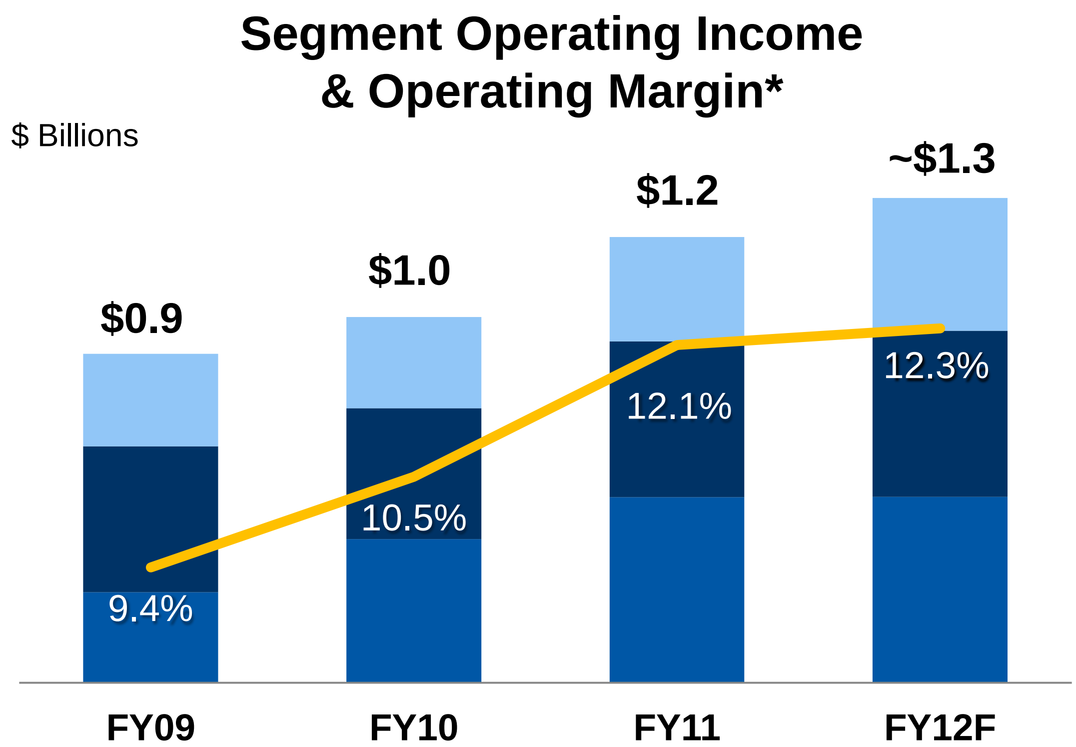

- Service provides predictable revenue stream
- Products are early cycle and provide high returns
- Products & Installation businesses to benefit from non-residential construction recovery

**Balanced End Market Exposure Supports Performance Through The Cycle**



*Organic revenue  is a non-GAAP measure. For a reconciliation, see appendix.

# Large Revenue Base With Improving Profitability




| Pro-forma Revenue: | FY09 | FY10 | FY11 | FY12F |
|---|---|---|---|---|
| | $9.7 | $9.6 | $10.3 | $10.4 |

ROW Installation & Services
NA Installation & Services
Global Products
Segment Operating Margin

## Strong Operating Margin Improvement

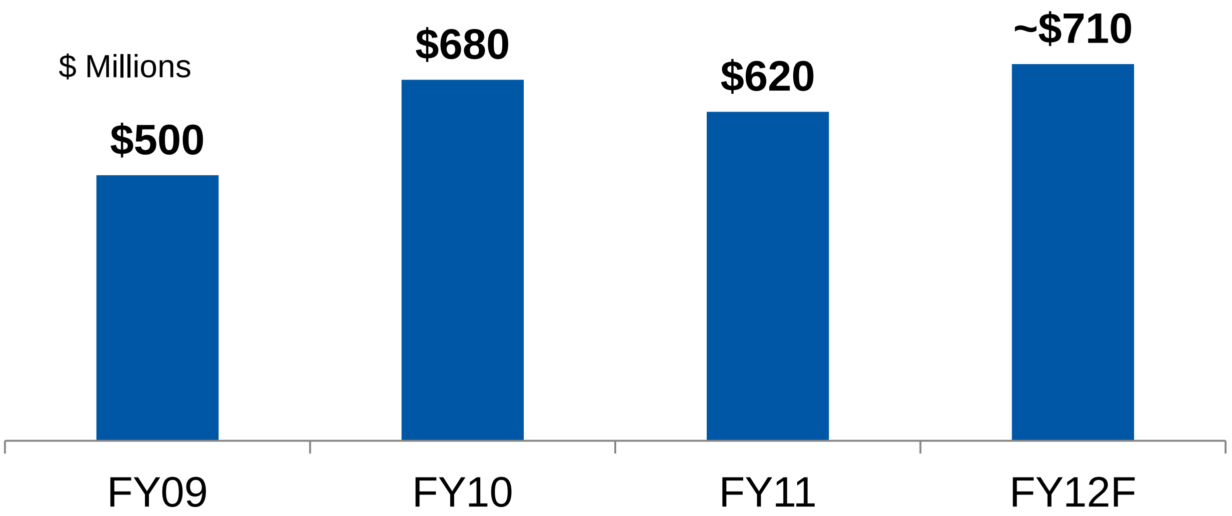
- Project selectivity
- Productivity and cost reduction initiatives
- Divestiture of unprofitable businesses
- Increased R&D investment by 13% CAGR
- Increased revenue

**40% Op Income Growth & 290bps Of Margin Expansion Over Last Three Years**

*All periods reflect the ADT North America Residential and Small Business and Flow Control businesses as discontinued operations and excludes the Electrical and Metal Product business for which a majority interest was sold on December 22, 2010. Operating income and operating margin before special items are non-GAAP measures. For a reconciliation, see appendix.

# Generating Solid Free Cash Flow

## Adjusted Free Cash Flow*



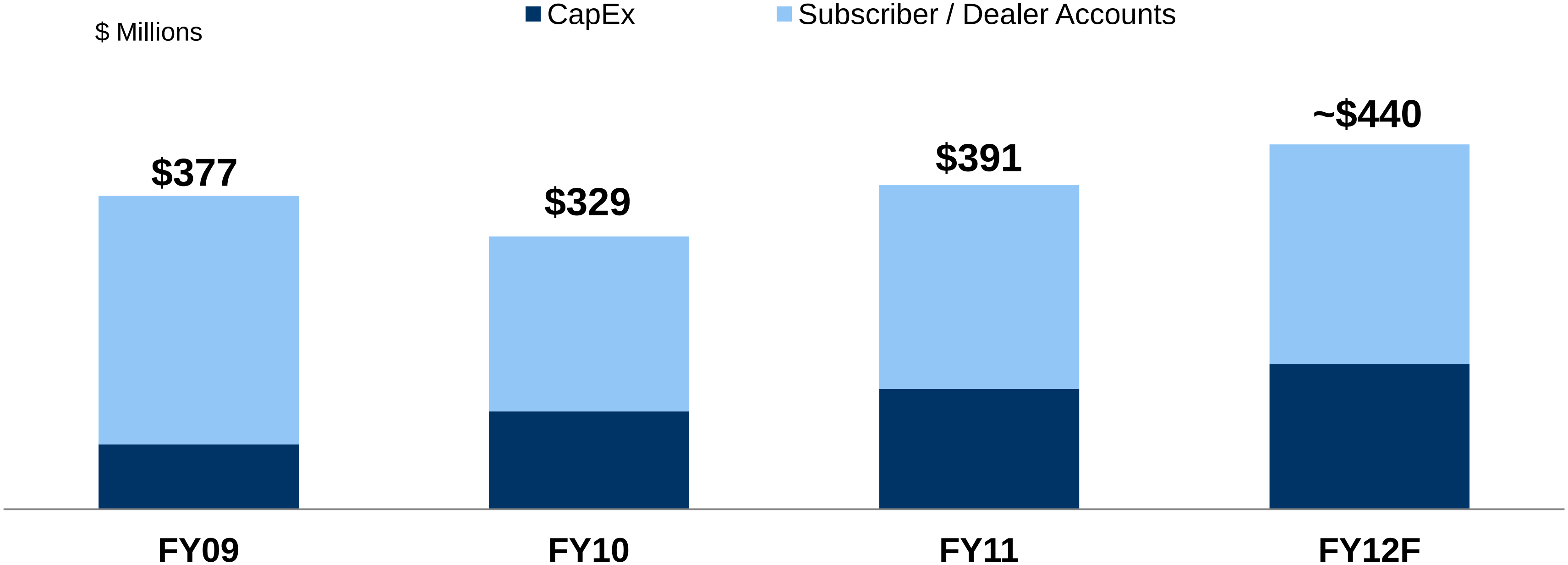

| | FY09 | FY10 | FY11 | FY12F |
|---|---|---|---|---|
| **Pro-forma Net Income:** | **$466** | **$545** | **$721** | **$750** |

**90-100% Free Cash Flow Conversion**

*Adjusted free cash flow is a non-GAAP measure. For a reconciliation, see appendix.
Note: Excludes the Electrical and Metal Product business for which a majority interest was sold on December 22, 2010.

# A Significant Portion Of Capital Investments Are Growth Related

## CapEx & Subscriber / Dealer Investments



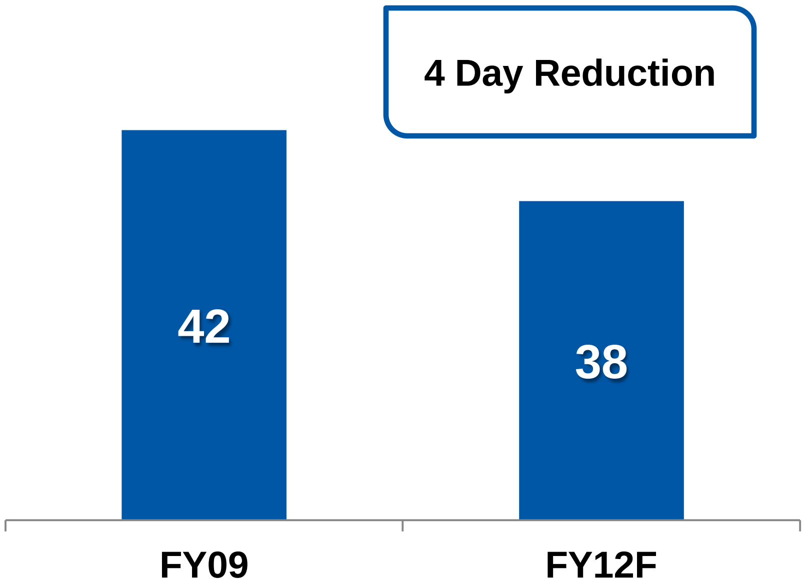

**Percentage of Revenue:**

| | FY09 | FY10 | FY11 | FY12F |
|---|---|---|---|---|
| **Capex** | 0.8% | 1.2% | 1.4% | 1.7% |
| **Subscriber /Dealer** | 3.1% | 2.2% | 2.4% | 2.5% |

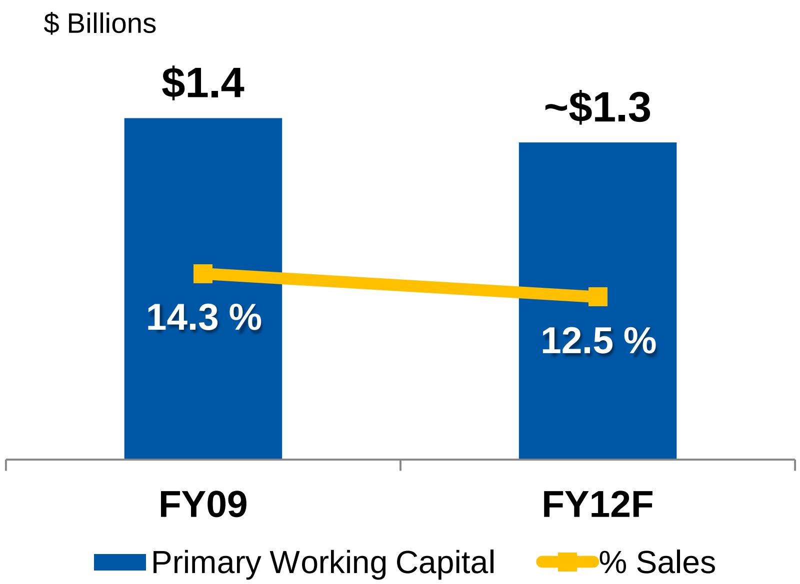
Note: Excludes the Electrical and Metal Product business for which a majority interest was sold on December 22, 2010.

# Improving Working Capital Efficiency

## Working Capital Days




## Primary Working Capital & % of Sales



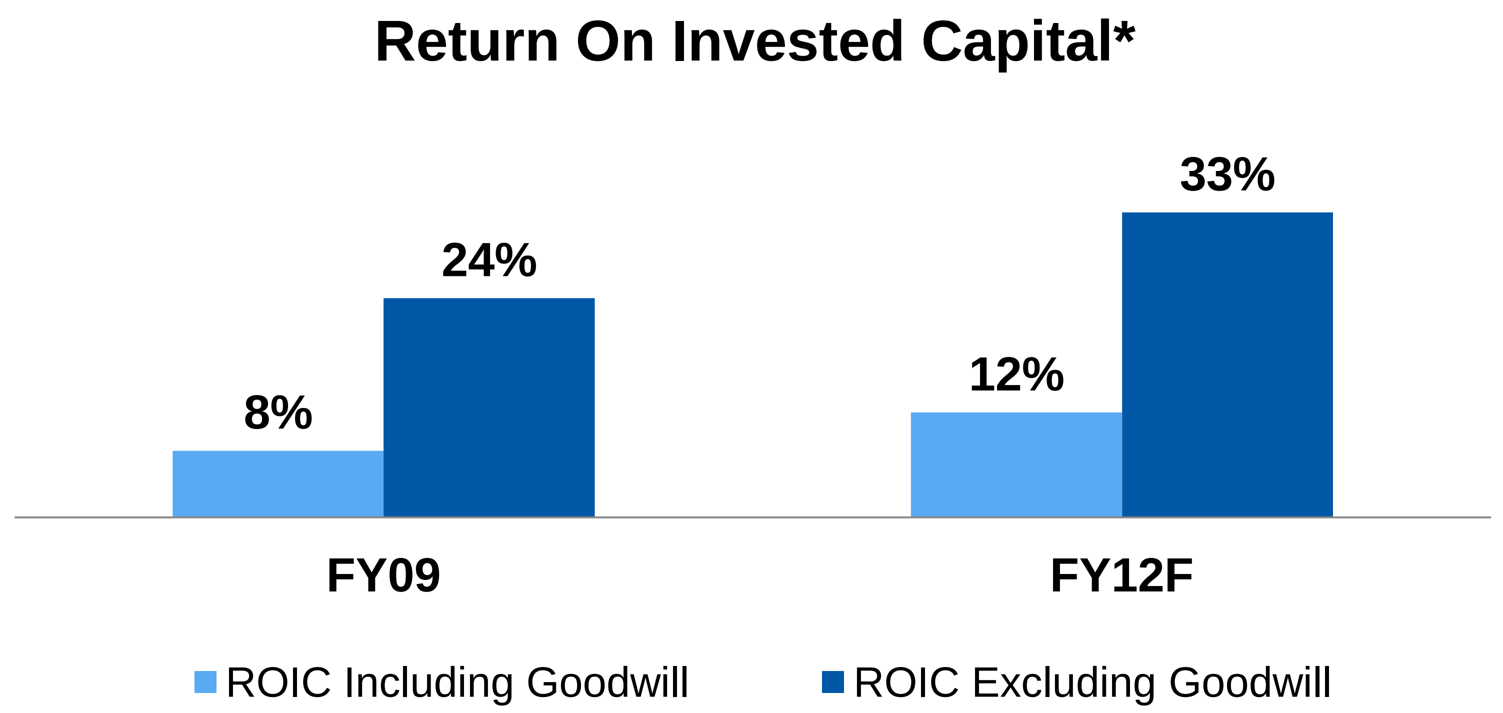

**Growing Revenue While Strengthening Working Capital Metrics**

Note: Primary Working Capital includes Accounts Receivable, Inventory and Accounts Payable. Excludes the Electrical and Metal Product business for which a majority interest was sold on December 22, 2010.



tyco

# Attractive Return On Invested Capital




**Track Record Of Balancing Growth And Return On Capital**



* FY09 Excludes the Electrical and Metal Product business for which a majority interest was sold on December 22, 2010.

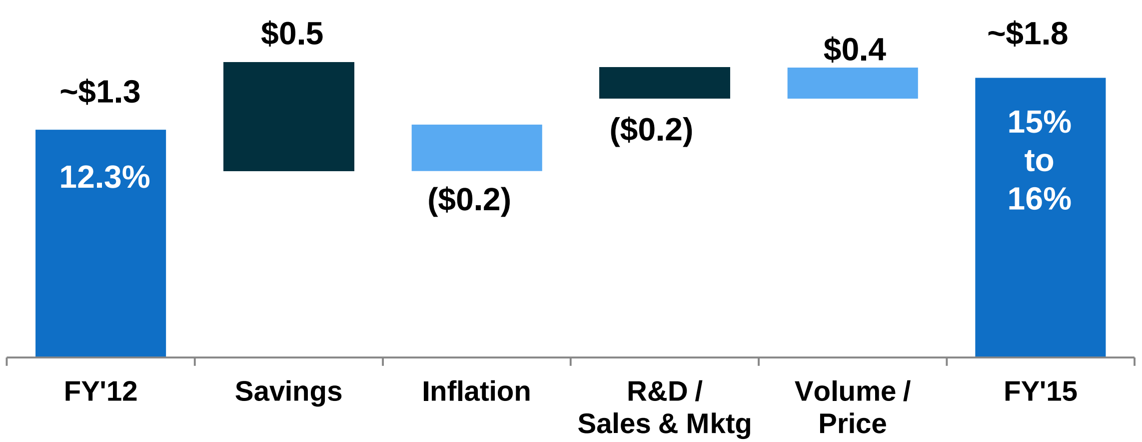
# Financial Outlook By Segment

| | NA Install & Service | ROW Install & Service | Global Products | Segment Total |
|---|---|---|---|---|
| **FY2012F** | | | | |
| *Revenue* | ~$4.0B | ~$4.3B | ~$2.1B | ~$10.4B |
| *Op Margin** | ~11.6% | ~10.4% | ~17.5% | ~12.3% |
| **Growth to FY15F** | | | | |
| *Revenue CAGR* | +1 to 2% | +5 to 6% | +8 to 9% | +4 to 5% |
| *Op Margin** | +150 to 250bps | +300 to 400bps | +300 to 350bps | +270 to 370bps |
| **Corporate Expense** | | | | ~2% of Sales |
| **Key Business Drivers** | ▪ Strength in SimplexGrinnell<br>▪ Project selectivity in commercial security<br>▪ Near term revenue headwinds in FY13 with improving growth outlook<br>▪ Dis-synergies more than offset by productivity beginning in FY15 | ▪ Expansion in Growth markets<br>▪ Increased services footprint in developed markets | ▪ Innovation and vertical market solutions<br>▪ Pricing discipline | ▪ Excludes any future acquisitions |

*Operating margin before special items is a non-GAAP measure. For a reconciliation, see appendix.

# Strong Operating Income & Margin Expansion Into FY15

## Segment Operating Income & Margin*




- Productivity initiatives
  - Offset inflationary headwinds
  - Fund investments
  - Increase margins
- Beneficial product and service mix

**40% Operating Income Growth & 270-370bps Of Margin Expansion Over The Next 3 Years**

*Operating margin before special items is a non-GAAP measure. For a reconciliation, see appendix.
Note: excludes corporate costs.

# Strong Balance Sheet

| Summary Capitalization ($B) | Pro forma |
|---|---|
| Cash | $0.4 |
| Debt* | $1.5 |
| Net Debt | $1.1 |
| | |
| 5 Year Revolving Credit Facility | $1.0 |

* Weighted average interest rate of 6.5%

- Significant liquidity
- Expect to maintain balance sheet flexibility to pursue growth opportunities
- Annual cash generation comfortably supports anticipated cash needs
- No near term debt maturities – next maturity in 2015
- Credit rating of A- / A3

**Provides Liquidity & Financial Flexibility**

# Estimated Effective Tax Rate Post-Separation

| | Estimated Post Separation | Longer-Term Goal |
|---|---|---|
| **Effective Tax Rate** | **~20%** | |

- Swiss-based parent structure will continue to drive lower structural tax rate relative to peer group
- Volatility in the rate quarter over quarter may arise due to “discrete” or one-time tax planning benefits

# Disciplined Capital Allocation Is The Cornerstone Of Our Financial Policies

## Improving Operating Performance

### Organic Growth Investments

- Growth Markets
- Technology
- Services
- Sales Force
- Vertical Markets

### Productivity Improvements

- Commercial Front Office
- Back Office

## Strategic Bolt-On Acquisitions

- Technology
- Growth Markets
- Strict Financial Criteria

## Return of Capital to Shareholders

- Dividends
- Opportunistic Share Repurchases

**Balanced Capital Allocation Strategy**

# Acquisitions Are An Integral Part Of Our Growth Strategy

### Target

- Enhance technology portfolio
- Expand product portfolio
- Broaden service and vertical solutions
- Strengthen geographic reach

### Criteria

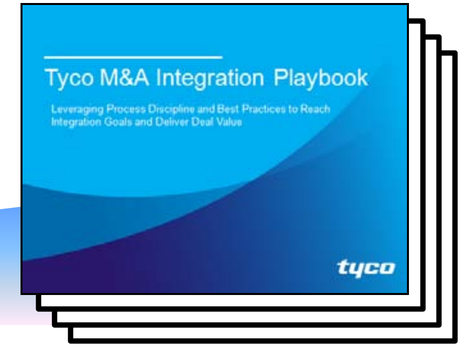
- Fit within our core competencies
- Leadership in key markets or regions
- Strong growth potential
- EPS accretion by year 2 and ROIC in excess of WACC

### Additional Value Drivers

- Leverage acquisitions across our global footprint
- Supply Tyco products and services across target distribution channels

**7 Acquisitions Over The Last 24 Months Added ~$400M In Revenue**
**Robust Pipeline Of Opportunities**

# Proven Acquisition Integration Playbook




## Disciplined And Structured Process To Realize Synergy Targets

**Pre-Close Integration Planning**
- Design Target Operating Model
- Determine Initiatives & Synergies
- Develop 100 Days Integration Plan
- Develop Communication Plan
- Develop Cultural Integration Plan

**Deal Close / Day One**
- Deliver Day 1 Communications
- Execute Day One Activities (IMO, HR, Finance, IT, Legal)

**Integration: First 100 Days** / **100+ Days**
- Conduct Functional Integration Workshops
- Develop & Implement Functional Integration Plans
- Plan & Execute Organization Alignment
- Design & Execute 100 Days Communication Plan
- Validate and Track Synergies
- Manage Integration (Measurement & Reporting)
- Implement Cultural Integration Initiatives

**Integration Wrap-Up**
- Assess Integration Progress
- Close Progress Gaps
- Transition to Steady State

**Closure & Recommendations**
- Incorporate Best Practices / Lessons Learned

**Planning** → **Execution (Integration Activities)** → **Steady State (Operational)**


tyco

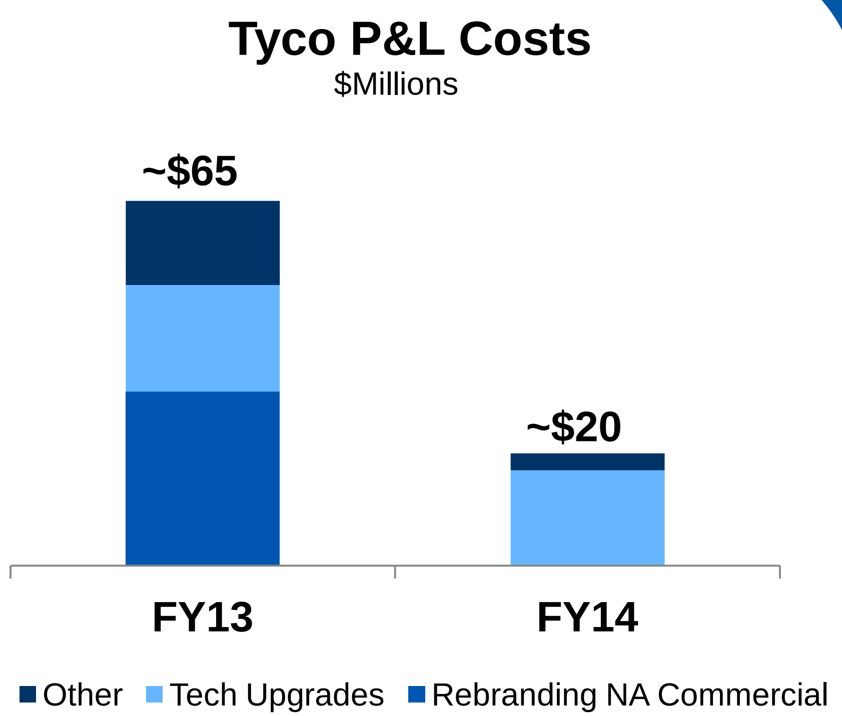
# Track Record of Increasing Dividends

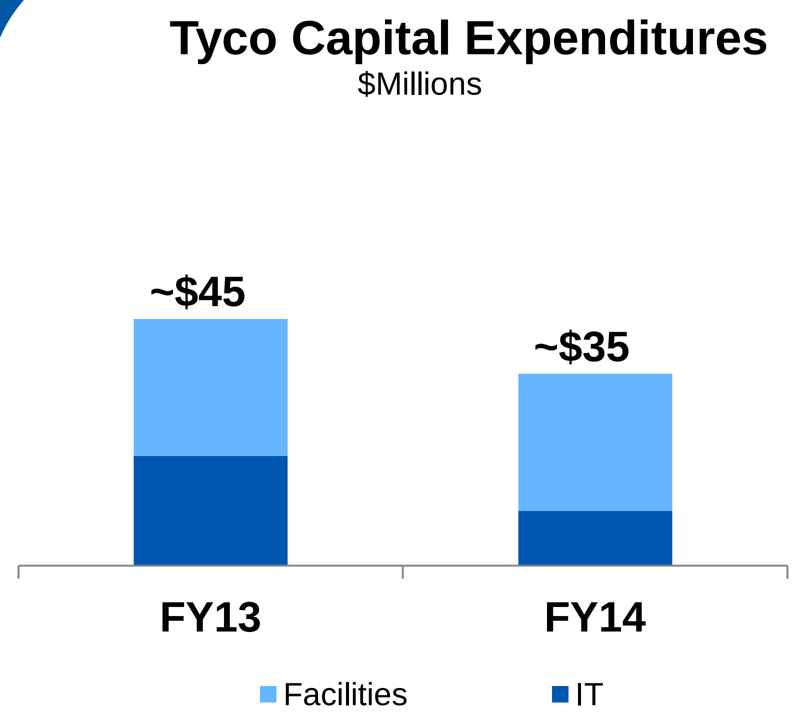
- Increased dividends  at an 11% CAGR since 2007 Separation
- Post-separation quarterly dividend has been approved for the next two quarters
  - $0.15/share
- Payment Dates
  - November 15, 2012
  - February 20, 2013
- Expect to propose an annual cash dividend to shareholders at the next Annual General Meeting expected to be held in March 2013

**Dividend Payout Ratio Planned At 30-35% Of Net Income**

# One Time Separation Costs To Be Completed By 2014

**Future separation costs for Tyco expected to approximate $165 million**






Note: FY13 & FY14 separation costs do not include costs to be incurred by The ADT Corporation

# Closing Remarks

## A Foundation of Strength…

- Large, stable revenue base
- History of operating margin improvement
- Solid free cash flow generation
- Attractive return on invested capital profile
- Strong Balance sheet that provides liquidity and flexibility

## …On Which We Will Continue To Build

- Grow revenue organically and through acquisitions
- Significant operational efficiencies to expand operating margin
- Strong cash flow generation
- Disciplined capital allocation to maximize return on capital

**Significant Opportunities To Enhance Shareholder Value**

# Closing Comments

# A Strong Foundation For Continued Growth


- Diverse business mix across industries, geographies, products and services
- Market leader in $100 billion fragmented, consolidating space growing in excess of GDP
- Industry leading brands and technologies
- Significant scale advantage with over 600 worldwide sales and service branches
- Comprehensive capability to design, install and service Fire & Security solutions around the world
- Solid cash flow generation with significant financial flexibility
- Execution of growth initiatives and operating improvement plans already in process

# Appendix

# Other Financial Information

# Pro forma Fiscal Year 2012 Earnings Per Share

| $ Millions | FY'12F |
|---|---|
| Revenue | $10,420 |
| Segment operating income | $1,280 |
| Corporate expense | ($225) |
| Operating income | $1,055 |
| Net interest | ($100) |
| Other expense /Non-controlling Interests | ($17) |
| Pre-tax operating income | $938 |
| Tax (20%) | ($188) |
| Net income | $750 |
| Earnings per share | $1.60* |

* Earnings per share is based on approximately 470 million fully-diluted shares outstanding

# Separation Costs Summary

| $ Millions | P&L | CapEx | Total |
|---|---|---|---|
| FY12 | ~$710 | ~$50 | ~$760 |
| FY13 | ~$65 | ~$45 | ~$110 |
| FY14 | ~$20 | ~$35 | ~$55 |

Note: FY13 and FY14 separation costs do not include costs to be incurred by the ADT Corporation

# Non GAAP Reconciliations

# FY2011 - Revenue and Operating Income

| Future Segments* | NA Systems Installation & Service | ROW Systems Installation & Service | Global Products | Total Segments | Corporate and Other | Revenue |
|---|---|---|---|---|---|---|
| Revenue (GAAP) | $4,022 | $4,483 | $1,757 | $10,262 | $347 | **$10,609** |

| | Operating Income | | | | | | | | | | Total Operating Income | Margin |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | NA Systems Installation & Service | Margin | ROW Systems Installation & Service | Margin | Global Products | Margin | Total Segments | Margin | Corporate and Other | Margin | | |
| **As Reported Operating Income (GAAP)** | $425 | 10.6% | $418 | 9.3% | $295 | 16.8% | $ 1,138 | 11.1% | ($178) | N/M | **$960** | 9.0% |
| Restructuring, net | 7 | | 61 | | (7) | | *$ 61* | | 14 | | **75** | |
| Restructuring charges in cost of sales and SG&A | | | 3 | | | | *$ 3* | | | | **3** | |
| (Gains) / losses on divestitures, net | | | 29 | | | | *$ 29* | | (253) | | **(224)** | |
| Note receivable write-off | | | | | | | | | 5 | | **5** | |
| Acquisition / integration costs | | | 4 | | 2 | | *$ 6* | | | | **6** | |
| Legacy legal items | | | | | | | | | 20 | | **20** | |
| Separation costs | | | | | | | | | 24 | | **24** | |
| **Total Before Special Items** | $432 | 10.7% | $515 | 11.5% | $290 | 16.5% | $ 1,237 | 12.1% | ($368) | N/M | **$869** | 8.2% |

* We continue to manage the business consistent with our segmentation as shown in our 8-K filed on January 31, 2012.
In connection with the spin-offs of our ADT NA Residential and Flow Control business, we will realign the operating and management structure of our businesses.

# FY2010 - Revenue and Operating Income

| Future Segments* | NA Systems Installation & Services | ROW Systems Installation & Services | Global Products | Total Segments | Corporate and Other | Revenue |
|---|---|---|---|---|---|---|
| **Net Revenue** | $3,784 | $4,339 | $1,529 | $9,652 | $1,408 | **$11,060** |

| | NA Systems Installation & Services | Margin | ROW Systems Installation & Services | Margin | Global Products | Margin | Total Segments | Margin | Corporate and Other | Margin | Operating Income | Margin |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Operating Income (Loss) GAAP** | $350 | 9.2% | $375 | 8.6% | $245 | 16.0% | $ 970 | 10.0% | ($346) | N/M | **$624** | 5.6% |
| Restructuring, net | 13 | | 71 | | 3 | | $ 87 | | 7 | | **94** | |
| Restructuring charges in cost of sales and SG&A | | | 2 | | | | $ 2 | | 7 | | **9** | |
| (Gains) / losses on divestitures, net | | | (49) | | 5 | | $ (44) | | 5 | | **(39)** | |
| ERISA insurance recovery | | | | | | | | | (1) | | **(1)** | |
| Separation Costs | | | | | | | | | 10 | | **10** | |
| **Operating Income / Margin Before Special Items** | $363 | 9.6% | $399 | 9.2% | $253 | 16.5% | $ 1,015 | 10.5% | ($318) | N/M | **$697** | 6.3% |

* We continue to manage the business consistent with our segmentation as shown in our 8-K filed on January 31, 2012.
In connection with the spin-offs of our ADT NA Residential and Flow Control businesses, we will realign the operating and management structure of our businesses.

tyco

# FY2009 - Revenue and Operating Income

| Future Segments* | NA Systems Installation & Services | ROW Systems Installation & Services | Global Products | Total Segments | Corporate and Other | Total Revenue |
|---|---|---|---|---|---|---|
| **Net Revenue** | $3,931 | $4,280 | $1,537 | $9,748 | $1,400 | **$11,148** |

| | NA Systems Installation & Services | Margin | ROW Systems Installation & Services | Margin | Global Products | Margin | Total Segments | Margin | Corporate and Other | Margin | Operating Income | Margin |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Operating Income (Loss) GAAP** | $363 | 9.2% | ($1,060) | N/M | ($349) | N/M | $ (1,046) | N/M | ($1,498) | N/M | **($2,544)** | N/M |
| Restructuring, net | 19 | | 100 | | 24 | | *143* | | 24 | | **167** | |
| Restructuring charges in cost of sales and SG&A | 1 | | 13 | | 5 | | *19* | | 7 | | **26** | |
| Other additional charges resulting from restructuring actions | | | | | 10 | | *10* | | 1 | | **11** | |
| (Gains) / losses on divestitures, net | | | 6 | | | | *6* | | 3 | | **9** | |
| Goodwill impairment | | | 1,139 | | 567 | | *1,706* | | 935 | | **2,641** | |
| Intangible impairment | 22 | | 43 | | | | *65* | | | | **65** | |
| Legacy legal items | | | | | | | | | 115 | | **115** | |
| Asset Impairment charges | | | 10 | | | | *10* | | | | **10** | |
| **Operating Income / Margin Before Special Items** | $405 | 10.3% | $251 | 5.9% | $257 | 16.7% | $ 913 | 9.4% | ($413) | N/M | **$500** | 4.5% |

* We continue to manage the business consistent with our segmentation as shown in our 8-K filed on January 31, 2012.
In connection with the spin-offs of our ADT NA Residential and Flow Control businesses, we will realign the operating and management structure of our businesses.

tyco

# Organic Revenue Growth for the Fiscal Years Ended 2011, 2010 and 2009

| | Twelve Months Ended September 30, 2011 | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Base Year Adjustments | | | | | | | | | | | | |
| | Net Revenue for the Twelve Months Ended September 24, 2010 | (Divestitures) | | Adjusted 2010 Base Revenue | Foreign Currency | | Acquisitions | | Other (2) | | Organic Revenue (1) | | Net Revenue for the Twelve Months Ended September 30, 2011 | |
| NA Installation & Services | $ 3,784 | $ - | 0.0% | $ 3,784 | $ 28 | 0.7% | $ 1 | 0.0% | $ 41 | 1.1% | $ 168 | 4.4% | $ 4,022 | 6.3% |
| ROW Installation & Services | 4,339 | (192) | -4.4% | 4,147 | 240 | 5.5% | 27 | 0.6% | (42) | -1.0% | 111 | 2.7% | 4,483 | 3.3% |
| Global Products | 1,529 | (5) | -0.3% | 1,524 | 39 | 2.6% | 7 | 0.5% | 27 | 1.8% | 160 | 10.5% | 1,757 | 14.9% |
| **Total Segment Revenue** | **$ 9,652** | **$ (197)** | -2.0% | **$ 9,455** | **$ 307** | 3.2% | **$ 35** | 0.4% | **$ 26** | 0.3% | **$ 439** | 4.6% | **$ 10,262** | 6.3% |

| | Twelve Months Ended September 24, 2010 | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Base Year Adjustments | | | | | | | | | | | | |
| | Net Revenue for the Twelve Months Ended September 25, 2009 | (Divestitures) | | Adjusted 2009 Base Revenue | Foreign Currency | | Acquisitions | | Other | | Organic Revenue (1) | | Net Revenue for the Twelve Months Ended September 24, 2010 | |
| NA Installation & Services | $ 3,931 | $ - | 0.0% | $ 3,931 | $ 53 | 1.3% | $ - | 0.0% | $ - | 0.0% | $ (200) | -5.1% | $ 3,784 | -3.7% |
| ROW Installation & Services | 4,280 | (126) | -2.9% | 4,154 | 261 | 6.1% | - | 0.0% | - | 0.0% | (76) | -1.8% | 4,339 | 1.4% |
| Global Products | 1,537 | (32) | -2.1% | 1,505 | 33 | 2.1% | - | 0.0% | - | 0.0% | (9) | -0.6% | 1,529 | -0.5% |
| **Total Segment Revenue** | **$ 9,748** | **$ (158)** | -1.6% | **$ 9,590** | **$ 347** | 3.6% | **$ -** | 0.0% | **$ -** | 0.0% | **$ (285)** | -3.0% | **$ 9,652** | -1.0% |

| | Twelve Months Ended September 24, 2009 | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | Base Year Adjustments | | | | | | | |
| | Net Revenue for the Twelve Months Ended September 25, 2008 | (Divestitures) | Adjusted 2008 Base Revenue | Foreign Currency | Acquisitions | Other | Organic Revenue (1) | | Net Revenue for the Twelve Months Ended September 24, 2009 |
| NA Installation & Services | $ 4,152 | $ - | $ 4,152 | $ (69) | $ 170 | $ - | $ (322) | -7.7% | $ 3,931 |
| ROW Installation & Services | 5,257 | (20) | 5,237 | (803) | - | - | (154) | -2.9% | 4,280 |
| Global Products | 1,900 | (9) | 1,891 | (119) | - | 12 | (250) | -13.2% | 1,534 |
| **Total Segment Revenue** | **$ 11,309** | **$ (29)** | **$ 11,280** | **$ (991)** | **$ 170** | **$ 12** | **$ (726)** | -6.3% | **$ 9,745** |

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

(2) Amounts represent the impact of the 53rd week of revenue for each segment during fiscal 2011 and the deconsolidation of a joint venture in the ROW I&S Segment.

# Organic Revenue Growth for the Fiscal Years Ended 2011, 2010 and 2009 – Global Products

| | Twelve Months Ended September 30, 2011 | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | Base Year Adjustments | | | | | | | |
| | Net Revenue for the Twelve Months Ended September 24, 2010 | (Divestitures) | Adjusted 2010 Base Revenue | Foreign Currency | Acquisitions | Other (2) | Organic Revenue (1) | | Net Revenue for the Twelve Months Ended September 30, 2011 |
| Fire Protection Products | $ 833 | $ (5) | $ 828 | $ 14 | $ 7 | $ 17 | $ 84 | 10.1% | $ 949 |
| Life Safety Products | 341 | - | 341 | 9 | - | 8 | $ 42 | 12.2% | 399 |
| Security Products | 353 | - | 353 | 14 | - | 3 | $ 36 | 10.3% | 406 |
| **Total Global Products** | **$ 1,526** | **$ (5)** | **$ 1,521** | **$ 37** | **$ 7** | **$ 27** | **$ 162** | 10.6% | **$ 1,754** |

| | Twelve Months Ended September 24, 2010 | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | Base Year Adjustments | | | | | | | |
| | Net Revenue for the Twelve Months Ended September 25, 2009 | (Divestitures) | Adjusted 2009 Base Revenue | Foreign Currency | Acquisitions | Other | Organic Revenue (1) | | Net Revenue for the Twelve Months Ended September 24, 2010 |
| Fire Protection Products | $ 915 | $ (30) | $ 885 | $ 7 | $ - | $ - | $ (58) | -6.6% | $ 833 |
| Life Safety Products | 311 | (2) | 309 | 6 | - | - | $ 25 | 8.1% | 341 |
| Security Products | 308 | - | 308 | 20 | - | - | $ 24 | 7.8% | 353 |
| **Total Global Products** | **$ 1,534** | **$ (32)** | **$ 1,502** | **$ 33** | **$ -** | **$ -** | **$ (9)** | -0.6% | **$ 1,526** |

| | Twelve Months Ended September 24, 2009 | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | Base Year Adjustments | | | | | | | |
| | Net Revenue for the Twelve Months Ended September 25, 2008 | (Divestitures) | Adjusted 2008 Base Revenue | Foreign Currency | Acquisitions | Other | Organic Revenue (1) | | Net Revenue for the Twelve Months Ended September 24, 2009 |
| Fire Protection Products | $ 1,126 | $ - | $ 1,126 | $ (62) | $ - | $ 12 | $ (161) | -14.3% | $ 915 |
| Life Safety Products | 382 | (3) | 379 | (23) | - | - | $ (45) | -11.9% | 311 |
| Security Products | 392 | (6) | 386 | (34) | - | - | $ (44) | -11.4% | 308 |
| **Total Global Products** | **$ 1,900** | **$ (9)** | **$ 1,891** | **$ (119)** | **$ -** | **$ 12** | **$ (250)** | -13.2% | **$ 1,534** |

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

(2) Amounts represent the impact of the 53rd week of revenue for each segment during fiscal 2011 and the deconsolidation of a joint venture in the ROW I&S Segment.

tyco

# Organic Revenue Growth for the Year Ended 2009 - Services

| | Twelve Months Ended | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | Base Year Adjustments | | | | | | | |
| | Net Revenue for the Twelve Months Ended - September 25, 2008 | (Divestitures) | Adjusted Base Revenue | Foreign Currency | Acquisitions | Other | Organic Revenue (1) | | Net Revenue for the Twelve Months Ended - September 24, 2009 |
| Service - Fiscal Year 2009 | $ 4,945 | $ (1) | $ 4,944 | $ (521) | $ 74 | $ - | $ (27) | -0.5% | $ 4,470 |

(1) Organic revenue growth percentage based on adjusted 2008 base revenue.

# 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,*
- *the acquisition of dealer generated accounts and bulk accounts,*
- *cash paid for purchase accounting and holdback liabilities,*
- *voluntary pension contributions, and*
- *the sale of accounts receivable programs.*

tyco

# Non-GAAP Measures (Cont.)

*Capital expenditures and dealer generated and bulk account purchases 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 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 and adjusted FCF.*

*In this presentation, Tyco has presented its operating margin before special items for its Fire & Security business and future reportable segments. 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. Tyco 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. Tyco also presents its effective tax rate and corporate expense 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 Tyco's underlying operating results and business trends between periods. The difference between operating income and margin before special items and operating income and margin (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 operating income and margin. 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."*