



Third Quarter Review

July 31, 2012

Forward-Looking Statements / Safe Harbor

This presentation contains a number of forward-looking statements. Words and variations of words such as “outlook”, “expect”, “intend”, “will”, “anticipate”, “believe”, “propose”, “potential”, “continue”, “opportunity”, “estimate”, “project” and similar expressions are intended to identify forward-looking statements. Examples of forward-looking statements include, but are not limited to, statements addressing Tyco’s future financial condition and operating results, the health and growth prospects of the industries and end-markets in which Tyco operates, Tyco’s intent to create three independent companies as a result of its previously announced spin-off of its flow control and North American residential security businesses and the subsequent merger of Flow Control and Pentair, Inc. (the spin-offs and merger are referred to as the “separation transactions”), the expectation that the separation transactions will be tax-free, statements regarding the leadership, resources, potential, priorities, and opportunities for the independent companies following the separation transactions, statements regarding the credit profile of the three independent companies following the separation transactions and the timing of the proposed separation transactions. The forward-looking statements in this presentation are based on current expectations and assumptions that are subject to risks and uncertainties, many of which are outside of our control, and could cause results to materially differ from expectations. Such risks and uncertainties include, but are not limited to:

- Economic, business competitive, technological or regulatory factors that adversely impact Tyco or the markets and industries in which it competes;
- Changes in tax requirements (including tax rate changes, new tax laws or treaties and revised tax law interpretations);
- The outcome of litigation, arbitrations and governmental proceedings, including the effect of income tax audit settlements and appeals;
- Economic, legal and political conditions in international markets, including governmental changes and restrictions on the ability to transfer capital across borders;
- Failure to obtain necessary regulatory approvals or to satisfy any of the other conditions to the proposed separation transactions;
- Adverse effects on the market price of Tyco’s common stock or operating results because of a failure to complete the proposed separation transactions;
- Changes in capital market conditions, including availability of funding sources, currency exchange rate fluctuations, and interest rate fluctuations and other changes in borrowing cost
- The possible effects on us of pending and future legislation in the United States that may limit or eliminate potential U.S. tax benefits resulting from Tyco’s jurisdiction of incorporation or deny U.S. government contracts to us based upon Tyco’s jurisdiction of incorporation;
- Failure to realize the expected benefits of the proposed separation transactions, and significant transaction costs and/or unknown liabilities resulting from the proposed separation transactions;
- Unanticipated expenses related to the proposed separation transactions, such as litigation or legal settlement expenses;
- Failure to obtain tax rulings or tax law changes in connection with the proposed separation transactions;
- Changes in capital market conditions that may affect proposed debt refinancing related to the proposed separation transactions;
- The impact of the proposed separation transactions on Tyco’s employees, customers and suppliers;
- Future opportunities that Tyco’s board may determine present greater potential to increase shareholder value; and
- The ability of the companies to operate independently following the proposed separation transactions.

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

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

Other Important Information

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

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

Q3 2012 Results – Financial Overview

(EPS amounts are attributable to Tyco common shareholders)

(\$ in millions, except per-share amounts)

	Q3FY12	Q3FY11	Change
Revenue	\$4,460	\$4,292	4%
Operating Income before special items*	\$623	\$520	20%
Operating Margin before special items*	14.0%	12.1%	190bps
Tax Rate before special items	15.7%	14.0%	
EPS from Cont. Ops. before special items*	\$1.01	\$0.85	19%

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

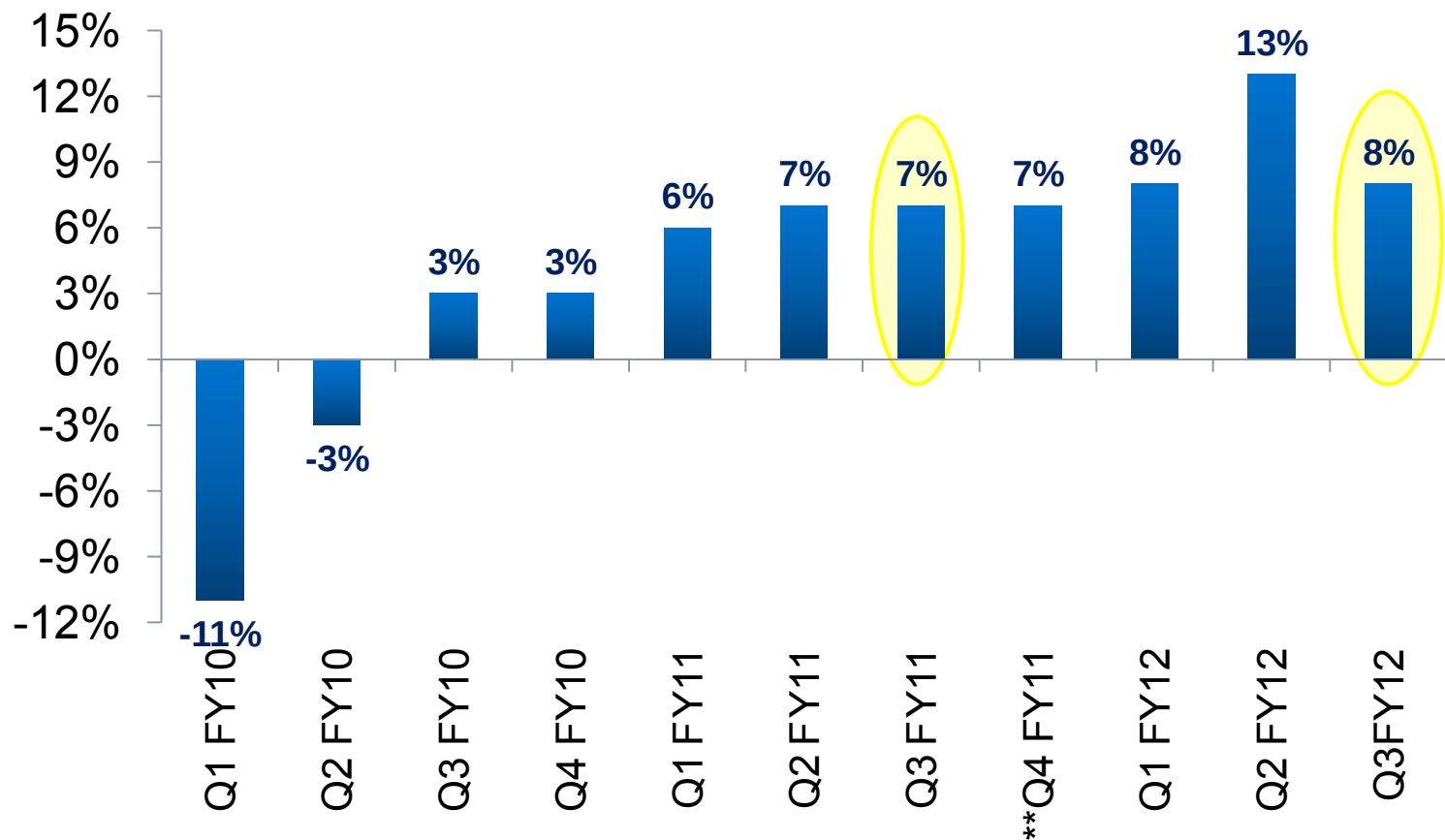
Q3 Highlights

- Revenue of \$4.5 billion with organic revenue* growth of 5%
- Operating income before special items* increased 20% and operating margin* improved 190 bps year over year to 14.0%
 - Volume leverage in Flow Control and the Fire and Security product businesses
 - Continued growth of recurring and service revenue
 - Continued benefits of cost containment and restructuring helped fund increased investments across the businesses, mainly in sales, marketing and R&D
- Earnings per share before special items* increased 19% year over year to \$1.01 marking the highest quarterly earnings since the 2007 separation

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

Order Trends Remained Strong

Year-Over-Year Order Growth*



* Excludes the impact of foreign currency

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

Third Quarter – Fire and Security

(\$ in millions)

	Q3FY12	Q3FY11	Change
Revenue	\$2,664	\$2,582	3%
Operating Income*	\$356	\$317	12%
Operating Margin*	13.4%	12.3%	110bps

- Backlog increased to \$4.7 billion, an increase of 1.5% on a quarter sequential basis, excluding impact of foreign currency
- Orders grew 9% year over year, excluding currency
 - Service orders were up 4%
 - Systems Installation orders were up 6%
 - Products orders increased 25%
- Organic revenue* grew 4%
 - Service revenue grew 3% organically
 - Modest organic growth in systems installation
 - Global products revenue grew 10% organically
- Year over year operating margin expansion driven by increased volume in products businesses, continued growth of service revenue and cost efficiencies

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

Third Quarter – ADT North America Residential

(\$ in millions)

	Q3FY12	Q3FY11	Change
Revenue	\$815	\$782	4%
Operating Income*	\$208	\$199	5%
Operating Margin*	25.5%	25.4%	10bps

- Organic revenue* growth of 4.5%
- Recurring revenue* grew 5.6%
 - Average revenue per user increased 3.6% year over year to \$38.36
 - Customer account growth of 1.4% year over year
- Non-recurring revenue* declined 4.3%
 - Due to initial implementation of business model change, disclosed last quarter
- Operating income increased due to growth in higher margin recurring revenue, partially offset by an increase in sales and marketing investment
- Pulse take rate increases as a percentage of new accounts added by internal sales force
 - Residential take rate increased to 39% from 19% a year ago
 - Small business take rate increased to 19% from 7% a year ago
- Attrition rate of 13.5% increased 30 bps sequentially primarily due to price escalations and relocations

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

Third Quarter – Flow Control

(\$ in millions)

	Q3FY12	Q3FY11	Change
Revenue	\$981	\$928	6%
Operating Income*	\$130	\$106	23%
Operating Margin*	13.3%	11.4%	190bps

- Orders increased 5% year over year, excluding impact of foreign currency
 - 5% increase in Valves
 - 16% decrease in Water
 - 26% increase in Thermal
- Good Valve orders in July; expect orders growth in Valves to approach double digits for the 4th quarter

- Organic revenue* grew 10%
 - Valves up 7%
 - Water up 26%
 - Thermal up 4%
- Year over year operating margin expansion driven primarily by leverage from increased volume across Valves, Water and Thermal Controls
- Backlog of \$1.8 billion was in line with the prior quarter, excluding impact of foreign currency

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

Other Items

- Free cash flow* of \$341 million in Q3 included \$91 million of cash paid for special items. Adjusted free cash flow* was \$432 million
 - Year to date adjusted free cash flow* of \$846 increased 14% year over year
- Corporate expense before special items was \$71 million in the quarter
- Tax rate excluding special items was 15.7% for the quarter
- Repurchased 3.7 million shares for \$200 million in the third quarter

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



APPENDIX

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

	Quarters Ended		Nine Months Ended	
	June 29, 2012	June 24, 2011	June 29, 2012	June 24, 2011
Revenue from product sales	\$ 2,480	\$ 2,335	\$ 7,180	\$ 6,960
Service revenue	1,980	1,957	5,841	5,702
Net revenue	\$ 4,460	\$ 4,292	\$ 13,021	\$ 12,662
Cost of product sales	1,692	1,629	4,931	4,870
Cost of services	1,004	1,011	2,984	2,963
Selling, general and administrative expenses	1,293	1,142	3,525	3,364
Separation cost	61	-	159	-
Restructuring, asset impairment and divestiture charges (gains), net	43	35	99	(153)
Operating income	367	475	1,323	1,618
Interest income	6	7	19	25
Interest expense	(63)	(59)	(182)	(184)
Other expense, net	(5)	(3)	(19)	(9)
Income from continuing operations before income taxes	305	420	1,141	1,450
Income tax expense	(53)	(58)	(221)	(278)
Income from continuing operations	252	362	920	1,172
(Loss) income from discontinued operations, net of income taxes	(10)	(4)	(17)	161
Net income	242	358	903	1,333
Less: noncontrolling interest in subsidiaries net income	-	(1)	1	-
Net income attributable to Tyco common shareholders	\$ 242	\$ 359	\$ 902	\$ 1,333
Amounts attributable to Tyco common shareholders:				
Income from continuing operations	\$ 252	\$ 363	\$ 919	\$ 1,172
(Loss) income from discontinued operations	(10)	(4)	(17)	161
Net income attributable to Tyco common shareholders	\$ 242	\$ 359	\$ 902	\$ 1,333
Basic earnings per share attributable to Tyco common shareholders:				
Income from continuing operations	\$ 0.54	\$ 0.78	\$ 1.98	\$ 2.46
(Loss) income from discontinued operations	(0.02)	(0.01)	(0.03)	0.34
Net income attributable to Tyco common shareholders	\$ 0.52	\$ 0.77	\$ 1.95	\$ 2.80
Diluted earnings per share attributable to Tyco common shareholders:				
Income from continuing operations	\$ 0.54	\$ 0.76	\$ 1.96	\$ 2.44
(Loss) income from discontinued operations	(0.03)	-	(0.04)	0.33
Net income attributable to Tyco common shareholders	\$ 0.51	\$ 0.76	\$ 1.92	\$ 2.77
Weighted-average number of shares outstanding:				
Basic	463	468	463	476
Diluted	470	475	469	481

NOTE: These financial statements should be read in conjunction with the Consolidated Financial Statements and accompanying notes contained in the Company's Annual Report on Form 10-K for the fiscal year ended September 30, 2011 and Quarterly Report on Form 10-Q for the quarter ended March 30, 2012.

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

	Quarters Ended			Nine Months Ended								
	June 29,		June 24,	June 29,		June 24,						
	2012		2011	2012		2011						
NET REVENUE												
Commercial Fire and Security	\$	2,664	\$	2,582	\$	7,706	\$	7,443				
ADT North American Residential		815		782		2,415		2,314				
Flow Control		981		928		2,900		2,558				
Corporate and Other		-		-		-		347				
Total Net Revenue	\$	4,460	\$	4,292	\$	13,021	\$	12,662				
OPERATING INCOME AND MARGIN												
Commercial Fire and Security	\$	309	11.6%	\$	280	10.8%	\$	888	11.5%	\$	806	10.8%
ADT North American Residential		203	24.9%		193	24.7%		587	24.3%		553	23.9%
Flow Control		112	11.4%		103	11.1%		337	11.6%		289	11.3%
Corporate and Other		(257)	N/M		(101)	N/M		(489)	N/M		(30)	N/M
Operating Income and Margin	\$	367		\$	475		\$	1,323		\$	1,618	

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

	June 29, 2012	September 30, 2011
Assets		
Cash and cash equivalents	\$1,118	\$1,390
Accounts receivable, net	2,475	2,400
Inventories	1,552	1,343
Prepaid expenses and other current assets	1,099	896
Deferred income taxes	402	402
Assets held for sale	-	2
Total current assets	<u>6,646</u>	<u>6,433</u>
Property, plant and equipment, net	4,173	4,051
Goodwill	10,029	9,999
Intangible assets, net	3,750	3,628
Other assets	2,470	2,666
Total Assets	<u><u>\$27,068</u></u>	<u><u>\$26,777</u></u>
Liabilities and Equity		
Short-term debt and current maturities of long-term debt	\$16	\$2
Accounts payable	1,389	1,278
Accrued and other current liabilities	2,244	2,407
Deferred revenue	686	643
Total current liabilities	<u>4,335</u>	<u>4,330</u>
Long-term debt	4,149	4,146
Deferred revenue	1,150	1,143
Other liabilities	2,912	2,878
Total Liabilities	<u>12,546</u>	<u>12,497</u>
Redeemable noncontrolling interest	<u>106</u>	<u>93</u>
Total Tyco shareholders' equity	14,400	14,182
Nonredeemable noncontrolling interest	16	5
Total Equity	<u>14,416</u>	<u>14,187</u>
Total Liabilities, Redeemable Noncontrolling Interest and Equity	<u><u>\$27,068</u></u>	<u><u>\$26,777</u></u>

Note: These financial statements should be read in conjunction with the Consolidated Financial Statements and accompanying notes contained in the Company's Annual Report on Form 10-K for the fiscal year ended September 30, 2011 and Quarterly Report on Form 10-Q for the quarter ended March 30, 2012.

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

	For the Quarters Ended		For the Nine Months Ended	
	June 29, 2012	June 24, 2011	June 29, 2012	June 24, 2011
Cash Flows From Operating Activities:				
Net income attributable to Tyco common shareholders	\$242	\$359	\$902	\$1,333
Noncontrolling interest in subsidiaries net income	—	(1)	1	—
Loss (income) from discontinued operations, net of income taxes	10	4	17	(161)
Income from continuing operations	252	362	920	1,172
Adjustments to reconcile net cash provided by operating activities:				
Depreciation and amortization	346	331	1,021	976
Non-cash compensation expense	28	27	80	86
Deferred income taxes	(4)	(3)	72	119
Provision for losses on accounts receivable and inventory	29	13	90	61
Loss (gain) on divestitures	14	6	17	(227)
Other non-cash items	16	18	77	54
Changes in assets and liabilities, net of the effects of acquisitions and divestitures:				
Accounts receivable, net	(103)	(140)	(119)	(183)
Contracts in progress	(25)	6	(34)	(47)
Inventories	(49)	(30)	(233)	(195)
Prepaid expenses and other current assets	(108)	(5)	(137)	(18)
Accounts payable	80	46	83	(53)
Accrued and other liabilities	215	110	(75)	(172)
Deferred Revenue	17	(28)	50	39
Other	68	(5)	18	8
Net cash provided by operating activities	776	708	1,830	1,620
Net cash used in discontinued operating activities	—	—	—	(8)
Cash Flows From Investing Activities:				
Capital expenditures	(263)	(187)	(694)	(548)
Proceeds from disposal of assets	6	2	9	7
Acquisition of businesses, net of cash acquired	(12)	(219)	(217)	(228)
Acquisition of dealer generated customer accounts and bulk account purchases	(176)	(172)	(512)	(451)
Divestiture of businesses, net of cash divested	—	5	(4)	711
Other	(5)	(29)	59	(6)
Net cash used in investing activities	(450)	(600)	(1,359)	(515)
Net cash provided by discontinued investing activities	—	—	—	259
Cash Flows From Financing Activities:				
Proceeds from issuance of short-term debt	344	161	1,224	161
Repayment of short-term debt	(345)	(121)	(1,225)	(653)
Proceeds from issuance of long-term debt	—	—	—	497
Repayment of long-term debt	(1)	(1)	(3)	(3)
Proceeds from exercise of share options	52	48	140	112
Dividends paid	(115)	(118)	(346)	(342)
Repurchase of common shares by treasury	(200)	(300)	(500)	(1,300)
Transfer (to) from discontinued operations	—	—	—	251
Other	(3)	(1)	(22)	9
Net cash used in financing activities	(268)	(332)	(732)	(1,268)
Net cash used in discontinued financing activities	—	—	—	(251)
Effect of currency translation on cash	(26)	13	(11)	27
Net increase (decrease) in cash and cash equivalents	32	(211)	(272)	(136)
Decrease in cash and cash equivalents from deconsolidation of variable interest entity	—	—	—	(10)
Cash and cash equivalents at beginning of period	1,086	1,840	1,390	1,775
Cash and cash equivalents at end of period	\$1,118	\$1,629	\$1,118	\$1,629
Reconciliation to "Free Cash Flow":				
Net cash provided by operating activities	\$776	\$708	\$1,830	\$1,620
Sale of accounts receivable	(1)	—	—	—
Capital expenditures, net	(257)	(185)	(685)	(541)
Acquisition of dealer generated customer accounts and bulk account purchases	(176)	(172)	(512)	(451)
Purchase accounting and holdback liabilities	(1)	—	(2)	1
Voluntary pension contributions	—	15	—	15
Free Cash Flow	\$341	\$366	\$631	\$644
Reconciliation to "Adjusted Free Cash Flow":				
Free Cash Flow	\$341	\$366	\$631	\$644
Cash restructuring costs	23	31	74	86
Cash acquisition/integration costs	—	2	2	13
Cash (receipt) payment from Covidien/TE Connectivity	(3)	—	13	—
Legal legacy settlements	—	—	—	(1)
Separation costs	59	—	114	—
Separation costs-capital expenditures	12	—	12	—
Adjusted Free Cash Flow	\$432	\$399	\$846	\$742

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

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

Quarter Ended June 29, 2012

	Net Revenue for the Quarter Ended June 24, 2011	Base Year Adjustments (Divestitures)	Adjusted 2012 Base Revenue	Foreign Currency	Acquisitions	Organic Revenue (1)	Net Revenue for the Quarter Ended June 29, 2012
Commercial Fire & Security	\$ 2,582	\$ (14) -0.5%	\$ 2,568	\$ (100) -3.9%	\$ 104 4.0%	\$ 92 3.6%	\$ 2,664 3.2%
ADT North American Residential	782	- 0.0%	782	(2) -0.3%	- 0.0%	35 4.5%	815 4.2%
Flow Control	928	(6) -0.6%	922	(51) -5.5%	21 2.3%	89 9.7%	981 5.7%
Total Net Revenue	\$ 4,292	\$ (20) -0.5%	\$ 4,272	\$ (153) -3.6%	\$ 125 2.9%	\$ 216 5.1%	\$ 4,460 3.9%

Nine Months Ended June 29, 2012

	Net Revenue for the Nine Months Ended June 24, 2011	Base Year Adjustments (Divestitures)	Adjusted 2012 Base Revenue	Foreign Currency	Acquisitions	Organic Revenue (1)	Net Revenue for the Nine Months Ended June 29, 2012
Commercial Fire & Security	\$ 7,443	\$ (45) -0.6%	\$ 7,398	\$ (142) -1.9%	\$ 229 3.1%	\$ 221 3.0%	\$ 7,706 3.5%
ADT North American Residential	2,314	- 0.0%	2,314	(3) -0.1%	- 0.0%	104 4.5%	2,415 4.4%
Flow Control	2,558	(16) -0.6%	2,542	(55) -2.2%	73 2.9%	340 13.4%	2,900 13.4%
Total before Corporate & Other	\$ 12,315	\$ (61) -0.5%	\$ 12,254	\$ (200) -1.6%	\$ 302 2.5%	\$ 665 5.4%	\$ 13,021 5.7%
Corporate and Other (2)	347	(347) -100.0%	-	- 0.0%	- 0.0%	- 0.0%	- -100.0%
Total Net Revenue	\$ 12,662	\$ (408) -3.2%	\$ 12,254	\$ (200) -1.6%	\$ 302 2.4%	\$ 665 5.4%	\$ 13,021 2.8%

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

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

Earnings Per Share Summary **(Unaudited)**

	Quarter Ended	Quarter Ended
	<u>June 29, 2012</u>	<u>June 24, 2011</u>
Diluted EPS from Continuing Operations Attributable to Tyco Shareholders (GAAP)	\$0.54	\$0.76
<i>expense / (benefit)</i>		
Restructuring, net	0.04	0.04
Acquisition / integration costs	0.01	0.02
(Gains) / losses on divestitures, net	0.03	0.01
Separation costs	0.12	-
Legacy legal items	0.04	-
Change in valuation methodology for asbestos	0.15	-
Tax items	0.08	0.02
Total Before Special Items	\$1.01	\$0.85

Tyco International Ltd.

For the Quarter Ended June 29, 2012

(in millions, except per share data)

(Unaudited)

expense / (benefit)

	ADT North American Residential	Flow Control	Commercial Fire and Security	Corporate and Other	Revenue
As Reported Revenue (GAAP)	\$815	\$981	\$2,664	-	\$4,460

	Operating Income								Total Operating Income	Margin	Interest (Expense), net	Other (Expense), net	Income Tax (Expense)	Income from Continuing Operations Attributable to Tyco Shareholders	Diluted EPS from Continuing Operations Attributable to Tyco Shareholders
	ADT North American Residential	Margin	Flow Control	Margin	Commercial Fire and Security	Margin	Corporate and Other	Margin							
As Reported Operating Income (GAAP)	\$203	24.9%	\$112	11.4%	\$309	11.6%	(\$257)	N/M	\$367	8.2%	(\$57)	(\$5)	(\$53)	\$252	\$0.54
Restructuring, net			12		14		3		29				(9)	20	0.04
Acquisition / integration costs	2				3				5				(1)	4	0.01
Separation costs							61		61				(4)	57	0.12
Separation costs included in SG&A	3				1				4				(2)	2	-
Separation costs included in interest expense									-		3		(1)	2	-
(Gains) / losses on divestiture, net			6				8		14				(1)	13	0.03
Legacy legal items					29				29				(11)	18	0.04
Change in valuation methodology for asbestos							114		114				(44)	70	0.15
Tax items									-				37	37	0.08
Total Before Special Items	\$208	25.5%	\$130	13.3%	\$356	13.4%	(\$71)	N/M	\$623	14.0%	(\$54)	(\$5)	(\$89)	\$475	\$1.01

Diluted Shares Outstanding	470
Diluted Shares Outstanding - Before Special Item:	470

Tyco International Ltd.

For the Quarter Ended June 24, 2011

(in millions, except per share data)

(Unaudited)
expense / (benefit)

	ADT North American Residential	Flow Control	Commercial Fire and Security	Corporate and Other	Revenue
Previously Reported Revenue (GAAP)	\$ 782	\$ 928	\$ 2,583		\$ 4,293
Discontinued Operations			(1)		(1)
Recasted (GAAP)	\$782	\$928	\$2,582		\$4,292

	Operating Income								Total Operating Income						Income from Continuing Operations Attributable to Tyco Shareholders	Diluted EPS from Continuing Operations Attributable to Tyco Shareholders
	ADT North American Residential	Margin	Flow Control	Margin	Commercial Fire and Security	Margin	Corporate and Other	Margin		Margin	Interest (Expense), net	Other (Expense), net	Income Tax (Expense)	Noncontrolling Interest (Expense)		
As Reported Operating Income (GAAP)	\$193	24.7%	\$103	11.1%	\$280	10.8%	(\$101)	N/M	\$475	11.1%	(\$52)	(\$3)	(\$58)	\$1	\$363	\$0.76
Restructuring, net	1		2		23		3		29				(10)		19	0.04
Restructuring charges in cost of sales and SG&A					1				1						1	-
(Gains) / losses on divestitures, net					11		(5)		6				(2)		4	0.01
Acquisition costs	5		1		2		1		9				(2)		7	0.02
Tax items													7		7	0.02
Total Before Special Items	\$199	25.4%	\$106	11.4%	\$317	12.3%	(\$102)	N/M	\$520	12.1%	(\$52)	(\$3)	(\$65)	\$1	\$401	\$0.85

Diluted Shares Outstanding	475
Diluted Shares Outstanding - Before Special Items	475

Non-GAAP Measures

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

Organic revenue is a useful measure used by the company to measure the underlying results and trends in the business. The difference between reported net revenue (the most comparable GAAP measure) and organic revenue (the non-GAAP measure) consists of the impact from foreign currency, acquisitions and divestitures, and other changes that do not reflect the underlying results and trends (for example, revenue reclassifications). The Company's organic growth / decline calculations incorporate an estimate of prior year reported revenue associated with any acquired entities that have been fully integrated within the first year, and exclude prior year revenues associated with entities that do not meet the criteria for discontinued operations which have been divested within the past year. The rate of organic growth or decline is calculated based on the adjusted number to better reflect the rate of growth or decline of the combined business, in the case of acquisitions, or the remaining business, in the case of dispositions. The rate of organic growth or decline for acquired businesses that are not fully integrated within the first year are based on unadjusted historical revenue. Organic revenue and the rate of organic growth or decline as presented herein may not be comparable to similarly titled measures reported by other companies.

Organic revenue is a useful measure of the company's performance because it excludes items that: i) are not completely under management's control, such as the impact of foreign currency exchange; or ii) do not reflect the underlying results of the company's businesses, such as acquisitions and divestitures. It may be used as a component of the company's compensation programs. The limitation of this measure is that it excludes items that have an impact on the company's revenue. This limitation is best addressed by using organic revenue in combination with the GAAP numbers. See the accompanying tables to this presentation for the reconciliation presenting the components of organic revenue.

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

- net capital expenditures,*
- dealer generated accounts and bulk accounts purchased by ADT,*
- cash paid for purchase accounting and holdback liabilities,*
- voluntary pension contributions, and*
- the sale of accounts receivable programs.*

Non-GAAP Measures Continued

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

The limitation associated with using FCF is that it adjusts for cash items that are ultimately within management's and the Board of Directors' discretion to direct and therefore may imply that there is less or more cash that is available for the company's programs than the most comparable GAAP measure. This limitation is best addressed by using FCF in combination with the GAAP cash flow numbers.

FCF as presented herein may not be comparable to similarly titled measures reported by other companies. The measure should be used in conjunction with other GAAP financial measures. Investors are urged to read the company's financial statements as filed with the Securities and Exchange Commission, as well as the accompanying tables to this presentation that show all the elements of the GAAP measures of Cash Flows from Operating Activities, Cash Flows from 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.

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